



CLARKSBURG RIDGE
HOMEOWNERS
ASSOCIATION

**Community
Association
Disclosure Package**

Dear New Resident,

Welcome to Clarksburg Ridge! We hope you will enjoy living in and contributing to the Clarksburg Ridge community. We are writing to introduce ourselves and provide you with a summary of some of the basics about living in Clarksburg Ridge.

- As you may know, a Homeowners Association (HOA) governs this neighborhood. Whether you are an owner or a renter, you should have received a copy of all HOA documents at closing or from your landlord. Please read these documents so that you will be aware of the covenants and guidelines for properties within Clarksburg Ridge.
- If you are an owner, there is a monthly HOA fee and you will get a monthly statement from our property manager with the amount due. You can also sign up for direct debit and have the fee deducted from your bank account each month. The direct debit enrollment form can be downloaded from our website. Shireen Ambush of Abaris Realty is our property manager and she can be reached at (301) 468-8919 or sambush@abarisrealty.com for all questions about our neighborhood. You may also visit our community website at www.clarksburgridge.org for additional information.
- Garbage pick-up is on Wednesday and Saturday mornings. Garbage needs to be in a garbage can/container and should be stored out of sight, except for the day of pick-up and the evening before.
- Recycle pick-up is also on Wednesday for paper, glass and plastic. Call the county at 240-777-6410 for a recycle bin if you do not already have one.
- We have an active social committee with numerous events throughout the year. Past events have included a community picnic/barbecue, a movie night, Halloween events, and an Ice Cream Social.
- We recognize that you may want to upgrade your home and we encourage it, but please be sure to get prior approval from the Architectural Review Committee. The approval form can be downloaded from our website. In addition, the Architectural Review Committee has developed standards and guidelines for many common projects, including storm doors and decks. Any modifications must conform to these guidelines and standards. You should have received a copy of these guidelines with the HOA covenants at closing or from your landlord.
- Part of your HOA fees contribute to the maintenance of community common areas—including mowing and fertilization of grass, including the area between the sidewalk and the curbs, and around the town homes. Owners of single-family homes, however, are responsible for maintaining their own lawns.
- In the winter, the HOA will have the alleys plowed and the common area sidewalks shoveled. Single-family homeowners are responsible for shoveling the sidewalks adjacent to their property. The main streets in our community are plowed and maintained by the County.
- We have 3 tot-lots in the neighborhood for the little ones. These tot-lots are open from dawn to dusk.

Our neighborhood Board of Directors and committees rely on volunteers and we welcome your participation. If you have any questions, please do not hesitate to contact Shireen Ambush or any of the Board members. Again, welcome to the community.

Sincerely,

Clarksburg Ridge Board of Directors

CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC.
ADMINISTRATIVE RESOLUTION NO. 1
COLLECTIONS - LATE FEES AND INTEREST

In accordance with Article 8, Sections 3 and as recorded in the Clarksburg Ridge Homeowners Association BYLAWS and the Articles of Incorporation, the Board of Directors of the Clarksburg Ridge Homeowners Association, Inc. hereby proposes the following resolution for immediate adoption as part of its assessment collection policy.

That subject to applicable law, the Association may charge a reasonable late fee of (\$15.00) and up to the maximum rate of interest permitted under the laws of the State of Maryland.

The late fee charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least 15 calendar days.

This policy is also in Accordance with Section 111B-112.1 of the Maryland Homeowners Association Act.

This resolution is to be approved at the 6/22/05 Board Meeting by The Board of Directors of The Clarksburg Ridge Home Owners Association and will take effect on August 1, 2005. Late fees will be charged for Late payments of the August 2005 HOA Fee.

CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC.
EQUITY RESOLUTION NO. 1
MAINTENANCE OF GRASS HEIGHT

Grass on the individual lots must be cut/trimmed before it grows to a height in excess of 6". When grass on a lot grows higher than 6", the association will send the lot owner a written notice to the property address to cut the grass no later than 7 days after the notice is sent. If grass is not cut within the time allowed, or within any extension of time the association agrees to, then the association may cut the grass and assess the lot owner for all costs involved pursuant to Declaration of Covenants, Article 11, Section 11.1. The association may also, or in the alternative, elect to fine the lot owner and pursue any other remedies legally available, concurrently or individually.

This resolution is to be adopted at the June 22, 2005 Board of Directors Meeting and will go into effect on August 1, 2005

**Clarksburg Ridge Homeowners
Association, Inc.**

Financial Statements
For the Years Ended
December 31, 2011 and
December 31, 2010

Harold L. Mohn, Jr.
Managing Partner

James G. Z. Allen
H. Mark Alexander, Jr.
R. Scott Handel
(1964-2008)

Independent Auditor's Report

B. Scott Oden
Consultant

To the Board of Directors of
Clarksburg Ridge Homeowners Association, Inc.
Clarksburg, Maryland

We have audited the accompanying Balance Sheets of Clarksburg Ridge Homeowners Association, Inc. as of December 31, 2011 and December 31, 2010, and the related Statements of Income, Members' Equity, and Cash Flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clarksburg Ridge Homeowners Association, Inc. as of December 31, 2011 and December 31, 2010 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Supplementary Information on Future Major Repairs and Replacements is not a required part of the basic financial statements of Clarksburg Ridge Homeowners Association, inc., but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

OAO Mohn and Allen P.C.

May 15, 2012

Clarksburg Ridge Homeowners Association, Inc.

Balance Sheets

December 31, 2011 and December 31, 2010

	2011	2010
ASSETS		
Cash - Operating	\$ 10,236	\$ 13,083
Cash - Investments (Note E)	138,795	117,469
Assessments Receivable - Net (Note B)	12,263	12,823
Accrued Interest	-	278
Prepaid Expenses	1,870	1,502
Income Taxes Receivable	1,088	2,488
	<u>164,252</u>	<u>147,643</u>
Total Assets	\$ <u>164,252</u>	\$ <u>147,643</u>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES:		
Accounts Payable	\$ 2,166	\$ 4,555
Prepaid Assessments	4,050	4,801
Total Liabilities	<u>\$ 6,216</u>	<u>\$ 9,356</u>
MEMBERS' EQUITY:		
Replacement Reserves (Note C)	\$ 89,417	\$ 98,619
Initial Working Capital (Note F)	17,382	17,382
Unappropriated Members' Equity	51,237	22,286
Total Members' Equity	<u>\$ 158,036</u>	<u>\$ 138,287</u>
Total Liabilities and Members' Equity	<u>\$ 164,252</u>	<u>\$ 147,643</u>

Clarksburg Ridge Homeowners Association, Inc.
Statements of Income
For the Years Ended
December 31, 2011 and December 31, 2010

	<u>2011</u>	<u>2010</u>
INCOME:		
Assessments	\$ 138,573	\$ 125,976
Interest	2,047	2,234
Bad Debt Recovery	320	511
Other	5,508	6,913
Total Income	<u>\$ 146,448</u>	<u>\$ 135,634</u>
EXPENSES:		
Management	\$ 22,050	\$ 22,050
Legal & Audit	5,311	11,055
Insurance	3,401	3,432
Administrative	7,120	4,900
Social	3,158	4,301
Janitorial	9,575	8,750
Snow Removal	10,398	21,601
Trash Removal	9,120	9,120
Grounds	33,745	34,300
General Repairs & Maintenance	585	945
Total Expenses	<u>\$ 104,463</u>	<u>\$ 120,454</u>
Net Income before Provision for Income Taxes and Contribution to Reserves	\$ 41,985	\$ 15,180
Provision for Income Taxes (Note D)	-	-
Contribution to Reserves (Note C)	<u>(13,034)</u>	<u>(13,034)</u>
Net Income	<u>\$ 28,951</u>	<u>\$ 2,146</u>

Clarksburg Ridge Homeowners Association, Inc.

Statements of Members' Equity

For the Years Ended

December 31, 2011 and December 31, 2010

		Replacement Reserves	Initial Working Capital	Unappropriated Members' Equity	Total Members' Equity
Balance as of December 31, 2009	\$	60,240	\$ 17,382	\$ 70,140	\$ 147,762
Additions:					
Contributions to Reserves - Budget		13,034		2,146	13,034
Net Income				(50,000)	2,146
Inter-Equity Transfer:					
Deductions:					
Reserve Expenditure - Railing Repair		(6,309)			(6,309)
Reserve Expenditure - Tot Lot Steps		(18,346)			(18,346)
Balance as of December 31, 2010	\$	98,619	\$ 17,382	\$ 22,286	\$ 138,287
Additions:					
Contributions to Reserves - Budget		13,034		28,951	13,034
Net Income					28,951
Deductions:					
Reserve Expenditure - Landscape		(9,336)			(9,336)
Reserve Expenditure - Tree Removal/Replacement		(12,900)			(12,900)
Balance as of December 31, 2011	\$	89,417	\$ 17,382	\$ 51,237	\$ 158,036

See Accompanying Notes to Financial Statements

Clarksburg Ridge Homeowners Association, Inc.

Statements of Cash Flows

For the Years Ended

December 31, 2011 and December 31, 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 28,951	\$ 2,146
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Decrease (Increase) in:		
Assessments Receivable - Net (Note B)	560	4,267
Accrued Interest	278	448
Prepaid Expenses	(368)	(221)
Income Taxes Receivable	1,400	(1,400)
Increase (Decrease) in:		
Accounts Payable	(2,389)	(9,169)
Prepaid Assessments	(751)	796
Net Cash Provided (Used) by Operating Activities	<u>\$ 27,681</u>	<u>\$ (3,133)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Received from Assessments (Reserves)	\$ 13,034	\$ 13,034
Disbursed for Expenditures (Reserves)	(22,236)	(24,655)
Net Decrease (Increase) in Non Cash Equivalents	<u>(1,376)</u>	<u>47,619</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ (10,578)</u>	<u>\$ 35,998</u>
Net Increase in Cash and Cash Equivalents	\$ 17,103	\$ 32,865
Cash and Cash Equivalents at Beginning of Year	<u>75,216</u>	<u>42,351</u>
Cash and Cash Equivalents at End of Year	<u>\$ 92,319</u>	<u>\$ 75,216</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Income Taxes	<u>\$ -</u>	<u>\$ 1,400</u>

Clarksburg Ridge Homeowners Association, Inc.
Notes to Financial Statements
December 31, 2011 and December 31, 2010

NOTE A - ORGANIZATION

Clarksburg Ridge Homeowners Association, Inc. is an association organized under the laws of the State of Maryland for the purpose of operating and maintaining the common property of the Association. The Association consists of 159 homes located in Clarksburg, Maryland.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting – The financial statements are presented on the accrual method of accounting in which revenues are recognized when earned and expensed when incurred, not necessarily when received or paid. The Association's financial statements are maintained on the cash basis of accounting throughout the year.

Property – Real property and common areas acquired from the developer and related improvements to such property are not recorded on the Association's financial statements because those properties are owned by the individual homeowners in common and not by the Association.

Assessments Receivable – Association members are subject to assessments to provide funds for the Association's operating expenses, future major repairs and replacements. Assessments Receivable at the balance sheet date represents fees due from homeowners. The Association utilizes the allowance method of accounting for bad debt. Under the allowance method, collection efforts may continue and recovery of amounts previously written off are recognized as income in the year of collection.

	2011	2010
Assessments Receivable	\$ 22,186	\$ 23,065
Less: Allowance for Bad Debt	(9,923)	(10,242)
Assessments Receivable - Net	\$ 12,263	\$ 12,823

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents – For purposes of the statement of cash flows, the Association considers all highly liquid investments that mature within three months from the balance sheet date to be cash equivalents.

Clarksburg Ridge Homeowners Association, Inc.
Notes to Financial Statements
December 31, 2011 and December 31, 2010

NOTE C - REPLACEMENT RESERVES

In accordance with the Association's governing documents, it is accumulating funds for future major repairs and replacements. Accumulated funds, which aggregate \$89,417 and \$98,619 at December 31, 2011 and December 31, 2010, respectively, are held in separate accounts and are generally not available for operating purposes. These designated replacement reserves were fully funded by cash-investments.

In 2007, the Association hired a professional engineer to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current estimated replacement costs. The table included in the unaudited supplementary information on future major repairs and replacements is based on the study.

The Association is funding the replacement reserves over the remaining useful lives of the components based on the study's estimates of the replacement costs and considering amounts previously accumulated in the replacement reserves. Accordingly, \$13,034 has been included in the current financial statements as a contribution to reserves.

The Association is funding for major repairs and replacements based on estimates of future needs. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

NOTE D - INCOME TAXES

For income tax purposes, the Association may elect annually to file as an Association classified as a nonexempt membership organization or as a tax-exempt homeowners association.

The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, nonmembership transactions and capital transactions.

For federal and state tax purposes, the Association is taxed on all net income from nonmembership activities reduced only by losses from nonmembership activities for which a profit motive exists. Nonmembership income may not be offset by membership losses, and any net membership losses may only be carried forward to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation.

Clarksburg Ridge Homeowners Association, Inc.
Notes to Financial Statements
December 31, 2011 and December 31, 2010

NOTE D - INCOME TAXES (CONTINUED)

The Association elected to be taxed as an association classified as a tax-exempt homeowners association for both federal and state income tax purposes for the years ended December 31, 2011 and December 31, 2010. This resulted in a provision for income taxes of \$0 and \$0, respectively.

NOTE E - CASH - INVESTMENTS

The Association maintains its cash – investments as follows:

<u>Institution</u>	<u>Type of Investment</u>	<u>Amount</u>
Cash Equivalents:		
Monument Bank	Money Market	\$ 82,083
Total Cash Equivalents		<u>\$ 82,083</u>
Non Cash Equivalents:		
Monument Bank	Certificate of Deposit	\$ 27,124
Monument Bank	Certificate of Deposit	29,588
Total Non Cash Equivalents		<u>\$ 56,712</u>
Total Cash - Investments		<u><u>\$ 138,795</u></u>

NOTE F - INITIAL WORKING CAPITAL

At the time of the initial sale of each home, each homeowner is required to pay a one-time initial working capital contribution of two times the monthly assessment. As of December 31, 2011 and December 31, 2010, the initial working capital balance was \$17,382 and \$17,382, respectively.

Clarksburg Ridge Homeowners Association, Inc.
Supplementary Information on Future Major Repairs and Replacements
December 31, 2011
Unaudited

A professional engineer conducted a study in 2007 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date the components will require repair or replacement. The Association has not designated the replacement reserve balance of \$89,417 into specific categories as detailed below and utilizes the cash flow method of allocating replacement reserves.

The following information is based on the study and presents significant information about the components of common property.

<u>Component</u>	<u>2007 Estimated Remaining Useful Life (Years)</u>	<u>2007 Estimated Replacement Cost</u>
Concrete Areas	48	\$ 30,948
Asphalt	18	50,155
Tot Lot	18	60,000
Wood Reatining & Rail - Tot Lot	18	7,040
Storm Water Block Retaining Wall	38	13,680
Block Retaining Wall	38	9,885
Park Landscaping Stonewalls	38	1,000
Other Block and Stonewalls	38	7,390
Enterance Monuments	38	6,000
Metal Railing (storm water area)	23	6,653
Metal Railing (Catawa Manor Way)	23	4,260
Other Metal Railing	23	2,385
Metal Rall Painting	5	4,433
White Fence (Park)	18	2,500
Painting (Park White Fence)	3	750
Sound Screen (Dutrow Court)	18	7,000
Brick Pavers (Park Area)	38	4,435
Walkway Brick Paveres	38	6,000
Park Pavilion	23	1,500
Benches	18	6,750
Garbage Cans	18	975
Total		<u>\$ 233,739</u>



Abaris Realty, Inc.

12009 Nebel Street, Rockville, MD 20852


301-468-8919 • Fax: 301-468-0983

Web Site: www.abarisrealty.com



MEMORANDUM

TO: ALL OWNERS AT CLARKSBURG RIDGE HOA

FROM: SHIREEN AMBUSH, PCAM 
PROPERTY MANAGER

DATE: NOVEMBER 14, 2011

RE: APPROVED 2012 BUDGET

The Clarksburg Ridge HOA Board of Directors met on November 10, 2011 at which time they voted to adopt the 2012 budget for the Association with no changes to the proposed budget which was previously mailed to all homeowners. Enclosed is the final, approved budget for your records. I am pleased to announce that there will be no increase in the HOA fee for next year. The fee for all town homes will remain \$88 per month and the fee for all single family homes will remain \$63.80 per month.

In case you are not aware, Abaris Realty offers a direct debit service free of charge for payment of the monthly HOA dues. This allows for your monthly HOA fee to be automatically debited from your checking account every month hence avoiding the hassle of writing a check and mailing your payment. This service also ensures that your payments are always received on time hence avoiding late fees which may be caused by mail delays. If you are interested in signing up for this free service, please contact our Accounts Receivable department at the letterhead phone number above.

Please be advised of a recent ordinance passed in Montgomery County regarding "smoke-free playground areas and common areas in apartment/condominium communities". This ordinance is applicable to the community playgrounds. The regulation which became effective August 12, 2011 bans:

- Smoking in a common indoor area of any multi-unit residential dwelling
- Smoking within 25 feet of a playground area on privately owned property that has a primary purpose of serving residents of more than one dwelling unit.

A new "No Smoking" sign has been placed at each playground area and this letter shall serve as written notification to all residents in accordance with the new County Law requirements. For more information on this Law, please visit the County website at www.montgomerycountymd.gov/smoke-free. To report violations, please call 311 or visit the County website.

On behalf of the Board, I thank you for your attention to this matter and I wish you all a safe and joyous holiday season!



CLARKSBURG RIDGE HOA APPROVED 2012 BUDGET										
AUDIT 2007	AUDIT 2008	AUDIT 2009	AUDIT 2010			BUDGET 2011	7 MONTHS ACTUAL 2011	BUDGET 2012		
				Acct. Revenues:						
				Assessments						
\$ 109,320.00	\$ 109,320.00	\$ 115,044.00	\$ 125,976.00	4108	Homeowner Assoc Fee	\$ 138,573.00	\$ 79,786.80	\$ 138,573.00		
\$ 7,609.00	\$ 2,550.00	\$ 1,425.00	\$ 2,825.00	4140	Late/Interst Fees	\$ 2,000.00	\$ 477.00	\$ 2,000.00		
\$ 1,380.00	\$ 5,416.00	\$ 1,284.00	\$ 1,838.07	4144	Legal Fees	\$ 1,000.00	\$ 132.00	\$ 1,000.00		
\$ 905.00	\$ 1,140.00	\$ 6,591.74	\$ 2,250.00	4156	Miscellaneous	\$ 500.00	\$ 225.00	\$ 500.00		
\$ 119,214.00	\$ 118,426.00	\$ 124,344.74	\$ 132,889.07		Total Assessments	\$ 142,073.00	\$ 80,620.80	\$ 142,073.00		
				Other Revenue						
\$ 4,867.61	\$ 4,145.67	\$ 2,947.41	\$ 2,234.40	4302	Interest Revenue	\$ 2,800.00	\$ 1,040.09	\$ 2,400.00		
\$ -	\$ -	\$ -	\$ 510.89	4351	Bad Debt Recovery	\$ -	\$ -	\$ -		
\$ 4,867.61	\$ 4,145.67	\$ 2,947.41	\$ 2,745.29		Total Other Revenue	\$ 2,800.00	\$ 1,040.09	\$ 2,400.00		
\$ 124,081.61	\$ 122,571.67	\$ 127,292.15	\$ 135,634.36		TOTAL REVENUES:	\$ 144,873.00	\$ 81,660.89	\$ 144,473.00		
				Expenses:						
				Administrative						
\$ 20,131.80	\$ 21,868.12	\$ 22,050.00	\$ 22,050.00	5002	Management Fees	\$ 22,050.00	\$ 12,862.50	\$ 23,000.00		
\$ 5,545.00	\$ 5,940.00	\$ 6,782.06	\$ 9,380.20	5004	Legal	\$ 6,000.00	\$ 1,379.64	\$ 6,000.00		
\$ 1,350.00	\$ 1,400.00	\$ 1,875.00	\$ 1,675.00	5006	Accounting/Audit	\$ 1,900.00	\$ 1,500.00	\$ 1,900.00		
\$ 2,293.40	\$ 2,217.67	\$ 2,257.13	\$ 2,081.10	5012	Postage/Printing	\$ 2,500.00	\$ 1,173.97	\$ 2,000.00		
\$ -	\$ -	\$ -	\$ 99.00	5031	Meeting Facility	\$ 200.00	\$ -	\$ 200.00		
\$ -	\$ -	\$ -	\$ 750.47	5038	Bank Fees	\$ 750.00	\$ 495.46	\$ 750.00		
\$ -	\$ 357.75	\$ 477.00	\$ 477.00	5059	Montg. Co. Assmt.	\$ 500.00	\$ 477.00	\$ 500.00		
\$ 5,503.80	\$ 4,852.36	\$ 5,617.71	\$ 4,884.02	5071	Community Activities	\$ 5,500.00	\$ 2,826.05	\$ 3,000.00		
\$ -	\$ -	\$ -	\$ -		Safety Committee	\$ -	\$ -	\$ -		
\$ 3,401.45	\$ 2,805.50	\$ 4,841.10	\$ -	5088	Bad Debt	\$ 2,007.00	\$ -	\$ 1,500.00		
\$ 1,616.46	\$ 998.67	\$ 718.81	\$ 910.00	5098	Miscellaneous	\$ 1,000.00	\$ 355.00	\$ 1,000.00		
\$ 39,841.91	\$ 40,440.07	\$ 44,618.81	\$ 42,306.79		Total Administrative	\$ 42,407.00	\$ 21,069.62	\$ 39,850.00		
				Contracted Services						
\$ 9,563.85	\$ 9,258.57	\$ 15,070.24	\$ 9,120.24	5202	Trash	\$ 10,000.00	\$ 5,320.14	\$ 9,500.00		
\$ 31,500.00	\$ 31,815.00	\$ 34,125.00	\$ 28,875.00	5204	Grounds/Landscaping	\$ 38,500.00	\$ 17,300.00	\$ 38,500.00		
\$ -	\$ -	\$ -	\$ 8,750.00	5230	Cleaning	\$ 9,100.00	\$ 6,125.00	\$ 9,300.00		
\$ 15,036.50	\$ 2,573.50	\$ 18,153.50	\$ 21,600.50	5232	Snow Removal	\$ 20,000.00	\$ 12,356.00	\$ 20,000.00		
\$ 56,100.35	\$ 43,647.07	\$ 67,348.74	\$ 68,345.74		Total Contract Services	\$ 77,600.00	\$ 41,101.14	\$ 77,300.00		
				Maintenance Repairs						
\$ 3,815.00	\$ 1,855.00	\$ 12,485.00	\$ 5,425.00	5326	Grounds/Landscaping	\$ 4,500.00	\$ 2,280.00	\$ 6,900.00		
\$ -	\$ -	\$ -	\$ -	5328	Tree Care	\$ -	\$ -	\$ -		
\$ 220.00	\$ 3,218.00	\$ 275.00	\$ 145.12	5342	General Repairs	\$ 500.00	\$ 400.00	\$ 800.00		
\$ -	\$ -	\$ -	\$ 800.00	5355	Pond	\$ 2,332.00	\$ -	\$ 2,332.00		
\$ 4,035.00	\$ 5,073.00	\$ 12,760.00	\$ 6,370.12		Total Mainten. Repairs	\$ 7,332.00	\$ 2,680.00	\$ 10,032.00		
				Insur, Taxes, License						
\$ 2,382.88	\$ 4,494.79	\$ 3,598.13	\$ 3,431.89	5910	Insur-Master Policy	\$ 3,600.00	\$ 1,236.97	\$ 3,600.00		
\$ 1,604.80	\$ 582.00	\$ 312.00	\$ -	5930	Taxes-Corp Inc. Taxes	\$ 900.00	\$ -	\$ 600.00		
\$ 3,987.68	\$ 5,076.79	\$ 3,910.13	\$ 3,431.89		Total Ins, Tax, License	\$ 4,500.00	\$ 1,236.97	\$ 4,200.00		
				Replacmnt. Reserves						
\$ 11,735.00	\$ 12,295.00	\$ 13,034.00	\$ 13,034.00	6311	Replacement Reserves	\$ 13,034.00	\$ 13,034.00	\$ 13,091.00		
\$ 11,735.00	\$ 12,295.00	\$ 13,034.00	\$ 13,034.00		Total Repl. Reserves	\$ 13,034.00	\$ 13,034.00	\$ 13,091.00		
\$ 115,699.94	\$ 106,531.93	\$ 141,671.68	\$ 133,488.54		TOTAL EXP. & RES.	\$ 144,873.00	\$ 79,121.73	\$ 144,473.00		
\$ 8,381.67	\$ 16,039.74	\$ (14,379.53)	\$ 2,145.82		NET INCOME/(LOSS)	\$ -	\$ 2,539.16	\$ -		
				Percentage Change						
				0.00%						
				Quantity				Monthly Fee	Contribution	
				TH= townhouse				58	\$ 88.00	\$ 61,248.00
				SFH=single fam. house				101	\$ 63.80	\$ 77,325.60
								Total	\$ 138,573.60	

CM

ARTICLES OF INCORPORATION

OF

CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Corporations and Associations, Title 2, Annotated Code of Maryland (1999), and any amendments thereto, the undersigned, Dave Dombert, whose post office address is 806 West Diamond Avenue, Suite 300, Gaithersburg, Maryland 20878, being at least eighteen (18) years of age, has this day, by execution of these Articles, voluntarily declared himself to be an incorporator for the purpose of forming a nonstock, nonprofit corporation pursuant to the general laws of Maryland, and does hereby certify:

ARTICLE 1

NAME OF CORPORATION

The name of the corporation is CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE 2

PRINCIPAL OFFICE

The post office address of the initial principal office of the Association is 806 West Diamond Avenue, Suite 300, Gaithersburg, Maryland 20878

ARTICLE 3

RESIDENT AGENT

The name of the resident agent of the Association is Thomas A. Natelli, whose post office address is Natelli Communities, 806 West Diamond Avenue, Suite 300, Gaithersburg, Maryland 20878.

ARTICLE 4

POWERS AND PURPOSES

This Association does not contemplate pecuniary gain or profit, direct or indirect, to the Members thereof, and the specific purposes for which it is formed are to provide for and assure the maintenance, preservation and architectural control of the Lots, Common Area and Community Facilities within the Property described in the Declaration of Covenants, Conditions and Restrictions recorded or to be recorded among the Land Records of the County in which said Property is located, including such additions thereto as may be hereafter brought within the jurisdiction of the Association, and to promote the health, safety and welfare of the Owners

within the Property and any additions thereto as may hereafter be brought within the jurisdiction of this Association. For this purpose, the Association shall have the power and authority to:

(a) exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration", applicable to the Property and recorded or to be recorded among the Land Records of Montgomery County, Maryland, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length and made a part hereof;

(b) fix, levy, collect and enforce payment by any lawful means, of all charges or Assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith, including all office expenses, licenses, taxes or governmental charges levied or imposed against the property of the Association and all other expenses incident to the conduct of the business of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs incurred;

(d) borrow money, and with the consent of two-thirds (2/3) of each class of Members of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area or Community Facilities to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication, sale or transfer shall be effective without the consent of two-thirds (2/3) of each class of Members and fifty-one percent (51%) of the Eligible Mortgage Holders, and unless the Maryland-National Capital Park and Planning Commission, or its successors or assigns, has given its prior written approval thereof, which approval shall not be unreasonably delayed or denied;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the consent of two-thirds (2/3) of each class of Members, unless the Declaration or Bylaws provide otherwise; and

(g) have and exercise any and all powers, rights and privileges which a nonstock corporation organized under the laws of the State of Maryland by law may now or hereafter have or exercise.

CUST ID:0001238933
WORK ORDER:0000808291
DATE:11-04-2003 07:56 PM
AMT. PAID:\$220.00

ARTICLE 5
NO CAPITAL STOCK

This Association is not authorized to issue any capital stock and shall not be operated for profit. The Association does not anticipate distributing dividends, gains or profits to its Members. No Member shall have any personal liability for the debts or obligations of the Association.

ARTICLE 6
VOTING RIGHTS

The Association shall initially have three (3) classes of voting membership, Class A, Class B and Class C.

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

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

Class C. There shall initially be four hundred seventy-seven (477) Class C memberships in the Association. This number shall be increased by three (3) memberships for each Lot which is annexed within the jurisdiction of the Association in accordance with Section 2.2 of the Declaration in excess of one hundred fifty-nine (159) Lots, and shall be decreased by three (3) memberships for each Lot conveyed to a Class A or Class B Member (excluding any Lot conveyed to a Participating Builder). The Class C Member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class C membership by specific assignment in writing from the Declarant.

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

(i) one hundred twenty (120) days following the date on which the total authorized, issued and outstanding votes of the Class A and Class B Members (excluding any Participating Builder) equals the number of Class C memberships; or

(ii) fifteen (15) years from the date of recordation by the Declarant of the first Supplementary Declaration annexing all or any portion of the real property described on Exhibit "A" hereto; 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 fifteen (15)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or

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

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

The Members of the Association shall have no preemptive rights, as such Members, to acquire any memberships of this Association that may at any time be issued by the Association except as may be specifically provided in these Articles of Incorporation, the Bylaws or the Declaration of the Association.

ARTICLE 7 **MEMBERSHIP**

Every person or entity who is a record owner of a fee or undivided fee interest of any Lot, including contract sellers, shall be a Member of the Association; provided that any such person or entity who or which holds such interest merely as security for the performance of an obligation shall not be a Member. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to Assessment by the Association.

ARTICLE 8 RIGHT OF ENJOYMENT

Every Owner shall have a right and easement of enjoyment in and to the Common Area and Community Facilities, including, without limitation, an easement for the use and enjoyment of the private streets, driveways, alleys, parking areas, pathways and walkways, if any, within the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, for purposes of ingress and egress to and from such Owner's Lot.

ARTICLE 9 BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board initially consisting of three (3) Directors whose names and addresses are hereinafter listed. Commencing with the first annual meeting of the Association, the Board shall consist of an uneven number of not less than three (3) nor more than nine (9) Directors. The names and addresses of the persons who are to initially act in the capacity of Directors until the selection of their successors, and their respective class as Directors, are:

<u>Name</u>	<u>Address</u>	<u>Class</u>
Thomas A. Natelli	806 West Diamond Avenue Suite 300 Gaithersburg, Maryland 20878	A
David G. Dombert	806 West Diamond Avenue Suite 300 Gaithersburg, Maryland 20878	B
William J. Moore	806 West Diamond Avenue Suite 300 Gaithersburg, Maryland 20878	At Large

The number, classes, qualifications, powers, duties and tenure of the office of the Directors and the manner by which Directors are to be chosen shall be as prescribed and set forth in the Bylaws of the Association. Officers of the Association shall be elected and shall serve as provided for in said Bylaws.

ARTICLE 10 DISSOLUTION

The Association may be dissolved with the consent given in writing and signed by not less than two-thirds (2/3) of each class of voting Members, and with the written approval of the Maryland-National Capital Park and Planning Commission, or its successors or assigns, which approval shall not be unreasonably delayed or denied; provided that the affirmative vote of at

least one (1) Class A Director and one (1) Class B Director shall be required to dissolve the Association. Written notice of a proposal to dissolve, setting forth the reasons therefor and the disposition to be made of the assets (which shall be consonant with this Article 10), shall be mailed to every Member not less than ten (10) days nor more than fifty (50) days in advance of any action to be taken. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE 11 **DURATION**

The Association shall exist perpetually.

ARTICLE 12 **AMENDMENTS**

Amendment of these Articles shall require the consent of Members entitled to cast not less than seventy-five percent (75%) of the votes of all Members of the Association.

ARTICLE 13 **FHA APPROVAL**

As long as there is a Class C membership and any Lot subject to the Declaration is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration (the "FHA"), the following actions will require the prior approval of the FHA: annexation of additional properties, not in conformance with the Development Plan (and amendments thereto) as approved by the FHA, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

ARTICLE 14 **LIABILITY**

No Director or officer of the Association shall be liable to the Association or to its Members for money damages except (i) to the extent that it is proved that such Director or officer actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, or (ii) to the extent that a judgment or other final adjudication adverse to such Director or officer is entered in a proceeding based on a finding in the proceeding that such Director's or officer's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

NOV 23 2003 10:00

ARTICLE 15
MISCELLANEOUS

Unless it is plainly evident from the context that a different meaning is intended, all terms used herein shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Articles and the Declaration, the terms and provisions of the Declaration shall control.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned has signed, sealed and delivered these Articles of Incorporation as his own free act and deed on this 27th day of October, 2003.

WITNESS:

Joan Fay Colona
JOAN FAY COLONA

[Signature] (SEAL)
Dave Dombert

STATE OF Maryland
COUNTY OF * Montgomery

*
* to wit:

On this 27th day of October, 2003, before me, a Notary Public in and for the above County and State, personally appeared Dave Dombert and acknowledged that he signed the foregoing Articles of Incorporation for the purposes therein stated.

WITNESS my hand and Notarial Seal.

Joan Fay Colona
Notary Public

My Commission Expires: 9-1-04

[NOTARIAL SEAL]

CONSENT TO ACT AS RESIDENT AGENT

Pursuant to Section 1-208 of the Corporations and Associations Article of the Annotated Code of Maryland (1999 Replacement Volume) the undersigned, Thomas A. Natelli (having the following post office address: Natelli Communities, 806 West Diamond Avenue, Suite 300, Gaithersburg, Maryland 20878), hereby consents to serve as the resident agent of the Company.

IN WITNESS WHEREOF, I have signed this Consent and acknowledged it to be my act as of the 27th day of October, 2003.

By:

Thomas A. Natelli
Thomas A. Natelli

CORPORATE CHARTER APPROVAL SHEET

** EXPEDITED SERVICE **

** KEEP WITH DOCUMENT **

DOCUMENT CODE 02 BUSINESS CODE 04

Close _____ Stock _____ Nonstock

P.A. _____ Religious _____

Merging (Transferor) _____

Surviving (Transferee) _____



ID # D07644529 ACK # 1000361989019553
LIBER: B00578 FOLIO: 1205 PAGES: 0010
CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION
, INC.

11/03/2003 AT 03:34 P WO N 0000808291

New Name _____

FEES REMITTED

Base Fee: 100

Org. & Cap. Fee: 20

Expedite Fee: 70

Penalty: _____

State Recordation Tax: _____

State Transfer Tax: _____

1 Certified Copies Copy Fee: 30

Certificates _____

Certificate of Status Fee: _____

Personal Property Filings: _____

Other: _____

TOTAL FEES: 220

Credit Card Check _____ Cash _____

Documents on _____ Checks _____

Approved By: [Signature]

Keyed By: _____

COMMENT(S):

**CERTIFIED
COPY MADE**

Change of Name _____

Change of Principal Office _____

Change of Resident Agent _____

Change of Resident Agent Address _____

Resignation of Resident Agent _____

Designation of Resident Agent and Resident Agent's Address _____

Change of Business Code _____

Adoption of Assumed Name _____

Other Change(s) _____

Code 106

Attention: _____

Mail to Address: _____

CUST ID: 0001238933
WORK ORDER: 0000808291
DATE: 11-04-2003 07:56 PM
AMT. PAID: \$220.00

DEPOSITORY STATEMENT

FOR

CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC.
[For Deposit in the Depository of Montgomery County, Maryland]

Every purchaser of a residence in the Clarksburg Ridge community automatically becomes a member of the Clarksburg Ridge Homeowners Association, Inc. (hereinafter the "Association"). All members of the Association are subject to the restrictions, rights and obligations contained within the Declaration of Covenants, Conditions and Restrictions for the Association recorded, or to be recorded, among the Land Records of Montgomery County, Maryland (hereinafter referred to as the "Declaration") including, but not limited to, the obligation to pay assessments to the Association. The disclosure information set forth below is being provided in accordance with the Maryland Homeowners Association Act (the "Act"). The property which is, or may hereafter be annexed within the jurisdiction of the Association shall hereinafter be referred to as the "Properties" or as the "Development". Certain other capitalized terms used herein, unless otherwise defined herein, have the meanings specified in the Declaration for the Association.

Section 1

- I. Declarant: Clarksburg Ridge LLC,
 a Maryland limited liability company
- Principal Address: Thomas A. Natelli
 Natelli Communities
 806 West Diamond Avenue
 Suite 300
 Gaithersburg, Maryland 20878
- Telephone Number: (301) 670-4020

As of the date of this document the name and address of the Declarant are as set forth above, however, the Declarant reserves the right to change such name and address at its sole discretion from time to time.

- II. Vendors (sometimes hereinafter referred to collectively as the "Participating Builders"; and individually as a "Participating Builder"):
1. NVR, INC.,
 a Virginia corporation (t/a NVHomes)

Principal Address: 555 Quince Orchard Road
Suite 240
Gaithersburg, Maryland 20878

Telephone Number: (301) 258-0002

Corporate Officers:

Dwight C. Schar	Chairman of the Board and Chief Executive Officer
Michael J. Cannizzo	Senior Vice President, Administration
Paul C. Saville	Senior Vice President, Chief Financial Officer and Treasurer
Rainer Altman	Area President
Thomas C. Buescher	Area President
Dennis M. Seremet	Vice President, Finance
James M. Sack	Vice President and Secretary

Corporate Officers'
Address: 7601 Lewinsville Road
Suite 300
McLean, Virginia 22102

2. NVR, INC.,
a Virginia corporation (t/a Ryan Homes)

Principal Address: 555 Quince Orchard Road
Suite 280
Gaithersburg, Maryland 20878

Telephone Number: (301) 948-6400

Corporate Officers:

Dwight C. Schar	Chairman of the Board and Chief Executive Officer
Michael J. Cannizzo	Senior Vice President, Administration

Paul C. Saville	Senior Vice President, Chief Financial Officer and Treasurer
Rainer Altman	Area President
Thomas C. Buescher	Area President
Dennis M. Seremet	Vice President, Finance
James M. Sack	Vice President and Secretary

Corporate Officers'

Address: 7601 Lewinsville Road
Suite 300
McLean, Virginia 22102

As of the date of this document the names and addresses of the Vendors and the names and addresses of the corporate officers of the Vendors are as set forth above, however, the Vendors reserve the right to change such names and addresses in its sole discretion from time to time.

Section 2

- I. The name of the Association is, or will be, Clarksburg Ridge Homeowners Association, Inc.
- II. The Association is, or will be, incorporated in the State of Maryland.
- III. The resident agent of the Association is, or will be:

Thomas A. Natelli
Natelli Communities
806 West Diamond Avenue
Suite 300
Gaithersburg, Maryland 20878

Section 3

- I. The Development is located in the Clarksburg (2nd) Election District of Montgomery County, Maryland. The Declarant presently contemplates that the Development may contain a maximum of approximately 159 Lots and may contain up to approximately 35.4 acres, however, the Declarant reserves the right to annex such property within the Development in stages or

phases and to annex more or less than the anticipated maximum number of Lots and/or acreage within the Development. It is anticipated that the Development may contain a total of 101 single-family detached dwelling units and 58 single-family attached or semi-attached townhouse dwelling units; provided, however, that the Declarant reserves the right to annex such property within the Development in stages or phases, to annex more or less than the anticipated maximum amount of dwelling units and/or acreage within the Development, and to increase or decrease the number of Lots of each type. The Declarant reserves the right to amend the Development Plan for the Properties, to modify or alter the size, number, type and location of the dwelling units to be constructed thereon, and to take any other action as it deems necessary or desirable in conjunction with the development of the Properties. Without limiting the generality of the foregoing, the Declarant reserves the right to resubdivide all or a portion of the Properties, to convey all or a portion of the Properties, to convey all or a portion of the Common Area, to modify the size and location of the Common Area, and to construct improvements on the Common Area. Any property not annexed within the jurisdiction of the Association may be sold, transferred, conveyed or otherwise developed by the Declarant or its successors, transferees and assigns. The Declarant and the Participating Builders also reserve the right to modify the price of dwelling units in response to market conditions. Purchasers may pay different prices for similar dwelling units.

II. The Declarant does not own any property contiguous to the Development which is, or may be, dedicated to public use, other than the public streets and easements indicated on the subdivision plats for the Properties recorded, or to be recorded, among the Land Records of Montgomery County, Maryland.

III. The Vendors do not own any property contiguous to the Development which is, or may be, dedicated to public use.

Section 4

The Association is not within or part of another development or homeowners association. However, the Declarant reserves the right to establish one or more separate sub-associations within the Association.

Section 5

The Declarant has reserved the right to annex property comprising approximately 35.4 acres of land in the Clarksburg (2nd) Election District of Montgomery County, Maryland, as more particularly described in the Declaration. The Declarant has also reserved the right to annex 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 in the Declaration. The Declarant presently anticipates including approximately 159 Lots in the Development. The Declarant's right to annex, including any time limits on such annexation, is fully set forth in Article 2 of the Declaration. The Declarant reserves the right to annex all or any portion of the foregoing

property within the Development in stages or phases, to annex more or less than the anticipated maximum number of Lots and/or acreage within the Development, to include more or less than the foregoing number of Lots in any section of the Development, and to increase or decrease the number of Lots of each type. Any part of such property not annexed may be sold, transferred, conveyed or otherwise developed by the Declarant or its successors, transferees and assigns. In the event such sale, transfer, conveyance and/or development occurs, one or more separate homeowners associations and/or condominium regimes may be developed within the property not annexed within the Association.

Section 6

A copy of the Bylaws, and Rules if any, of the Association are attached hereto as Exhibit "A". The Bylaws, and Rules if any, are, or will be, enforceable against any Owner and such Owner's tenants.

Section 7

I. Pursuant to Article 1, Section 1.8 of the Declaration, "Common Area" is generally defined as "all real property owned, leased or maintained by the Association (including the Community Facilities and all other Common Area improvements) for the common use and enjoyment of the Owners." The location of the Common Area is, or will be, graphically shown on the plats of subdivision for the Properties recorded, or to be recorded, among the Land Records of Montgomery County, Maryland.

II. It is anticipated that the Common Area will include, if constructed, certain play areas, pathways, open space, and stormwater management facilities. The Association will generally be responsible for the maintenance and repair of the Common Area and any improvements situated thereon as well as any property which it is obligated or elects to maintain pursuant to any cross-easement agreement or the requirements of any governmental agency, any storm water management facilities designed to benefit or serve the Property, rights-of-way, entry strips and entrance features or improvements and other property appurtenant to the Development. Section 11.3 of the Declaration provides that the Association may elect to maintain and keep in good order the Lawn and Garden Area within the Lots. Section 11.4 authorizes the Association to assume additional maintenance responsibilities upon all or any portion of the Property. For a more complete statement of the Association's maintenance responsibilities, see the Declaration for the Association.

III. Availability of the Common Area improvements planned to be included within the Association, as well as the timing of their construction, is dependent upon a number of factors, including, without limitation, the development and construction schedule of all dwelling units planned to be included within the jurisdiction of the Association. If construction of such dwelling units is delayed, then it is possible that the construction of any Common Area improvements not then completed may also be delayed or canceled. Similarly, if fewer dwelling units than originally planned are actually constructed, then some of the Common Area

improvements may not be constructed as presently planned. Neither the Declarant nor the Vendors make any representation or warranty regarding the construction or availability of any of the Common Area improvements planned to be included within the jurisdiction of or maintained by the Association, nor has the Declarant or the Vendors authorized any other party to make any such representation or warranty.

Section 8

Information regarding the zoning and other land use requirements affecting the Development may be obtained by reviewing the Zoning Ordinance for Montgomery County, Maryland and other materials regarding land use requirements affecting the Development at the offices of the Maryland-National Capital Park and Planning Commission. The Declarant reserves the right to seek zoning changes, amendments and modifications to the Development Plan for the Properties.

Section 9

All mandatory homeowners association fees or assessments and other permitted charges imposed upon Lot owners by the Association will be subject to collection in accordance with Article 5 of the Declaration and the provisions of the Maryland Contract Lien Act, Section 14-201, *et seq.*, Real Property Article, Annotated Code of Maryland (2003 Replacement Volume), as amended. Pursuant to Article 5 of the Declaration, please note the following:

1. Pursuant to Article 5, Section 5.8, the annual assessments will generally commence as to all Lots simultaneously with the conveyance of the first Lot to a Class A or Class B Member. The first annual assessment will be adjusted according to the number of months remaining in the calendar year. The purchaser or grantee of any Lot will be responsible for assessments on his or her Lot beginning on the date of settlement or conveyance to such party.
2. Pursuant to Article 5, Section 5.8 the due dates for assessments shall be established by the Board of Directors.
3. The procedure for increasing or decreasing such fees, assessments or charges is set forth in Article 5, Section 5.3.
4. Delinquent fees, assessments and charges will be collected in accordance with Article 6.
5. Pursuant to Article 5, Section 5.1, and Article 6, unpaid fees, assessments and charges, together with interest, costs, late fees and reasonable attorneys' fees, shall be the personal obligation of the Owner of a Lot.
6. Interest shall be charged on any unpaid assessment at a rate determined by the Board of Directors up to the maximum rate of interest permitted by law, as set forth in Article 6, Section 6.1.

7. Pursuant to Article 5, Section 5.1, and Article 6 of the Declaration, unpaid assessments may be collected by the imposition of a lien on a Lot in accordance with the Maryland Contract Lien Act.

8. Lot owners may be assessed interest, attorneys' fees, late fees, court costs and administrative costs for the collection of unpaid assessments as set forth in Article 6. In addition, the entire balance of the unpaid assessments for the remainder of the year may be accelerated and declared due.

Section 10

Certain special rights or exemptions reserved by or for the benefit of the Declarant and/or the Vendors are contained within the Declaration, including, but not limited to:

1. Pursuant to Article 9, Section 9.1, the right to conduct construction, marketing, sales and/or leasing activities within the Development including, but not limited to, the right to use any Lot or dwelling, or improvements thereon, for promotional or display purposes, or as model homes, a sales and/or construction office, or for any other lawful purpose.

2. Pursuant to Article 5, Section 5.7, the right of the Declarant to be exempt from Assessments, and the right of the Participating Builders to a limited exemption from Assessments.

3. Pursuant to Article 7, the right of the Declarant to be exempt from the architectural controls contained in Article 7, and the right of the Participating Builders to be exempt from the provisions of Sections 7.3 through 7.12.

4. Pursuant to Article 2, the right to annex additional property within the jurisdiction of the Association, and the right to deannex property from within the jurisdiction of the Association.

5. Pursuant to Section 10.1(a), the right to grant easements to all public authorities and utilities over any part of the Common Area and Community Facilities.

6. Pursuant to Article 10, Section 10.1(c), a blanket easement upon, across and under the Property for vehicular and pedestrian ingress and egress, curb cuts, slope, or grading easements, as well as for the installation, replacement, repair and maintenance of all utilities, and the right to connect to and use any such utilities which may exist or be located upon the Property from time to time, the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Property, and 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.

7. Pursuant to Article 10, Section 10.1(f), the right during the period of construction and sale in the Development to maintain such facilities and perform such operations as the Declarant may determine to 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.

8. Pursuant to Article 10, Section 10.1(g), the right to enter the Common Area for the purpose of carrying out any obligations concerning the curing of defects in workmanship or materials in the Property or the improvements thereon. There is further reserved unto the Declarant and its agent(s) a non-exclusive easement over, across and through all of the Common Area and Community Facilities 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 or rehabilitation and repair of the Property.

9. Pursuant to Article 10, Section 10.1(h), for ten (10) years from the date of conveyance of the first Lot in the Development, the right to correct drainage of surface water in the Development. Such right includes the ability to cut any trees, bushes or shrubbery, make gradings of the soil, or take any other action reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near as practicable.

10. The right to vote as specified in Article 4, Section 4.2 of the Declaration with respect to each Class C membership held by the Declarant (one (1) vote for each such Class C membership).

11. Pursuant to Article 16, Section 16.15, 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, Common Area or Community Facilities, any such agreements, documents, amendments or supplements to the Declaration, the Articles of Incorporation and Bylaws of the Association which may be required by FNMA, FHA, VA, FHLMC, GNMA, Montgomery 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, to comply with the Fair Housing Amendments Act of 1988, as amended, to comply with the Act, or to comply with other applicable laws or regulations.

For a more complete statement of the rights and exemptions reserved by or for the benefit of the Declarant and/or the Vendors, see the Declaration and Bylaws for the Association.

The information set forth herein is being provided in accordance with the Act, and is based upon current development plans and information currently available. The information set forth herein is subject to change and modification from time to time. Owners are advised that modifications, changes and supplements to such information are probable and should be expected.

The foregoing narrative sections of this Depository Statement do not repeat or contain all of the information appearing in the documents and other materials referenced in or reproduced as exhibits hereto. In many cases, these sections contain abstracts or summaries of information from such documents and other materials. Accordingly, in no case should any of the information set forth in the narrative sections of this Depository Statement be construed to substitute for, alter, modify or abrogate, in whole or in part, any of the terms, conditions or provisions of any of

the documents and other materials referenced in or reproduced as exhibits to this Depository Statement. In the event of any conflict between the narrative sections of this Depository Statement and any of the documents and other materials referenced in or reproduced as exhibits to this Depository Statement, the documents and other materials referenced in or reproduced as exhibits to this Depository Statement, as applicable, shall control.

[SIGNATURE PAGE FOLLOWS]

The undersigned agent for the Association, hereby certifies that the foregoing instrument was prepared on behalf of the Association.

Dated as of _____, 200__ By:_____

Name: David G. Dombert

Address: 806 West Diamond Avenue
Suite 300
Gaithersburg, Maryland 20878

Telephone: (301) 590-7347

[THIS PAGE INTENTIONALLY LEFT BLANK]

Exhibit "A"

(Bylaws)

03 SP 26 P 3:59.6
FILED
MOLLY Q. RUHL
CLERKS OFFICE
MONTGOMERY CO. MD

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC.**

RECORDING FEE 75.00
IMP FD SURE 20.00
TOTAL 95.00
Rec'd M007 Acct # 54557
MOR FS Blk # 11909
Sep 26, 2003 03:59 PM

50
K

Article

Page

1. DEFINITIONS 1

1.1. "Administrative Resolutions" 1

1.2. "Annual Assessments" 1

1.3. "Application Procedures" 1

1.4. "Architectural Review Committee" 2

1.5. "Architectural Review Entity" 2

1.6. "Assessments" 2

1.7. "Association" 2

1.8. "Common Area" 2

1.9. "Common Expenses" 2

1.10. "Community Facilities" 2

1.11. "Community-Wide Standard" 2

1.12. "Declarant" 2

1.13. "Declarant's Rights and Obligations" 3

1.14. "Design Guidelines" 3

1.15. "Development Plan" 3

1.16. "Eligible Mortgage Holder" 3

1.17. "Equity Resolutions" 3

1.18. "Governing Documents" 3

1.19. "Improvements" 3

1.20. "Land Records" 3

1.21. "Lawn and Garden Area" 3

1.22. "Living Unit" 4

1.23. "Lot" 4

1.24. "Member" 4

1.25. "Mortgagee" 4

1.26. "Neighborhood" 4

1.27. "Neighborhood Assessments" 5

1.28. "Neighborhood Committee" 5

1.29. "Neighborhood Common Area" 5

1.30. "Neighborhood Special Assessments" 5

1.31. "Owner" 5

1.32. "Participating Builder" 5

1.33. "Project" 5

1.34. "Property" 5

1.35. "Single-Family Detached Lot" 5

1.36. "Special Assessment" 5

1.37. "Town Architect" 6

1.38. "Townhouse Lot" 6

2. DECLARANT'S RIGHT TO SUBJECT PROPERTY TO DECLARATION 6

2.1. Property Subject to this Declaration 6

2.2. Annexation of Property 6

<u>Article</u>	<u>Page</u>
2.3. Deannexation	7
2.4. Common Area	8
3. PROPERTY RIGHTS	8
3.1. Owners' Easements of Enjoyment.....	8
3.2. Limitations.....	10
3.3. Delegation of Use	10
4. MEMBERSHIP AND VOTING RIGHTS.....	10
4.1. Membership	10
4.2. Voting Rights	10
5. COVENANT FOR MAINTENANCE ASSESSMENTS	12
5.1. Creation of the Lien and Personal Obligation for Assessments	12
5.2. Purpose of Assessments.....	12
5.3. Assessments; Budgets	13
5.4. Special Assessments	14
5.5. Notice and Quorum.....	14
5.6. Variable Annual Assessment Rates.	14
5.7. Assessment of Declarant; Assessment of Participating Builders.	15
5.8. Date of Commencement of Annual Assessments; Due Dates	16
5.9. Reserve Fund Budget and Contribution.....	16
5.10. Neighborhood Assessments	17
5.11. Neighborhood Special Assessments	18
5.12. Neighborhood Notice and Quorum.....	18
5.13. Reserve for Repairs and Replacements of the Neighborhood Common Area.....	18
6. REMEDIES OF ASSOCIATION FOR NON PAYMENT OF ASSESSMENTS.....	19
6.1. Non-Payment of Assessments.....	19
6.2. Assessment Certificate.....	19
6.3. Acceleration of Installments	19
6.4. Priority of Lien.....	19
7. ARCHITECTURAL CONTROL.....	20
7.1. Architectural Review and Control	20
7.2. New Construction	20
7.3. Architectural Review Entity	21
7.4. Review by the Architectural Review Entity	22
7.5. Initiation and Completion of Improvements.....	22
7.6. Certificate of Compliance	23

<u>Article</u>	<u>Page</u>
7.7. Deviations from Design Guidelines.....	23
7.8. Appeal.....	23
7.9. Design Guidelines and Application Procedures.....	23
7.10. Limited Scope of Approval.....	24
7.11. Covenant Committee Liaison.....	24
7.12. Town Architect.....	24
7.13. Exemption.....	24
 8. COVENANT COMMITTEE.....	 25
8.1. Purpose and Powers of the Covenant Committee.....	25
8.2. Selection of Covenant Committee.....	25
8.3. Appeal.....	26
8.4. Jurisdiction of Covenant Committee.....	26
 9. USE RESTRICTIONS.....	 26
9.1. Permitted Uses.....	26
9.2. Prohibited Uses and Nuisances.....	26
9.3. Parking.....	30
9.4. Leasing and Transfers.....	31
9.5. House Rules, Etc.....	32
9.6. Exemptions.....	32
9.7. Participating Builders.....	32
9.8. Special Protection Area Provisions.....	32
 10. DECLARATION OF EASEMENTS AND RIGHTS.....	 33
10.1. Declaration of Easements and Rights.....	33
10.2. Association Easements.....	37
 11. MAINTENANCE.....	 37
11.1. Owners' Maintenance.....	37
11.2. Association Maintenance.....	38
11.3. Lawn and Garden Area Maintenance.....	39
11.4. Additional Maintenance Responsibilities.....	39
 12. INSURANCE.....	 40
12.1. Individual Coverage.....	40
12.2. Required Coverage.....	40
12.3. Fidelity Coverage.....	42
12.4. Repair and Reconstruction of Common Area and Community Facilities After Fire or Other Casualty.....	42

<u>Article</u>	<u>Page</u>
13. PARTY WALLS AND FENCES.....	43
13.1. General Rules of Law to Apply	43
13.2. Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty ..	43
13.3. Repairs of Damage Caused by One Owner	43
13.4. Damage by Exposure	43
13.5. Encroachments	43
13.6. Right to Contribution Runs with Land.....	43
13.7. Dispute	44
14. MANAGEMENT	44
14.1. Management Agent.....	44
14.2. Duration of Management Agreement	44
15. NEIGHBORHOOD COMMITTEES.....	45
15.1. Function	45
15.2. Neighborhood Committee Membership	45
15.3. Neighborhood Committee Operations	45
15.4. Neighborhood Committee Authority	45
15.5. Further Neighborhood Committee Provisions	46
16. GENERAL PROVISIONS.....	46
16.1. Common Area Responsibility.....	46
16.2. Personal Property and Real Property for Common Use	46
16.3. Implied Rights.....	46
16.4. Limitation of Liability.....	46
16.5. Enforcement.....	47
16.6. Fines.....	47
16.7. Severability	48
16.8. Duration and Amendment.....	48
16.9. Changes and Modifications by Declarant	49
16.10. FHA Approvals.....	49
16.11. Rights of the Maryland-National Capital Park and Planning Commission ("Commission" herein)	49
16.12. Casualty Losses.....	50
16.13. Condemnation or Eminent Domain	50
16.14. Notice to Eligible Mortgage Holders; Deemed Consent	50
16.15. Declarant's Power of Attorney	51
16.16. Taxes and Assessments.....	52
16.17. Successors of Declarant	52
16.18. No Dedication to Public Use.....	52
16.19. Incorporation by Reference on Resale	52

<u>Article</u>	<u>Page</u>
16.20. Declarant Reserved Rights.....	52
16.21. Perpetuities.....	52
16.22. Declarant Development.....	53
16.23. Captions and Gender.....	53

Exhibits

- “A” Description of Property Subject to Declarant’s Right to Unilaterally Annex Within the Association
- “B” Residential Integrated Pest Management Plan

CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, is made on the date hereinafter set forth by CLARKSBURG RIDGE, LLC, a Maryland limited liability company, hereinafter referred to as "Declarant".

WITNESSETH:

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

NOW, THEREFORE, Declarant hereby declares that all of the real property described on Exhibit "A" hereto shall be subject to the Declarant's right to unilaterally subject such real property to the covenants, conditions, restrictions and easements set forth in this Declaration and to annex such real property within the jurisdiction of the Association pursuant to Article 2 hereof. The Declarant hereby further declares that, upon recordation of one or more Supplementary Declarations in accordance with Article 2 hereof, 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, shall thereafter 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. "*Administrative Resolutions*" are rules, policies and/or procedures, adopted by the Declarant and/or the Board of Directors, for purposes of implementing provisions of this Declaration, the Bylaws and Articles of Incorporation of the Association, as more fully described in Article 8 of the Bylaws.

Section 1.2. "*Annual Assessments*" shall mean and refer to the assessments levied against all Lots within the Property to fund the Common Expenses, not including Special Assessments, Neighborhood Assessments, or Neighborhood Special Assessments.

Section 1.3. "*Application Procedures*" shall have the meaning specified in Section 7.9 of this Declaration.

Section 1.4. "Architectural Review Committee" shall have the meaning specified in Section 7.3(b) of this Declaration.

Section 1.5. "Architectural Review Entity" shall have the meaning specified in Section 7.3 of this Declaration.

Section 1.6. "Assessments" shall mean and refer collectively to any Annual Assessment, Special Assessment, Neighborhood Assessment, Neighborhood Special Assessment, and all other fees and charges, including all installments thereof, as may be levied by the Association in accordance with this Declaration.

Section 1.7. "Association" shall mean and refer to Clarksburg Ridge Homeowners Association, Inc., a nonstock Maryland corporation, its successors and assigns.

Section 1.8. "Common Area" shall mean all real property owned, leased or maintained by the Association (including the Community Facilities and all other Common Area improvements) for the common use and enjoyment of the Owners. Notwithstanding the foregoing, in the event the Association maintains all or any portion of any Lot(s), such property shall not be considered Common Area. The Common Area must ultimately include all of the real property and all facilities depicted as such on any and all project plans, preliminary plans and/or site plans, as amended ("Regulatory Plans"), for the Project reviewed and approved by the Montgomery County Planning Board ("Planning Board") of the Maryland-National Capital Park and Planning Commission ("Commission"). Facilities include, as may be applicable, all recreational facilities, storm water management facilities, private roads, and other required features that are to be constructed on the Common Area pursuant to the Regulatory Plans. Facilities are to be timely constructed in a good, workmanlike manner. The timing for the provision of Common Area is set forth in Section 2.4 hereof. The term Common Area shall be deemed to include "Neighborhood Common Area" (as defined below).

Section 1.9. "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 pursuant to this Declaration, the Bylaws and the Articles of Incorporation of the Association.

Section 1.10. "Community Facilities" shall mean and refer to any and all improvements and facilities located upon the Common Area including, without limitation, recreational facilities (if any), which are operated and maintained by the Association for the use and enjoyment of the Owners.

Section 1.11. "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 1.12. "Declarant" shall mean and refer to Clarksburg Ridge, LLC, a Maryland limited liability company, and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development, but only to the extent that all or any portion of the rights, reservations, easements, interests,

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

Section 1.13. "*Declarant's Rights and Obligations*" shall mean and refer to the rights, reservations, easements, interests, exemptions, privileges, powers and/or duties reserved or given to the Declarant pursuant to this Declaration. The Declarant's Rights and Obligations shall extend until the first to occur of (i) the initial conveyance of all Lots included and to be included within the jurisdiction of the Association in accordance with Article 2 of this Declaration to Owners other than the Declarant or the Participating Builders, or (ii) twenty (20) years after the recordation of this Declaration. The Declarant may, however, elect to earlier terminate all or any portion of the Declarant's Rights and Obligations by the recordation of a written instrument among the Land Records expressing the Declarant's express intention to relinquish all or any portion of the Declarant's Rights and Obligations. The term during which the Declarant's Rights and Obligations are in effect is sometimes referred to in this Declaration as the "Declarant's Rights and Obligations Period."

Section 1.14. "*Design Guidelines*" shall have the meaning specified in Section 7.9 of this Declaration.

Section 1.15. "*Development Plan*" shall mean and refer collectively to (i) Preliminary Plan No. 1-01078, and (iii) Site Plan No. 8-02031, including all amendments, modifications, extensions and supplements thereof as may be made from time to time.

Section 1.16. "*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 1.17. "*Equity Resolutions*" shall mean and refer to those actions of the Declarant and/or the Board of Directors which create additional covenants, conditions and/or restrictions with respect to the Lots, the Common Area and/or the Neighborhood Common Area, as more fully described in Article 8 of the Bylaws.

Section 1.18. "*Governing Documents*" shall mean and refer collectively to this Declaration, the Articles of Incorporation and the Bylaws of the Association, and all Administrative Resolutions, Equity Resolutions and other rules and regulations adopted by the Association, as the same may be amended from time to time.

Section 1.19. "*Improvements*" shall have the meaning specified in Section 7.1 of this Declaration.

Section 1.20. "*Land Records*" shall mean and refer to the Land Records of Montgomery County, Maryland.

Section 1.21. "*Lawn and Garden Area*" shall mean and refer to any portion of the front, side or 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 1.22. "Living Unit" shall mean and refer to any portion of the Property, whether improved or unimproved, which contains or is intended to contain a dwelling designed for use and occupancy by a single household; provided, however, that an accessory structure within a single Lot containing living quarters in addition to the primary dwelling, the ownership of which is held by the same person, shall not be deemed to be a separate Living Unit. Living Units include, without limitation, single-family detached dwelling units, and single-family attached and semi-attached townhouse dwelling units.

Section 1.23. "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 Living Unit. No Lot shall be counted twice in any situation where it may fall within more than one of the foregoing descriptions. The term Lot shall not include Common Area or outlots of property dedicated for public use. The term Lot shall be deemed to refer collectively to Single-Family Detached Lots and Townhouse Lots.

Section 1.24. "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 1.25. "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 1.26. "Neighborhood" shall mean and refer to any group of Lots which are hereafter annexed within the jurisdiction of the Association by the Declarant pursuant to Article 2 of this Declaration and which are designated by the Declarant as constituting all or a portion of 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 the Declarant or the Board of Directors based on

such factors as are deemed appropriate by the 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 or residents of such Lots, and the input of interested Owners and residents within the Property.

Section 1.27. "*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 Section 5.10 of this Declaration.

Section 1.28. "*Neighborhood Committee*" shall mean and refer to any committee comprised of the Owners and/or residents of Lots within a specified Neighborhood, as may be established by the Board of Directors in accordance with Article 15 of this Declaration.

Section 1.29. "*Neighborhood Common Area*" shall mean and refer to any Common Area which is hereafter annexed within the jurisdiction of the Association by the Declarant pursuant to Article 2 of this Declaration and which is designated by the Declarant as being for the primary or exclusive use and benefit of a specified Neighborhood in the Supplementary Declaration annexing such Common Area. 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 the Declarant or the Board of Directors based on such factors as are deemed appropriate by the 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 and residents within the Property.

Section 1.30. "*Neighborhood Special Assessments*" shall mean and refer to any assessment levied by the Association against Lots within a specified Neighborhood in accordance with Section 5.11 of this Declaration.

Section 1.31. "*Owner*" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.32. "*Participating Builder*" shall mean and refer to any person or entity that acquires one or more Lots for the purpose of constructing residential dwelling units on such Lots for sale or lease to others.

Section 1.33. "*Project*" as used in this Declaration shall refer to the Property.

Section 1.34. "*Property*" shall mean and refer to all real property as may hereafter be brought within the jurisdiction of the Association pursuant to Article 2 of this Declaration.

Section 1.35. "*Single-Family Detached Lot*" shall mean and refer to any Lot upon which there is construed, or is intended to be constructed, a single-family detached dwelling unit.

Section 1.36. "*Special Assessment*" shall mean and refer to any assessment levied by the Association in accordance with Section 5.4 of this Declaration.

Section 1.37. "Town Architect" shall have the meaning specified in Section 7.12 of this Declaration.

Section 1.38. "Townhouse Lot" shall mean and refer to any Lot upon which there is constructed, or is intended to be constructed, a single-family attached or semi-attached townhouse dwelling unit.

ARTICLE 2

DECLARANT'S RIGHT TO SUBJECT PROPERTY TO DECLARATION

Section 2.1. Property Subject to this Declaration. The real property which shall be held, conveyed, hypothecated, encumbered, sold, leased, rented, used, occupied and improved subject to this Declaration shall be as described in one or more Supplementary Declarations recorded by the Declarant among the Land Records. The Declarant shall have the right to incrementally annex all or any portion of the real property described on Exhibit "A" hereto within the jurisdiction of the Association by executing and recording one or more Supplementary Declarations, regardless of the ownership of the real property described on Exhibit "A" hereto at the time of such annexation and without the need for the execution or filing of any such Supplementary Declarations by any other party; provided, however, that the Declarant's right to unilaterally annex the real property described on Exhibit "A" hereto shall only continue for a period of fifteen (15) years from the date of recordation by the Declarant of the first Supplementary Declaration annexing all or any portion of the real property described on Exhibit "A" hereto; provided, further, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid fifteen (15)-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.

Section 2.2. Annexation of Property. 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 or Class C Members of the Association, if any, for a period of fifteen (15) years from the date of recordation by the Declarant of the first Supplementary Declaration annexing all or any portion of the real property described on Exhibit "A" hereto; 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 fifteen (15)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less. The scheme of this Declaration shall not, however, be extended to include any such real property unless and until the same is annexed within the jurisdiction of the Association by the recordation of a Supplementary Declaration as hereinafter provided. Except as otherwise provided above with respect to annexations of real property by the Declarant, annexations of real property within the jurisdiction of the Association shall require the consent of Members entitled to cast not less than sixty-seven

percent (67%) of the votes of all Members present, in person or by proxy, and voting at any meeting of the Association.

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration among the Land Records, which Supplementary Declaration shall extend the scheme of the within Declaration to such annexed property. Any Supplementary Declaration made pursuant to the provisions of this Article may contain such complementary or supplemental additions and/or modifications to the covenants, conditions and/or restrictions set forth in the within Declaration as may be considered necessary or appropriate by the maker of such Supplementary Declaration to reflect the different character or use, if any, of the annexed property, including, without limitation, a partial or complete waiver of all or any portion of such covenants, conditions and/or restrictions with respect to the annexed property.

So long as the FHA insures, or agrees to insure, loans made with respect the initial sales of Lots within the Project, no annexation of real property shall be made pursuant to this Article, or otherwise, except following a determination by the FHA that the annexation conforms to a general plan for the development of the Project previously approved by the FHA, or, if no such general plan was approved by the FHA, except following the prior written approval of the FHA. Failure to obtain such approval may result in the Lots located within the annexed property not being eligible for FHA insured loans, but such failure shall not be deemed to preclude or be a waiver of the Declarant's right to annex real property within the jurisdiction of the Association.

Every Owner of a Lot in property to be annexed as provided herein shall have an easement of enjoyment in and to the Common Area and Community Facilities, and such other rights of use as are provided in Article 3 herein.

Section 2.3. Deannexation. The Declarant may deannex any property annexed within the jurisdiction of the Association for a period of fifteen (15) years from the date of recordation by the Declarant of the first Supplementary Declaration annexing all or any portion of the real property described on Exhibit "A" hereto; provided, however, that (i) the Declarant is the Owner of such property at the time of deannexation, or (ii) if the Declarant is not the Owner of such property, the Declarant deannexes such property with the written consent of the Owner thereof; provided, further, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid fifteen (15)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less. Such deannexed property shall no longer be subject to the covenants 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, withdrawing the effect of the covenants and restrictions of this Declaration from the deannexed property. Such deannexed property may be utilized by the Declarant, or any successor, assign or transferee thereof, for any lawful purpose or use.

So long as the FHA insures, or agrees to insure, loans made with respect to the initial sales of Lots within the Project, no deannexation of real property shall be made pursuant to this Article, or otherwise, except following a determination by the FHA that the deannexation is not contrary to a general plan for the development of the Project previously approved by the FHA, or, if no such general plan was approved by the FHA, except following the prior written approval of the FHA. Failure to obtain such approval may result in the Lots located within the deannexed property not being eligible for FHA insured loans, but such failure shall not be deemed to preclude or be a waiver of the Declarant's right to deannex real property from within the jurisdiction of the Association.

Section 2.4. Common Area. All Common Area and completed facilities must be annexed within the Association by the Declarant in accordance with the terms and conditions of the approved Regulatory Plans, as may be amended from time to time, and must otherwise be in accordance with the terms of any Regulatory Plan enforcement agreement, including a phasing schedule, as may be amended. The Declarant reserves the right to seek an amendment to a Regulatory Plan for the purpose of modifying the location or amount of real property comprising the Common Area and for the purpose of modifying the improvements to be constructed on the Common Area which amendment shall be reviewed by the Planning Board in accordance with applicable law. Such amendment shall be effective only if approved by the Planning Board.

ARTICLE 3 **PROPERTY RIGHTS**

Section 3.1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area and Community Facilities, including an easement for the use and enjoyment of the private streets, driveways, alleys, parking areas, pathways and walkways 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 Community Facilities;

(b) the right of the Association to suspend an Owner's voting rights and right to use the Common Area and/or Community Facilities (i) for any period during which any assessment against such Owner's Lot remains unpaid, and (ii) after notice and an opportunity for a hearing, for a period not to exceed one hundred twenty (120) days for any infraction of its published rules and regulations; provided, however, that the obligation of such Owner to pay Assessments shall continue unabated during such period of suspension of voting rights or right to utilize the Common Area and/or Community Facilities;

(c) the right of the Association to dedicate, sell or transfer all or any part of the Common Area and/or Community Facilities to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication, sale or transfer shall be effective without the consent of two-thirds (2/3) of each class of Members and fifty-one percent (51%) of the Eligible Mortgage Holders, and unless the

Maryland-National Capital Park and Planning Commission, or its successor or assign, has given its prior written approval thereof, which approval shall not be unreasonably withheld or delayed;

(d) the right of the Association to limit the number of guests of Owners utilizing the Common Area and Community Facilities;

(e) the right of the Declarant and the Association to establish Administrative Resolutions and Equity Resolutions pertaining to the use of the Property, the Common Area and the Community Facilities;

(f) the right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and Community Facilities;

(g) the right of the Declarant to designate all or any portion of the Common Area as being for the exclusive or primary use of the Owners and residents within a specified Neighborhood;

(h) the right of the Declarant and the Association to designate all or any portion of the Common Area as being for the exclusive or primary use of the Owners and residents within a specified Neighborhood pursuant to a duly adopted Equity Resolution;

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

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

(k) the right of the Association, in accordance with its Articles of Incorporation and Bylaws, and with the consent of two-thirds (2/3) of each class of Members of the Association, to borrow money for the purpose of improving the Common Area and Community Facilities in a manner designed to promote the enjoyment and welfare of the Members and in aid thereof to mortgage any of the Common Area and Community Facilities;

(l) 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;

(m) the right of the Declarant, as more fully set forth in Section 10.1 of this Declaration, to grant easements, to utilize reserved rights and easements, and to otherwise utilize the Common Area and Community Facilities as it deems appropriate in connection with the development of the Project;

(n) the right of the Association, acting by and through its Board of Directors, to grant easements, licenses or other rights of use of the Common Area and Community Facilities to persons or entities who 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;

(o) 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

(p) 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, driveways, alleys and roadways located within the Common Area for both vehicular and pedestrian ingress and egress to and from such Member's Lot. The Common Area will be available for the type of active and passive recreational and open space uses contemplated in the Planning Board's regulatory approvals. All Owners shall have the right to access and make reasonable use of the Common Area and facilities as described in the approved Regulatory Plans both before and after they are conveyed to the Association, with the exception of those areas as may be reasonably and necessarily restricted for access because of temporary safety reasons.

(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 Community Facilities to the members of such Owner's family, such Owner's tenants, social invitees, or contract purchasers who reside within the Property.

ARTICLE 4
MEMBERSHIP AND VOTING RIGHTS

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

Section 4.2. Voting Rights. The Association shall initially have three (3) classes of voting membership, Class A, Class B and Class C.

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

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

Class C. There shall initially be four hundred seventy-seven (477) Class C memberships in the Association. This number shall be increased by three (3) memberships for each Lot which is annexed within the jurisdiction of the Association in accordance with Section 2.2 of this Declaration in excess of one hundred fifty-nine (159) Lots, and shall be decreased by three (3) memberships for each Lot conveyed to a Class A or Class B Member (excluding any Lot conveyed to a Participating Builder). The Class C Member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class C membership by specific assignment in writing from the Declarant.

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

(i) one hundred twenty (120) days following the date on which the total authorized, issued and outstanding votes of the Class A and Class B Members (excluding any Participating Builder) equals the number of Class C memberships; or

(ii) fifteen (15) years from the date of recordation by the Declarant of the first Supplementary Declaration annexing all or any portion of the real property described on Exhibit "A" hereto; 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 fifteen (15)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or

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

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

ARTICLE 5
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation for Assessments. There are hereby created Assessments for Common Expenses as may be from time to time specifically authorized by the Board of Directors to be commenced at the time and in the manner set forth in this Article. 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: Annual Assessments, Special Assessments, Neighborhood Assessments, Neighborhood Special Assessments, and all other Assessments as may be levied by the Association in accordance with this Declaration. All 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 and Community Facilities, 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, the payment of real estate taxes, assessments and utility services for the Common Area and Community Facilities, 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 maintaining and providing reserves for 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 and 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 stormwater 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. Assessments: Budgets. Until January 1 of the year immediately following the first conveyance of a Lot to a Class A or Class B Member (not including any Participating Builder), Assessments shall be imposed in amounts established by the Declarant in its sole discretion. Thereafter, the Board of Directors shall from time to time set the Assessments in amounts sufficient to meet the Common Expenses of the Association. Without limiting the generality of the foregoing, the Association shall, at all times, levy and collect Assessments in sufficient amounts to (i) maintain the Common Area and Community Facilities in accordance with sound property management standards, and (ii) establish necessary reserves for the future repair and replacement of any capital improvements within the Common Area. The Board of Directors shall determine the amount of the Assessments before the beginning of each fiscal year in connection with preparation of the Association's annual budget, and may do so at more frequent intervals should circumstances so require.

The Board of Directors shall make a reasonable effort to prepare a budget at least thirty (30) days before the beginning of the fiscal year. The budget shall include the estimated costs of operating the Association during the coming year and shall also include an amount sufficient to establish and maintain a reserve fund in accordance with a reserve fund budget separately prepared by the Board of Directors pursuant to Section 5.9. The Board of Directors may determine, in its discretion, during any fiscal year to amend the then current budget as may be necessary to meet the Common Expenses of the Association. The budget, including any amendment if applicable, and the Assessments shall become effective unless a special meeting of

the Association is duly held and at such special meeting the budget, including any amendment if applicable, and the Assessments are disapproved by a 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 such meeting. Notwithstanding the foregoing, however, in the event that the membership disapproves the budget, or any amendment if applicable, or in the event that the Board of Directors fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue for the succeeding year, or, in the case of an amendment, for the remainder of the then current 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 two (2) times the monthly Assessment for a Lot and shall be payable, if established, by the Declarant's or Participating Builder's grantee upon the earlier of settlement or occupancy of a completed dwelling located on any Lot.

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 or Class B Member may prepay one or more installments of any Annual Assessment levied by the Association, without premium or penalty.

Section 5.4. Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment or Special Assessments applicable to that year for such purposes as the Board of Directors may deem appropriate; provided that any such Special Assessment shall be approved by 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. The Association may also levy a Special Assessment against any Owner to reimburse the Association for costs incurred in bringing any Owner and his or her Lot into compliance with the provisions of this Declaration, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association. Such a Special Assessment may be levied upon the vote of the Board of Directors after notice to the Owner and an opportunity for a hearing before the Board of Directors.

Section 5.5. Notice and Quorum. Written notice of any meeting called for the purpose of establishing a Special Assessment in accordance with Section 5.4 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 each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.6. Variable Annual Assessment Rates.

(a) Annual Assessments shall be imposed upon the Lots at different rates, which shall correspond to the differing types of Living Units constructed, or to be constructed,

upon such Lots. Such Annual Assessment rates shall be based on actual or projected costs incurred or anticipated to be incurred by the Association relating to the operation and maintenance of the Property, as determined by the Board of Directors in its sole discretion. There shall initially be the following classes of Annual Assessments: Townhouse Lot Class Rates and Single-Family Detached Lot Class Rates. Subject to the provisions of Section 5.6(b) hereof, the Annual Assessment rate applicable to each class shall be as determined by the Board of Directors of the Association, and shall be set forth in the annual budgets, and any amendments thereto, adopted by the Board of Directors in accordance with this Declaration.

(b) Any provision of this Declaration to the contrary notwithstanding, for the duration of the Declarant's Rights and Obligations Period the Declarant may establish additional Annual Assessment rates, and/or may increase or decrease the existing Annual Assessment rates otherwise applicable to specific Lots and/or Living Units annexed, or to be annexed, within the jurisdiction of the Association to such amount as the Declarant shall deem appropriate, in its sole discretion, in relation to the level of services and benefits available to, or anticipated to be utilized by, the Owners and residents such Lots and/or Living Units, and the anticipated cost to the Association of providing such services and benefits. In the event that the Declarant determines to decrease the Annual Assessment rate otherwise applicable to such Lots or Living Units pursuant to this Section 5.6(b), the Declarant may also limit, in whole or in part as the Declarant shall deem appropriate in relation to the decreased Annual Assessment rate applicable to such Lots or Living Units, the right of the Owners of such Lots or Living Units to vote on matters arising before the Association. The Declarant's determination under this Section 5.6(b) may be set forth in a Supplementary Declaration recorded by Declarant for purposes of annexing such Lots or Living Units within the jurisdiction of the Association in accordance with Article 2 of this Declaration. Following termination of the Declarant's Rights and Obligations Period, the Declarant's rights and powers under this Section 5.6(b) shall be deemed to be transferred and assigned to, and shall thereafter be exercised by, the Board of Directors of the Association. Any determination made by the Board of Directors under this Section 5.6(b) shall be reflected in a duly adopted Equity Resolution.

(c) In the event that the actions or activities of any Owner causes or results in increased expenses for the Association, the Board of Directors may assess such increase in expenses against the Owner and such Owner's 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 neither the Declarant or any Participating Builder shall be subject to any Assessment based on this Section 5.6(c).

Section 5.7. Assessment of Declarant; Assessment of Participating Builders.

(a) Any provision hereof to the contrary notwithstanding, Lots owned by the Declarant shall not at any time be subject to any Assessments levied by the Association, and the Declarant shall have no obligation whatsoever to pay any such Assessments. Lots formerly

owned by the Declarant shall cease to be exempt from such Assessments commencing upon transfer or conveyance of any such Lot from the Declarant to any other Owner.

(b) Except to the extent provided otherwise in this Section, Lots owned by the Participating Builders shall not at any time be subject to any Assessment levied by the Association, and the Participating Builders shall have no obligation to pay any such Assessment. Each Participating Builder shall pay to the Association the following per Lot assessment amounts upon transfer or conveyance of each Lot from the Declarant to such Participating Builder (the "Participating Builder Assessments"): One Hundred Fifty Dollars (\$150.00) per Townhouse Lot; and Two Hundred Dollars (\$200.00) per Single-Family Detached Lot. Further, the Participating Builders shall be solely responsible for all costs and expenses associated with the maintenance and repair of the dwelling units and structures located on the Lots owned by the Participating Builders. Any Lot owned by a Participating Builder shall be subject to the full amount of all Assessments levied by the Association commencing upon the earlier of (i) the transfer or conveyance of such Lot to an Owner other than the Declarant or a Participating Builder, (ii) the day upon which the Living Unit located upon such Lot is first occupied and/or used for residential purposes, whether pursuant to a lease of such Living Unit or otherwise, by any person or entity other than the Declarant, including, without limitation, by any Participating Builder, or (iii) two (2) years after such Lot has been annexed within the jurisdiction of the Association in accordance with Article 2 of this Declaration. All amounts required hereunder to be paid by the Participating Builders shall be payable and collectible in the same manner as any other Assessments required to be paid to the Association. For the duration of the Declarant's Rights and Obligations Period, the Declarant may increase or decrease the Participating Builder Assessment otherwise applicable to specific Lots and/or Living Units annexed, or to be annexed, within the jurisdiction of the Association to such amount or amounts as the Declarant shall deem necessary or appropriate, in its sole discretion.

Section 5.8. Date of Commencement of Annual Assessments; Due Dates. Unless an earlier commencement date is established by the Board of Directors, the Annual Assessments provided for herein shall commence as to all Lots simultaneously with the conveyance of the first Lot to a Class A or Class B Member. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. 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.

Section 5.9. 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 Annual Assessment, applicable to all Lots (except as otherwise provided with respect to Lots owned by the Declarant and the Participating Builders 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 Community Facilities, 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 fifty-one percent (51%) 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 5.10. Neighborhood Assessments. Subject to the limitations applicable to Assessments imposed on Lots owned by the Declarant and the Participating Builders pursuant to this Article, and in addition to the Assessments provided for above in this Article, each 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, shall be deemed to covenant and agree to pay the Association that Owner's proportionate share of the annual Neighborhood Assessments estimated by the Board of Directors to be necessary to meet the 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 in its sole discretion, which may include, but not be limited to, the maintenance, repair and replacement of the private streets, parking areas, sidewalks, trails and pathways, if any, that serve that Neighborhood, and for performing such other maintenance, repairs and replacements upon the Neighborhood Common Area or other property within or appurtenant to such Neighborhood as the Board of Directors may from time to time elect to perform, including, but not limited to, the following:

(a) the cost of maintaining, replacing and repairing the Neighborhood Common Area and 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 and mulching, and the repair and replacement of trees, bushes, shrubbery and other plant material), specialty signing and the like; and

(b) 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 and other property within or appurtenant to such Neighborhood (and any improvements situated thereon), in whole or in part.

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 monthly, quarterly, semi-annual or annual basis. Any Member may prepay one or more installments of any annual Neighborhood Assessment levied by the Association, without premium or penalty.

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 Owners within such Neighborhood and adopted by the Board of Directors

of the Association in accordance with the provisions of Section 5.3 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 at least thirty (30) days before the beginning of the fiscal year. Written notice of the annual Neighborhood Assessments shall thereupon be sent to the Owners 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 to be a waiver or modification in any respect of the provisions of this Article or a release of any Owner so obligated from the obligation to pay the annual Neighborhood Assessments, or any installment thereof, for that or any subsequent assessment period; but the 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 or herself from liability for the Neighborhood Assessments applicable to such Lot by abandonment of the Lot, or by the abandonment of his or her right to the use and enjoyment of the Neighborhood Common Area within such Neighborhood.

Section 5.11. 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 located upon, or forming part of, other property exclusively benefitting 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 Members entitled to cast not less than sixty-seven percent (67%) of the votes of all Members within such Neighborhood present, in person or by proxy, and voting at a meeting of the Association duly called for this purpose.

Section 5.12. Neighborhood Notice and Quorum. Written notice of any meeting called for the purpose of establishing a Neighborhood Special Assessment in accordance with Section 5.11 hereof shall be sent to all Owners within the Neighborhood 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 all Members within such Neighborhood 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 5.13. 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, sidewalks, trails and pathways, 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 6

REMEDIES OF ASSOCIATION FOR NON PAYMENT OF ASSESSMENTS

Section 6.1. Non-Payment of Assessments. Any Assessment levied by the Association which is not paid within ten (10) days after the due date established for such Assessment by the Board of Directors, may, upon resolution of the Board, bear interest from the due date until paid at the rate of interest established by the Board, not to exceed the maximum, if any, rate of interest permitted under the laws of the State of Maryland. The Board of Directors may also impose a reasonable late fee against any Owner (and such Owner's Lot) for failure to pay any Assessment within ten (10) days after the due date for such Assessment. The Association may bring an action at law against the Owner personally obligated to pay the delinquent Assessment, and/or foreclose on the lien against such Owner's Lot in the manner now or hereafter provided under the Maryland Contract Lien Act, or as may otherwise be provided under applicable law. The Owner personally obligated to pay the delinquent Assessment shall also be obligated to pay all attorneys' fees, court costs and administrative costs incurred by the Association in connection with the collection of such Assessment. No Owner may waive or otherwise escape liability for Assessments by non-use of the Common Area, Neighborhood Common Area, or Community Facilities, or by abandonment of such Owner's Lot. 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 the non-payment of Assessments.

Section 6.2. Assessment Certificate. The Association shall, upon demand of any Owner, issue such Owner a written certificate signed by an officer of the Association setting forth whether the Assessments applicable to such Owner's Lot have been paid, and if not paid, the amount of the delinquent Assessments. A properly executed certificate of the Association regarding the status of Assessments on a Lot shall be binding on the Association as of the date of issuance. If permitted by applicable law, the Association may charge a reasonable fee for the issuance of each such certificate.

Section 6.3. Acceleration of Installments. Upon default in the payment of any Assessment, the entire balance of all unpaid Assessments for the remainder of the fiscal year may, at the Board's discretion, be accelerated and declared due and payable in full, in the same manner as the delinquent portion of such Assessment.

Section 6.4. Priority of Lien. The lien for Assessments provided for herein shall be subordinate to the lien of any First Mortgage or deed of trust recorded against a Lot. Sale or

transfer of any Lot shall not affect the Assessment lien; provided, however, that the sale or transfer of any Lot pursuant to mortgage or deed of trust foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to installments which became due prior to such sale or transfer. No sale or transfer of a Lot shall exempt such Lot or the Owner thereof from liability for any Assessments thereafter coming due or from the lien thereof. No amendment to this Section shall affect the rights of the holder of any First Mortgage on a Lot (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or of the indebtedness secured thereby) shall join in the execution of such amendment.

ARTICLE 7 ARCHITECTURAL CONTROL

Section 7.1. Architectural Review and Control. No construction or development activities, including, without limitation, staking, clearing, landscaping, excavation, grading or other site work, shall be commenced, erected or maintained on any Lot or the Common Area, no building, structure or other improvement of any kind, including, without limitation, fences, walls, mailboxes, swimming pools and decks, shall be commenced, erected or maintained within the Property, and no exterior addition, change or alteration of any nature to the Lots or other existing improvements within the Property, including, without limitation, changes in color, changes or additions to driveway or walkway surfaces and landscaping modifications, shall be commenced, erected or maintained (all of the foregoing are referred to herein, individually and collectively, as "Improvements") unless and until complete plans and specifications for such Improvements have been approved, in writing, in accordance with the applicable provisions of this Article.

Section 7.2. New Construction. No construction of the initial Improvements on a Lot by a Participating Builder may be commenced, erected or maintained until complete plans and specifications for such Improvements have been approved, in writing, by the Declarant. The Declarant shall have thirty (30) days from its actual receipt of all the material which it may reasonably request from the Participating Builder in which to approve or disapprove such plans and specifications. Failure to respond within this time frame shall be deemed automatic approval of the plans and specifications by the Declarant. The approval of the Declarant shall in no way be substituted in lieu of applicable governmental approvals and permits and no construction may commence until all such approvals and permits have been obtained. The Declarant's approval shall not be construed as a representation or warranty of any type regarding the design or construction of any Improvement built by any Participating Builder. The Declarant may disapprove any plans and specifications (or any elements or features thereof) for any reason, in its sole discretion, and approval of any plans and specifications (or any elements or features thereof) does not constitute a waiver of the right to disapprove the same or similar plans and specifications (or any elements or features thereof) subsequently submitted for any purpose. Any provision of this Declaration to the contrary notwithstanding, the approval of the Declarant under this Section shall be the only approval required pursuant to this Declaration with respect to the construction of the initial Improvements on a Lot by a Participating Builder; provided, however, that such approval shall also be subject to the applicable terms and conditions of any binding written agreement, if any, between the Declarant and any Participating Builder regarding the construction of such Improvements.

Section 7.3. Architectural Review Entity. Except for the initial Improvements on the Lots made by the Participating Builders (which shall be approved by the Declarant in accordance with Section 7.2 above), no other individual or entity, including, without limitation, all Members of the Association, may commence, erect or maintain any Improvements within the Property until complete plans and specifications for such Improvements have been approved, in writing, by the "Architectural Review Entity" (as defined below) in accordance with Sections 7.3 through 7.12 hereof. As used in this Declaration, the term "Architectural Review Entity" shall mean and refer to the entity having jurisdiction at any particular time with respect to the matters described in this Article, and may be, as applicable, the Declarant, the Board of Directors of the Association and/or the Architectural Review Committee.

(a) Declarant as Architectural Review Entity.

The Declarant shall be entitled to exercise all rights and powers of the Architectural Review Entity under this Declaration until the first to occur of (i) the termination of the Declarant's Rights and Obligations Period, or (ii) the recordation by the Declarant of a written instrument among the Land Records expressing the Declarant's express intention to relinquish all or any portion of the rights and powers of the Architectural Review Entity under this Declaration, whereupon, all or any specified portion of the rights and powers of the Architectural Review Entity shall be deemed to be transferred and assigned to, and shall thereafter be exercised by, the Board of Directors of the Association. Each Owner, by acceptance of a deed or other instrument conveying an interest in any portion of the Property, whether or not it shall be so expressed in such deed or other instrument, shall be deemed to covenant and agree that, as the developer and initial owner of the Property, the Declarant has a significant and substantial interest in ensuring that the Improvements within the Property are consistent with the Development Plan, and that such Improvements do not have an adverse impact upon the Declarant's ongoing ability to market, sell, and/or lease all or any portion of the Property. Accordingly, in its exercise of the rights and powers of the Architectural Review Entity under this Declaration, the Declarant shall have the right to approve or disapprove any plans and specification for Improvements submitted to it for review under this Declaration for any reason whatsoever, in the Declarant's sole discretion, and the Owners hereby acknowledge that, in reviewing and acting upon any such plans and specifications the Declarant shall be acting in its own interest and shall owe no duty whatsoever to any other individual or entity, including, without limitation, the Association and its Members.

(b) Association as Architectural Review Entity.

Commencing upon transfer of all or any portion of the rights and powers of the Architectural Review Entity to the Association pursuant to Section 7.3(a) hereof, the rights and powers of the Architectural Review Entity so transferred shall thereafter be exercised by the Board of Directors of the Association, or by an architectural review committee appointed by the Board of Directors (the "Architectural Review Committee"). If established by the Board of Directors, the Architectural Review Committee shall consist of an uneven number of at least three (3) but not more than seven (7) members who shall serve at the pleasure of and may be removed and replaced at the discretion of the Board of Directors. The members of such Architectural Review Committee need not be Members of the Association, and may, but need not, include architects, engineers and similar design professionals, whose compensation, if any,

shall be established from time to time by the Board of Directors. The Board of Directors shall make a good faith effort, but shall not be required, to employ a Town Architect in accordance with Section 7.12 hereof.

Section 7.4. Review by the Architectural Review Entity. No Improvement of any kind shall be commenced, erected or maintained upon the Property 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, and conformity with the design concept for the Property, by the Architectural Review Entity. In the event that the Architectural Review Entity fails to approve or disapprove any Improvements within sixty (60) days after the plans and specifications for such Improvements 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 Architectural Review Entity 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 Architectural Review Entity 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 Architectural Review Entity. Any Improvement 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 Improvement may be required to be removed and the affected Property restored to the original condition at the Owner's cost and expense. In any event, no such Improvement 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 Improvements may be constructed which are not in compliance with local zoning ordinances, governmental guidelines or restrictions.

Section 7.5. Initiation and Completion of Improvements. Construction of Improvements in accordance with plans and specifications approved by the Architectural Review Entity pursuant to the provisions of this Article shall be commenced within six (6) months of such approval (whether by affirmative action or by forbearance from action as provided in Section 7.4) and completed within twelve (12) months following the date of commencement, or within such longer or shorter time period as the Architectural Review Entity may specify in its approval. In the event construction is not commenced or completed within the time periods 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 Architectural Review Entity without the prior consent in writing of the Architectural Review Entity. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural Review Entity 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. The Architectural Review Entity may condition its approval of any plans and specifications submitted to it for review upon the Owner's compliance with such limitations or conditions as the Architectural Review Entity may deem appropriate, in its sole discretion.

Section 7.6. Certificate of Compliance. Upon completion of any Improvements in accordance with plans and specifications approved by the Architectural Review Entity in accordance with the provisions of this Article, the Architectural Review Entity shall, at the request of the Owner thereof (which request shall be made within one year of completion), issue a certificate of compliance which shall be prima facie evidence that such Improvements referenced in such certificate have been approved by the Architectural Review Entity in full compliance with the provisions of this Article and with such other provisions and requirements of this Declaration as may be applicable.

Section 7.7. Deviations from Design Guidelines. The Architectural Review Entity, in its sole discretion, shall have the power to permit an Owner to deviate from the standards and restrictions contained in this Declaration and the Design Guidelines. However, the Architectural Review Entity must provide, in writing as part of its decision, the basis of and rationale for allowing such deviation. Generally, but not exclusively, this Section is intended to enable the Architectural Review Entity to appropriately respond to creative and beneficial design solutions that are consistent with the overall design character of the Property and the objectives of this Declaration, but which were not specifically anticipated in this Declaration or the Design Guidelines.

Section 7.8. Appeal. The decisions of the Declarant and the Board of Directors when acting as the Architectural Review Entity shall be final and shall not be subject to appeal, except that any Member who is aggrieved by any action or forbearance from action by the Architectural Review Committee (if established) when acting as the Architectural Review Entity may appeal the decision of the Architectural Review Committee to the Board of Directors and, upon the request of such Member, shall be entitled to a hearing before the Board of Directors. A vote of two thirds (2/3) of the Board of Directors shall be required to reverse or modify the decision of the Architectural Review Committee (if established).

Section 7.9. Design Guidelines and Application Procedures.

(a) The Architectural Review Entity may from time to time adopt and promulgate design guidelines, policy statements, rules and regulations, and amendments thereto (the "Design Guidelines") which shall establish criteria for the review of applications for Improvements, and which may include, without limitation, guidelines for the architectural design and placement of buildings, structures and other improvements within the Property, and guidelines for permissible color schemes, materials, exterior finishes and similar features; provided, however, that the Design Guidelines shall not contravene any specific standards or use restrictions established by this Declaration. The Design Guidelines shall not be construed as a waiver of the provisions of this Article or any other provision or requirement of this Declaration. Design Guidelines adopted and promulgated by the Architectural Review Committee (if established) when acting as the Architectural Review Entity shall be subject to review and approval by the Board of Directors.

(b) The Architectural Review Entity may from time to time adopt and promulgate procedures and requirements for the submission of applications to the Architectural Review Entity and amendments thereto (the "Application Procedures"), including, without limitation, requirements regarding the number of copies, the content, scale and detail of the plans

and specifications to be included with such applications, and the identification of any required supporting materials; provided, however, that the Application Procedures shall not contravene any specific requirement established by this Declaration. The Application Procedures shall not be construed as a waiver of the provisions of this Article or any other provision or requirement of this Declaration. Application Procedures adopted and promulgated by the Architectural Review Committee (if established) when acting as the Architectural Review Entity shall be subject to review and approval by the Board of Directors.

Section 7.10. Limited Scope of Approval. The Architectural Review Entity shall not be presumed to be expert in, nor shall it be held responsible for, integrity of engineering or architectural design, quality of construction, or compliance with local zoning ordinances, governmental guidelines or restrictions. The Architectural Review Entity shall not be responsible or liable for any architectural, engineering or construction defect, public code violation or the consequences of such defects or violations with regard to any Improvements. Approval by the Architectural Review Entity 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 Improvements 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.

Section 7.11. Covenant Committee Liaison. The Architectural Review Entity shall assist the Covenant Committee in monitoring the Lots for compliance with this Declaration and the Design Guidelines, and for compliance with plans and specifications for Improvements to such Lots approved by the Architectural Review Entity.

Section 7.12. Town Architect. A Town Architect may be appointed in accordance with this Section. The Town Architect shall be an individual with demonstrable experience in a recognized design profession, and may, but is not required to be, an Owner or resident of the Property. If appointed, the Town Architect shall be charged with assisting the Architectural Review Entity in the review of applications for Improvements and in otherwise maintaining the visual integrity of the Property. The specific powers and responsibilities of the Town Architect may be further established by the Declarant or the Board of Directors in an Administrative Resolution, provided that all actions of the Town Architect shall be subject to review and approval by the Architectural Review Entity. The Town Architect shall be appointed by, shall serve at the pleasure of, and may be removed and replaced by the Declarant during the Declarant's Rights and Obligations Period. Following termination of the Declarant's Rights and Obligations Period the Town Architect shall be appointed by, shall serve at the pleasure of, and may be removed and replaced by the Board of Directors. The Town Architect may be paid a reasonable compensation by the Association, as determined by the Architectural Review Entity.

Section 7.13. Exemption. Notwithstanding any provision of this Declaration to the contrary, the provisions of this Article 7 shall not be applicable to the Declarant or any part of the Property owned by the Declarant, and Section 7.3 through Section 7.12, inclusive, shall not be applicable to the construction of the initial Improvements on a Lot by a Participating Builder.

ARTICLE 8
COVENANT COMMITTEE

Section 8.1. Purpose and Powers of the Covenant Committee. The purpose of the Covenant Committee shall be to ensure compliance with the Governing Documents and to foster harmony within the Property through reasoned and impartial adjudication of disputes within the Property as they arise. To this end, the principle powers of the Covenant Committee shall be as follows:

- (a) To make reasonable efforts to resolve conflicts related to the Governing Documents between Owners on an informal and amicable basis.
- (b) To investigate and render decisions on alleged violations of the Governing Documents.
- (c) To hear and adjudicate disputes related to the Governing Documents between Owners.
- (d) Upon petition of any Owner or upon its own initiative, to issue cease and desist requests to any Owner whose actions are inconsistent with the provisions of the Governing Documents or otherwise detrimental to the Property.
- (e) To provide interpretations of the Governing Documents when requested to do so by a member of the Board of Directors or on its own initiative.
- (f) To impose reasonable fines for violations of the Governing Documents, subject to the approval of the Board of Directors.
- (g) To propose rules and procedures for hearing alleged violations of the Governing Documents, for adoption by the Board of Directors, which shall incorporate reasonable concepts of due process and fundamental fairness. Such rules and procedures, and amendments thereto, may also be proposed and approved by the Board of Directors acting alone, without action by the Covenant Committee. No such rules or procedures shall be construed as a waiver of any provision or requirement of the Governing Documents.
- (h) Such additional powers as may be granted by the Board of Directors to enable the Covenant Committee to fulfill its duties under the Governing Documents.

Section 8.2. Selection of Covenant Committee. The Covenant Committee shall consist of not less than three (3) or more than seven (7) persons. For the duration of the Declarant's Rights and Obligations Period, the Declarant shall appoint all members of the Covenant Committee. Members of the Covenant Committee appointed by the Declarant shall serve at the pleasure of and may be removed and replaced, without cause, by the Declarant. Following termination of the Declarant's Rights and Obligations Period, or earlier upon written notice from the Declarant to the Association, the number, qualifications, tenure, and manner by which members of the Covenant Committee are to be chosen shall be as determined from time to time by the Board of Directors, in the Board's sole discretion. Members of the Covenant Committee appointed by the Board of Directors shall serve at the pleasure of and may be removed and

replaced, without cause, by the Board. For the duration of the Declarant's Rights and Obligations Period, Covenant Committee members need not be Owners. In the event that the Declarant and/or the Board of Directors shall have failed to appoint a Covenant Committee, or in the event of the Committee's absence, resignation or inability or refusal to act, the Board of Directors shall have the power and authority of the Covenant Committee and shall otherwise exercise and discharge the committee's duties under the Governing Documents.

Section 8.3. Appeal. Subject to such procedures as may be established by the Board of Directors, any Owner or resident may appeal an adverse Covenant Committee decision to the Board of Directors. The Board of Directors may uphold, modify or reverse the decision of the Covenant Committee.

Section 8.4. Jurisdiction of Covenant Committee. Any provision hereof to the contrary notwithstanding, the Covenant Committee shall have no jurisdiction over the Declarant. Following termination of the Declarant's Rights and Obligations Period the Board of Directors may from time to time, in its sole discretion, curtail the jurisdiction or authority of the Covenant Committee, either generally or on a case-by-case basis.

ARTICLE 9

USE RESTRICTIONS

In addition to all other covenants, conditions and restrictions contained herein, and in addition to other covenants, conditions and restrictions adopted by Equity Resolutions, the use of the Property and each Lot therein is subject to the following:

Section 9.1. Permitted Uses. 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, as amended (the "Act"), 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 for any other lawful purpose.

Section 9.2. Prohibited Uses and Nuisances. Except for the activities of the Declarant and the Participating Builders during the construction and development of the Property, or except with the prior written approval of the Declarant or the Board of Directors, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or the Common Area:

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

(b) the maintenance, keeping, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited on any Lot or within any dwelling, or other part of the Property, except that this shall not prohibit the keeping of a reasonable number of dogs, cats, caged birds or other small domestic animals as pets provided (i) they are not kept, bred or maintained for commercial purposes; (ii) such domestic pets are not a source of annoyance or nuisance to the neighborhood or other Members; and (iii) such pets are maintained in strict conformance to all laws and ordinances. The Board of Directors and 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, including, without limitation, rules prohibiting pets within the Community Facilities.

(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 the Common Area or Community Facilities.

(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, 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. Garbage and trash containers shall be screened from public view at all other times.

(f) no Lot shall be divided or subdivided and no portion of any Lot (other than the entire Lot) shall be transferred or conveyed for any purpose. The provisions of this subsection shall not apply to the Declarant or the Participating Builders and, further, the provisions hereof shall not be construed to (i) prohibit the granting of any easement or right-of-way to any municipality, political subdivision, public utility or other public body or authority, or to the Association, the Declarant, the Participating Builders or any other person for any purpose, or (ii) prohibit minor boundary line adjustments between adjoining Lot Owners if done in accordance with applicable local zoning ordinances, governmental guidelines and restrictions. 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 structure 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 Architectural Review Entity, and (ii) 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 promotional sign or signs as may be maintained by the Declarant, the Participating Builders or the Association, 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. The Declarant and the Board may, through the adoption of an Equity Resolution, adopt additional covenants, conditions and restrictions regarding signage.

(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 or dwelling (including, but not limited to, electricity, telephone, gas, water and cable television) shall be permitted.

(k) no play equipment, including, without limitation, basketball backboards, basketball hoops and other equipment associated with either adult or juvenile recreation, shall be erected or attached in any manner to the exterior of any dwelling, nor shall any basketball backboards and/or hoops, whether temporary or otherwise, be placed or maintained within any Lot or the adjacent public street, without the prior written approval of the Architectural Review Entity 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 Architectural Review Entity pursuant to Article 7 hereof; provided, however, that satellite dishes not in excess of one (1) meter in diameter are permitted. The Architectural Review Entity 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 dwelling.

(q) no Member shall make any private, exclusive or proprietary use of any of the Common Area or Community Facilities except with the specific approval of the Board of Directors and then only on a temporary basis, and no Member shall engage or direct any employee or agent of the Association on any private business of the Member during the hours such employee or agent is employed by the Association, nor shall any Member direct, supervise or in any manner attempt to assert control over any employee or agent of the Association.

(r) all fences constructed within the Property shall be in accordance with the Design Guidelines.

(s) bed sheets, plastic sheets, newspapers, plastic storm windows or other similar window treatments shall not be hung or placed in or on any window of any dwelling within the Property.

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

(u) children's outdoor permanent playhouses and swinging or climbing apparatus or equipment shall be permitted within the Property with the prior written approval of the Architectural Review Entity pursuant to Article 7 hereof. Such equipment, playhouse(s) and/or apparatus shall be properly maintained at all times.

(v) no drying or airing of any clothing or bedding shall be permitted outdoors at any time. Clothes-hanging devices such as lines, reels, poles and frames are prohibited.

(w) no garage or outbuilding properly erected on a Single-Family Detached Lot or Townhouse 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 Architectural Review Entity pursuant to Article 7 of this Declaration. Notwithstanding the foregoing, any Single-Family Detached Lot or Townhouse Lot owned by the Declarant or the Participating Builders upon which is situated a dwelling unit in which the garage has been modified to serve as living area shall be exempt from this paragraph and any grantee of the Declarant or a Participating Builder, and such grantee's successors and assigns, shall also be exempt until such time as the garage is restored or a garage is constructed on such Single-Family Detached Lot or Townhouse Lot.

(x) Except for parking within designated parking spaces, parking of vehicles within the Common Area is prohibited.

Section 9.3. 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 all or any portion of the Common Area and Lots, including, without limitation, providing for the involuntary removal of any vehicle violating the provisions of this Declaration and/or such rules.

(b) Except as provided in this Section, Common Area parking spaces shall be deemed unassigned and designated for general use, to be used on a "first come, first served" basis. Subject to applicable law, however, the Board of Directors may assign all or any portion of these parking spaces as "reserved" for the exclusive use of designated Owners. No vehicle belonging to any Owner, or to any tenant, guest, invitee or family member of any Owner, shall

be parked in a manner which unreasonably interferes with or impedes ready vehicular access to any adjoining parking space.

(c) Each Owner shall comply in all respects with such supplemental rules which are not inconsistent with the provisions of this Declaration which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the Property, and the Board of Directors is hereby authorized to adopt such rules. The location of any Common Area parking space assigned to any Owner in accordance with this Section may be changed by the Board of Directors, at any time and from time to time, upon reasonable notice thereof in writing. The Board of Directors reserves the right to assign and reassign Common Area parking spaces if necessary to fulfill federal, state or local laws, including, without limitation, the Fair Housing Amendments Act of 1988, as amended, and any Owner requested to relinquish his or her reserved Common Area parking space shall promptly comply with such request; provided, however, that if another reserved Common Area parking space is not made available to such Owner, the Board of Directors shall reimburse such Owner for any monies previously paid by such Owner, if any, to acquire such reserved Common Area parking space. The Board of Directors may suspend the right of any Owner to use any Common Area parking space assigned to that Owner in accordance with this Section for any period during which any assessment against such Owner's Lot remains unpaid.

(d) 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 9.3.

Section 9.4. 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 thirty (30) days, 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 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 9.5. House Rules, Etc. There shall be no violation of any reasonable rules for the use of the Common Area or Community Facilities, or "house rules" or other community rules and regulations not inconsistent with the provisions of this Declaration, including, without limitation, rules providing for the involuntary removal of any vehicle violating the provisions of this Declaration, which may from time to time be adopted by the Board of Directors of the Association and promulgated among the membership by the Board in writing, and the Board of Directors is hereby authorized to adopt such rules and regulations. To adopt such rules and regulations, the Board of Directors must provide a copy of the proposed rule(s) or regulation(s) to each Owner not less than ten (10) days prior to the Board of Directors meeting at which such rule(s) or regulation(s) are scheduled to be discussed and/or adopted. If a majority of the Owners disapprove the proposed rule(s) or regulation(s), such rule(s) or regulation(s) shall not be adopted or be effective. In order to be effective, the proposed rule(s) or regulation(s) must be adopted by a resolution of the Board of Directors at the aforesaid meeting and a copy of the same provided to each Owner. Each Owner is responsible to provide the tenants or other occupants of such Owner's Lot, if applicable, with a copy of such rule(s) and regulation(s).

Section 9.6. Exemptions. None of the foregoing restrictions shall be applicable to (i) improvements constructed by or to the activities of the Declarant and the Participating Builders, and their respective officers, employees, agents and assigns, in their development, marketing, leasing and sales activities within the Property, or (ii) to the Association, its officers, employees and agents, in connection with the proper maintenance, repair, replacement and improvement of the Common Area and Community Facilities.

Section 9.7. Participating Builders. The Declarant may, in its sole discretion, assign its rights and exemptions, or any part thereof, under this Declaration to one or more designated Participating Builders, subject to such conditions and limitations as may be deemed necessary or desirable by the Declarant, including, without limitation, the requirement that any assigned rights be exercised only during certain times, and limitations on the duration of any such assignment. Any such assignment need not be recorded to be effective, and may be revoked by the Declarant at any time, without cause, in the Declarant's sole discretion.

Section 9.8. Special Protection Area Provisions.

(a) All Owners are hereby on notice that a portion of the Property is within the drainage basin to Little Seneca Creek/Little Bennett Creek, an area that has been designated by Montgomery County as being a part of the Clarksburg Special Protection Area. A Special Protection Area is defined by applicable Montgomery County law and regulations as a geographic area where (a) existing water resources or other environmental features directly relating to those water resources are of high quality or unusually sensitive, and (b) proposed land uses would threaten the quality or preservation of those resources or features in the absence of special water quality protection measures which are closely coordinated with appropriate land use controls. All Owners are hereby advised that special water quality measures and certain

restrictions on land uses and impervious surfaces apply within the Clarksburg Special Protection Area.

(b) Pursuant to the water quality plan applicable within the Property, the Montgomery County Department of Environmental Protection ("MCDEP") has reviewed and approved a residential integrated pest management plan attached hereto as Exhibit "B", which is intended to provide mechanisms for the application, use, maintenance, and storage of fertilizers, pesticides, and toxic substances within the Property (the "IPM Plan"). The IPM Plan is intended to guide the Association and the Owners on how to be responsible stewards of Little Seneca Creek/Little Bennett Creek and the Clarksburg Town Center environment.

(c) The Association shall maintain a copy of the IPM Plan among its permanent records, and shall make copies of the IPM Plan available to all Owners. The information included in the IPM Plan has been reviewed and approved by MCDEP as of the recordation of this Declaration among the Land Records; provided, however, that the IPM Plan is subject to modification and amendment based upon changes in applicable Montgomery County law and regulations regarding Special Protection Areas, and based upon changes to the water quality plan and other requirements imposed or adopted by MCDEP, the Montgomery County Department of Permitting Services ("MCDPS"), and/or the Maryland-National Capital Park and Planning Commission ("MNCPPC"). For further information regarding the IPM Plan and the requirements of applicable Montgomery County law and regulations regarding the Clarksburg Special Protection Area, the Association and the Owners should contact MCDEP, 255 Rockville Pike, Suite 120, Rockville, Maryland 20850, phone (240) 777-7700, MCDPS, 255 Rockville Pike, 2nd Floor, Rockville, Maryland 20850, phone (240) 777-6333, or MNCPPC, 8787 Georgia Avenue, Silver Spring, Maryland 20910, phone (301) 495-4600.

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) For a period of fifteen (15) years from the recordation of this Declaration, Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Common Area and Community Facilities.

(b) Each Single-Family Detached Lot and Townhouse Lot within the Property is hereby declared to have an easement, not exceeding three feet (3') in width, over all adjoining Single-Family Detached Lots, Townhouse 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 over-hangs, 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 Single-Family Detached Lot or Townhouse Lot is partially or totally destroyed and then repaired or rebuilt, the Owners of each Single-Family Detached Lot or Townhouse Lot agree that minor encroachments over adjoining Single-Family Detached Lots or Townhouse 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 real property shown on the Development Plan, and for the benefit of the Declarant and its agents, a non-exclusive perpetual blanket easement upon, across and under the Property (provided such easement does not encroach upon any building within the Property or unreasonably interfere with the use and enjoyment of the Property), for 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 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) There is hereby reserved unto the Declarant (and its successors and assigns to whom such easement has been specifically assigned in writing), for the benefit of the real property shown on the Development Plan, and for the benefit of the Declarant and its agents, a non-exclusive perpetual blanket easement upon, across and under the Property (provided such easement does not encroach upon any building within the Property or unreasonably interfere with the use and enjoyment of the Property), for the following purposes: (i) ingress and egress to and from any and all portions of the Property by trucks, construction equipment, construction personnel and the like; (ii) to construct, install, reconstruct, alter, modify, remove and replace streets, roads, driveways, lanes, sidewalks and parking spaces within the Property; (iii) to excavate, fill and coordinate the height, grade, slope and contour of the Property, and to add and remove soil from the Property; and (iv) for the conduct of all other development, construction, marketing, sales, leasing and related activities as may be deemed necessary or desirable by the Declarant to implement the Development Plan, to comply with requirements imposed by

Montgomery County, Maryland, or any governmental or quasi-governmental agency or authority having regulatory jurisdiction over the Property, and/or to comply with applicable laws or regulations.

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

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

(g) Declarant also reserves the right to enter into the Common Area and Community Facilities for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Property or the improvements thereon. There is further reserved unto the Declarant and its agent(s) a non-exclusive easement over, across and through all of the Common Area and Community Facilities 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.

(h) For a period of ten (10) years from the date of conveyance of the first Lot, the Declarant reserves a blanket easement and right on, over and under the Property to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action as may be reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near as practicable. The Declarant shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Declarant an emergency exists which precludes such notice. There is further reserved unto the Declarant the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection.

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

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

(iii) In the event of a dispute between Owners with respect to the repair or rebuilding of any Utilities, or with respect to the sharing of the cost thereof, upon written request of one of such Owners addressed to the Covenant Committee, the matter shall be submitted to the Covenant Committee, who shall decide the dispute.

(iv) 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.

(j) The Association shall have an easement to enter any portion of the Property for the performance of its duties hereunder; provided that such easement shall not entitle the entry within the interior portion of any dwelling located on the Property, but (by way of illustration only and not in limitation of the rights granted herein) shall permit the entry into fenced, or other similar areas of the Property.

(k) With respect to any step, patio, deck, downspout or yard drain or other similar structure that may benefit any Lot and is constructed by the Declarant or a Participating Builder 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 or a Participating Builder'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.

(l) 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 or a Participating Builder, 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; and 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 the wooden, brick, stone, or other

similar fencing located within the Common Area, which encloses the benefited Lot, shall be that of the Owner of the benefited Lot. 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.

(m) 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 Property. 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 Property, 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.

(n) The Declarant reserves the right to modify or alter the size, number and location of the Common Area, Community Facilities 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, Community Facilities and the Lots as the Declarant may deem necessary or desirable.

(o) The Association is hereby granted a non-exclusive easement and right of passage on, through, over, under and across the real property shown on the Development Plan to maintain, repair and replace any entrance features and improvements (and the property upon which such entrance features and improvements are located) that are constructed or installed by the Declarant or a Participating Builder and that are situated within or appurtenant to and serving the Project.

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' Maintenance. Except as otherwise specifically provided in this Declaration, each Owner shall keep each Lot owned by such Owner, 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 in the Property shall fail to maintain the Lot and the improvements situated thereon, the Association or its agent shall have the right to enter upon said Lot to repair, maintain and restore the Lot and any improvements erected thereon. 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 an opportunity to cure the problem prior to entry. All costs related to such correction, repair or restoration shall be collectible from the Owner of such Lot 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 Community Facilities and shall keep the Common Area and Community Facilities in good order at all times. This obligation shall include, without limitation, (i) the maintenance, repair and, as necessary, replacement of any private streets, driveways, alleys and parking areas within the Common Area, (ii) the maintenance, repair and, as necessary, replacement of any pathways, sidewalks and walkways that are constructed or installed by, or on behalf of, the Declarant or the Participating Builders within the Common Area, Single-Family Detached Lots and/or Townhouse Lots, provided that the Association shall not be obligated to maintain, repair or replace any pathway, sidewalk or walkway leader, or portion thereof, within any Single-Family Detached Lot or Townhouse Lot that may reasonably be deemed to serve or benefit only that Single-Family Detached Lot or Townhouse Lot, and (iii) the removal of accumulated snow and ice from within all private streets, driveways, alleys and parking areas within the Common Area and from all pathways, sidewalks, 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, 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 to maintain pursuant to any easement or other agreement.

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 such storm water management area or facilities which serve and/or benefit the Property whether or not located within the Common Area if the Association is responsible therefor pursuant to any easement, agreement or the direction of any governmental authority or agency. Such responsibility may be in the form of contributing the Association's share of the maintenance costs of any storm water management area, facility or equipment pursuant to an easement or agreement which shall be a Common Expense of the Association. The Board of Directors may enter into any such easements and/or other agreements as the Board may deem necessary or desirable for purposes of allocating and/or sharing the costs associated with the maintenance of any storm water management areas, facilities and/or equipment which serve and/or benefit the Property. The Association shall not refuse to accept the conveyance of any such storm water management area, facilities or equipment from the Declarant.

The Association may obtain guidance regarding the basic maintenance needs and associated costs for maintenance of storm water management facilities by consulting the manual entitled "Maintaining Urban Stormwater Facilities, A Guidebook for Common Ownership Communities" published by the Montgomery County Department of Environmental Protection ("DEP"). Copies of this manual may be obtained by contacting DEP (phone: 240.777.7700; web site: <http://www.co.mo.md.us/services/dep/Stormwater/home.html>).

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 all or a portion of 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 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.

(b) Any Owner may request that the Association refrain from performing all or a 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.

Section 11.4. Additional Maintenance Responsibilities. The Board of Directors may elect, in its sole discretion, to have the Association assume additional maintenance responsibilities upon all or any portion of the Property. In such event, all costs of such 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 maintenance or service then being provided is not consistent with the Community-Wide Standard of the Project.

ARTICLE 12
INSURANCE

Section 12.1. Individual Coverage. By virtue of taking title to a Single-Family Detached Lot or Townhouse 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 Single-Family Detached Lot or Townhouse 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 Single-Family Detached Lot, or Townhouse Lot or dwelling unit pursuant to this Section, the cost thereof shall be assessed against the Single-Family Detached Lot or Townhouse Lot benefiting from such insurance and shall be collectible in the same manner as any other Assessment under 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 Single-Family Detached Lot or Townhouse 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 Single-Family Detached Lot or Townhouse 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.

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 or Community Facilities of the Association or such other property which the Association may insure, as well as common personal property and supplies.

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

maximum deductible amount for coverage of the Common Area and Community Facilities is the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount. The funds to cover this deductible amount should be included in the Association's operating reserve account.

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

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

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

The Association shall obtain and maintain a comprehensive general liability policy of insurance covering all of the Common Area, Community Facilities, public ways and any other areas that are under the Association's supervision. The policy shall also cover any commercial space owned by the Association, even if such space is leased to others. The policy should provide coverage for bodily injury (including death) and property damage that results

from the operation, maintenance or use of the Common Area and Community Facilities, and any legal liability that results from law suits related to employment contracts in which the Association is a party. Supplemental coverage to protect against additional risks should also be obtained, if required by a mortgagee. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners. Liability coverage shall be at least Three Million Dollars (\$3,000,000.00) 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 shall 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 policy is in force, and should be 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 and Community Facilities After Fire or Other Casualty. In the event of damage to or destruction of any portion of the Common Area or Community Facilities covered by insurance payable to the Association as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof, and shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as appropriate. Promptly after a casualty causing damage or destruction of any portion of the Common Area or Community Facilities for which the Association has the responsibility of maintenance, repair, and/or replacement, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged portions of the Common Area or Community Facilities in as good a condition as existed prior to the casualty. Such costs may include, without limitation, professional fees and premiums for such bonds as the Board of Directors may desire.

ARTICLE 13
PARTY WALLS AND FENCES

The rights and duties of the Owners of the Single-Family Detached Lots and Townhouse 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 13.1. 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 Single-Family Detached Lots and/or Townhouse 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 Single-Family Detached Lot and/or Townhouse 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 13.2. 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 13.3. 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 13.4. 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 Single-Family Detached Lot or Townhouse Lot sharing the use of such party wall, the Owner of such Single-Family Detached Lot and/or Townhouse Lot, shall be responsible to promptly repair such party wall at such Owner's sole expense.

Section 13.5. Encroachments. If any portion of a party wall or fence shall encroach upon any adjoining Single-Family Detached Lot or Townhouse 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 13.6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 13.7. Dispute. In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or fence or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of such Board of Directors shall be final and conclusive upon the parties.

ARTICLE 14
MANAGEMENT

Section 14.1. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing, including, but not limited to, the following:

- (a) to establish (with the approval of the Board of Directors of the Association) and provide for the collection of the Assessments provided for in this Declaration and to provide for the enforcement of liens therefor in a manner consistent with the law and the provisions of this Declaration; and
- (b) to provide for the care, upkeep, maintenance and surveillance of the Common Area and Community Facilities; and
- (c) to designate, hire and dismiss such personnel as may be required for the good working order, maintenance and efficient operation of the Common Area and Community Facilities; and
- (d) to promulgate (with the approval of the Board of Directors of the Association) and enforce such rules and regulations and such restrictions or requirements, "house rules" or the like as may be deemed proper respecting the use of the Common Area and Community Facilities; and
- (e) to provide such other services (including legal and accounting services) for the Association as may be consistent with law and the provisions of this Declaration.

Section 14.2. 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 15
NEIGHBORHOOD COMMITTEES

Section 15.1. Function. Owners and residents within the Property may serve on Neighborhood Committees, established in accordance with this Article and any Administrative Resolution adopted by the Declarant or 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 residents of the Neighborhoods represented by such Neighborhood Committees.

Section 15.2. Neighborhood Committee Membership. Each Neighborhood Committee shall consist of an uneven number of not less than three (3) or more than five (5) individuals, who shall be designated by the Board of Directors from among the Owners and residents of Lots within the Neighborhood represented by such Neighborhood Committee, and who shall serve at the pleasure of the Board of Directors.

Section 15.3. 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 residents 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 residents 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 Members of the Association or their agents in accordance with applicable law. Each Neighborhood Committee shall designate one of its members as spokesperson for purposes of all meetings of the Board of Directors, Covenant Committee and other Association committees 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 15.4. 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, the Architectural Review Entity, the Covenant Committee 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 residents 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 Architectural Review Entity and the Covenant Committee with respect to the interpretation and enforcement of the restrictive covenants established by Article 9 of this Declaration, and the architectural controls established by Article 7 of this Declaration. The recommendations of a Neighborhood Committee shall not be binding on the Board of Directors, the Architectural Review Entity, the Covenant Committee or any other Association committee; provided, however, that the Board of Directors, the Architectural Review Entity, the Covenant Committee and any applicable Association committee 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, the Architectural Review Entity, the Covenant Committee or applicable Association committee, in their sole discretion.

Section 15.5. Further Neighborhood Committee Provisions. The Declarant or 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 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, Community Facilities and any property, real or personal, which the Association is delegated the responsibility for pursuant to any easement or lease agreement, and all improvements thereon (including, without limitation, furnishings and equipment related thereto, private drainage facilities and common landscaped areas), and shall keep the Common Area, Community Facilities and such other property in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof. The Association shall accept title to any real estate or personal property offered to the Association by the Declarant. The Association shall be responsible for monitoring compliance with the requirements of any conservation easements and other restrictions imposed on the Common Area by the Planning Board, and for periodically reminding the Lot Owners of these restrictions.

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, Community Facilities or other property within the control or supervision of the Association. No diminution or abatement of Assessments, as herein elsewhere provided for, shall be claimed or allowed for

inconvenience or discomfort arising from the making of repairs or improvements to the Common Area, Community Facilities or other property within the control or supervision of the Association, or from any action taken by the Association to comply with any of the provisions of this Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Section 16.5. Enforcement. Declarant, the Association, or any Owner, or any Mortgagee of any Lot 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 Association or by any Owner or by any mortgagee of any Lot 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 Association, or any Owner or Mortgagee of any Lot, 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 and such Owner's guests, relatives, lessees and 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 if 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, Community Facilities or other Association property, are being or have been violated. In the event that the Board of Directors or the Covenant Committee determines an instance of such probable cause, the Board or the Covenant Committee shall

provide written notice to the person alleged to be in violation, and the Owner of the 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 henceforth cease and will not recur, and that such acknowledgment and promise, and performance in accordance therewith, shall terminate the enforcement activity of the Association with regard to such violation.

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

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

(d) A fine pursuant to this Section shall be assessed against the 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. Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of the Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10)

years. This Declaration may be amended by an instrument signed by, or the affirmative vote of, Owners entitled to cast not less than fifty-one percent (51%) of the total authorized votes of all Owners. Any amendment must be recorded in the Land Records.

Section 16.9. Changes and Modifications by Declarant. The Declarant shall have the right, for a period of fifteen (15) years following the date of recordation of this Declaration, without the consent of the Members of the Association or any other party, to (i) modify, amend or change any of the provisions of this Declaration as the Declarant may deem necessary or desirable to correct errors or omissions herein, and (ii) amend this Declaration, the Articles of Incorporation and the Bylaws of the Association, as the Declarant may deem necessary or desirable, to change the name of the Association; provided, however, that so long as a Lot is encumbered by a deed of trust or mortgage which is insured by FHA, then FHA shall have the right to approve any material amendment, modification or change to this Declaration.

Section 16.10. FHA Approvals. Provided that any Lot subject to this Declaration is then encumbered by a deed of trust or mortgage which is insured by FHA, and further provided that there are then Class C memberships of the Association outstanding, neither the Members, the Board of Directors, nor the Association shall by act or omission, take any of the following actions without the prior written consent or approval of the FHA, as circumstances may require:

- (a) change the basic organization of the Association including the merger, consolidation, or dissolution of the Association; or
- (b) dedicate, convey, or mortgage the Common Area; or
- (c) annex additional properties (other than an annexation by the Declarant as provided in this Declaration); or
- (d) otherwise materially modify or amend any provision of this Declaration, the Bylaws or the Articles of Incorporation of the Association.

Section 16.11. Rights of the Maryland-National Capital Park and Planning Commission ("Commission" herein). Any other provision of this Declaration, the Articles of Incorporation or the Bylaws to the contrary notwithstanding, neither the Owners, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent of the Commission, which consent shall not be unreasonably withheld or delayed:

- (a) make any annexation or additions other than as provided in this Declaration, the Articles of Incorporation or the Bylaws; or
- (b) abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Common Area; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Area by the Owners shall not require the consent of the Commission; or
- (c) abandon or terminate this Declaration, the Articles of Incorporation or the Bylaws; or

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

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

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

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

Section 16.12. Casualty Losses. In the event of substantial damage or destruction to any of the Common Area or Community Facilities, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the Eligible Mortgage Holders who hold First Mortgages of record on the 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 or Community Facilities.

Section 16.13. Condemnation or Eminent Domain. In the event any part of the Common Area or Community Facilities is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the Eligible Mortgage Holders who hold First Mortgages of record on the 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 or Community Facilities.

Section 16.14. Notice to Eligible Mortgage Holders; Deemed Consent. The Association shall give prompt written notice to each Eligible Mortgage Holder of (and each Owner hereby consents to, and authorizes such notice):

(a) Any condemnation loss or any casualty loss which affects a material portion of the Common Area, Community Facilities or any 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 insurance 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 mortgagee who is notified of any matter for which it is entitled to notice as provided herein (such notice to be delivered by certified or registered mail, return receipt requested), and which fails to respond within thirty (30) days of receipt of such notice, shall be deemed to have consented, if applicable, to the matter of which the Eligible Mortgage Holder or mortgagee was provided notice.

Section 16.15. Declarant's Power of Attorney. Notwithstanding any provision to the contrary contained in the Articles of Incorporation or Bylaws of the Association or this Declaration, the Declarant hereby reserves for itself, its successors, transferees and assigns, for a period of fifteen (15) years from the date of recordation of the first Supplementary Declaration annexing all or any portion of the real property described on Exhibit "A" hereto, or until it conveys title to the last Lot, whichever occurs first, the right to execute on behalf of all contract purchasers, Owners, Eligible Mortgage Holders, mortgagees, and other lienholders or parties claiming a legal or equitable interest in any Lot, Common Area or Community Facilities, 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, or by Montgomery 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 Fair Housing Amendments Act of 1988, as amended, to comply with the 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, Common Area or Community Facilities, each and every such contract purchaser, Owner, Eligible Mortgage Holder, mortgagee or other lienholder or party having a legal or equitable interest in any Lot, Common Area or Community Facilities does automatically and irrevocably name, constitute, appoint and confirm the Declarant, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

(b) No such agreement, document, amendment, supplement or other instrument which adversely affects the value of a 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, Common Area or Community Facilities shall not be made without the prior written consent of the owners of all such mortgages.

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

Section 16.16. 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 16.17. 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 16.18. 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 16.19. 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.

Section 16.20. 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 16.17) of the Declarant.

Section 16.21. Perpetuities. If any of the covenants, restrictions, or other provisions of this Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 16.22. 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 16.23. Captions and Gender. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.


[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned, being the DECLARANT herein, has executed this instrument this 26th day of SEPTEMBER, 2003.

WITNESS/ATTEST:

DECLARANT:

CLARKSBURG RIDGE,LLC,
a Maryland limited liability company



DAVID DOMBERG
[PRINT NAME]

By: T.A. Natelli
Name: THOMAS A. NATELLI
Title: MANAGING MEMBER

[CORPORATE SEAL]

STATE/~~COMMONWEALTH~~ OF Maryland *
* to wit:
COUNTY/CITY OF Montgomery *

I HEREBY CERTIFY that on this 26th day of September, 2003, before me, a Notary Public in and for the State and County aforesaid, personally appeared Thomas A. Narelli, known to me (or satisfactorily proven) to be the MANAGING MEMBER of Clarksburg Ridge, LLC, a Maryland limited liability company, and that such individual, in such capacity and being authorized to do so, executed the foregoing and annexed instrument on behalf of such company for the purposes therein contained.

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

Jean Jay Cohen
Notary Public

My Commission Expires: 9-1-04

[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.

Gabrielle Osman Sigel
Gabrielle Osman Sigel

[THIS PAGE INTENTIONALLY LEFT BLANK]

Exhibit "A"

(Description of Property Subject to Declarant's Right to
Unilaterally Annex Within the Association)

July 02, 2002

Page 1 of 8

529U3

TPQ

07/02/02

DESCRIPTION OF
THE PROPERTY OF
LAWRENCE A. FUNT AND JOSEPH M. LEMENSE, JR.
CLARKSBURG (2ND) ELECTION DISTRICT
MONTGOMERY COUNTY, MARYLAND

Being part of the property conveyed to Lawrence A. Funt and Joseph M. LeMense, Jr., from Ruth L. Connery by a deed dated January 18, 1988 and recorded among the Land Records of Montgomery County, Maryland in Liber 3708 at Folio 254 and being more particularly described as follows

PARCEL ONE

Beginning for the same at a stone with tack found and the beginning of the 2nd or North 16° 39' 40" East, 939.76 foot line of the first or 11.846 acre parcel described in Liber 3708 at Folio 254; thence running with part of said 2nd deed line and binding on the 1st or South 16° 42' 31" West, 882.04 foot line of the third or 28.0428 acre parcel described in Liber 3708 at Folio 254 the following course and distance

1. North 16° 47' 56" East, 938.85 feet to a stone found; thence running with the 3rd through 6th lines of the first or 11.846 acre parcel described in Liber 3708 at Folio 254 and binding on part of the 1st and all of the 2nd through 4th lines as described in a deed from George J. Marshall and Joan E. Marshall to Henry Alan Waterman and Marcella J. Waterman, his wife, dated April 18, 1986 and recorded among the Land Records of Montgomery County, Maryland in Liber 7088 at Folio 786 the following 4 courses and distances

FUNT PROPERTYJOB NO. 529U3

July 02, 2002

Page 2 of 8

2. South 57° 47' 02" East, 73.27 feet to an iron pipe found; thence
3. South 23° 38' 15" West, 185.71 feet to an iron pipe found; thence
4. South 48° 17' 48" East, 589.66 feet to a T-Bar found; thence
5. South 34° 36' 45" East, 180.44 feet to a T-Bar found on the northwesterly right of way line of Clarksburg Road, formerly Maryland Route 121 (50 foot wide right of way) as shown on Maryland State Roads Commission Plat Number 10813; thence running with the northwesterly right of way line of Clarksburg Road as shown on Maryland State Roads Commission Plats Numbered 10812 and 10813 the following 3 courses and distances
6. South 34° 03' 28" West, 122.27 feet to a point; thence non-tangent
7. 388.35 feet along the arc of a curve deflecting to the left, having a radius of 1934.86 feet (chord: South 28° 18' 28" West, 387.70 feet) to a point of tangency; thence
8. South 22° 33' 28" West, 187.83 feet to a point; thence leaving the northwesterly right of way line of Clarksburg Road and running with part of the 10th line and all of the 1st line of the first or 11.846 acre parcel described in Liber 3708 at Folio 254 and binding on 1) the last line described in a deed from Russell C. Corey and Marian F. Corey, his wife, to Thomas W. Conley and Sally A. Conley, his wife, dated October 1, 1965 and recorded among the aforesaid Land Records in Liber

3420 at Folio 176; 2) the 1st line described in a deed from Robert D. Hoffman to Ben Lewis Plumbing, Heating and Air Conditioning, Inc., dated October 15, 1986 and recorded among the Land Records of Montgomery County, Maryland in Liber 7347 at Folio 532; 3) the 2nd line described in a deed from Wilbert T. Duncan and Helen B. Duncan to Ben Lewis Plumbing, Heating, & Air Conditioning, Inc., dated July 12, 1990 and recorded among the Land Records of Montgomery County, Maryland in Liber 9402 at Folio 037; 4) the 1st line of the second or 0.3906 acre parcel described in the aforesaid Liber 3708 at Folio 254; 5) the 2nd line described in a deed from Mary H. Campbell to W.D. Pleasants, Sr., and W.D. Pleasants, Jr., dated April 30, 1970 and recorded among the Land Records of Montgomery County, Maryland in Liber 3960 at Folio 220 the following course and distance

- 9. North 49° 20' 40" West, 74.05 feet to a point; thence
- 10. North 45° 08' 11" West, 594.03 feet to the Point of Beginning; containing 512798 square feet or 11.77222 acres of land.

PARCEL TWO

Beginning for the same at the beginning of the 1st or South 44° 40' 50" East, 31.00 foot line of the second or 0.3906 acre parcel described in Liber 3708 at Folio 254; said point also being on the 1st or North 45° 00' West, 594.54 foot line of the first or 11.846 acre parcel described in Liber 3708 at Folio 254, distant 73.61 feet from a stone found at the end thereof; thence running with the 1st line of said 0.3906 acre parcel and binding on the 1st line of said 11.846 acre parcel the following course and distance

253-0-0

July 02, 2002

Page 4 of 8

1. South 45° 08' 11" East, 31.00 feet to a point; thence running with the 2nd line of the second or 0.3906 acre parcel described in Liber 3708 at Folio 254 and binding on the 1st line described in a deed from Mary H. Campbell to W.D. Pleasants, Sr., and W.D. Pleasants, Jr., dated April 30, 1970 and recorded among the Land Records of Montgomery County, Maryland in Liber 3960 at Folio 220 and the 1st line described in a deed from Elizabeth Anne Lackey to Ferguson/Anderson, L.L.C., a Maryland limited liability company, dated January 14, 1997 and recorded among the Land Records of Montgomery County, Maryland in Liber 14707 at Folio 355; the following course and distance

2. South 44° 15' 17" West, 546.54 feet to a point; thence running with the 3rd line of the second or 0.3906 acre parcel described in Liber 3708 at Folio 254 and binding on the northeasterly side of Maryland Route 355 (variable width right of way) the following course and distance

3. North 53° 44' 43" West, 31.30 feet to a point; thence running with the 4th line of the second or 0.3906 acre parcel described in Liber 3708 at Folio 254 and binding on the 1st line of the fourth or 0.8928 acre parcel described in Liber 3708 at Folio 254 the following course and distance

July 02, 2002

Page 5 of 8

4. North $44^{\circ} 15' 17''$ East, 551.23 feet to the Point of Beginning; containing 17013 square feet or 0.39056 acres of land.

PARCEL THREE

Beginning for the same at a point at the beginning of the 1st or South $44^{\circ} 28' 12''$ West, 551.23 foot line of the fourth or 0.8928 acre parcel described in Liber 3708 at Folio 254; said point also being on the 1st or North $45^{\circ} 00'$ West, 594.54 foot line of the first or 11.846 acre parcel described in Liber 3708 at Folio 254, distant 73.61 feet from a stone found at the end thereof; thence running with the 1st line of said 0.8928 acre parcel and binding on the 4th line of the second or 0.3906 acre parcel described in Liber 3708 at Folio 254 the following course and distance

1. South $44^{\circ} 15' 17''$ West, 551.23 feet to a point; thence running with the 2nd line of the fourth or 0.8928 acre parcel described in Liber 3708 at Folio 254 and binding on the northeasterly side of Maryland Route 355 (variable width right of way) the following course and distance
2. North $53^{\circ} 44' 43''$ West, 70.69 feet to a point; thence running with the 3rd line of the fourth or 0.8928 acre parcel described in Liber 3708 at Folio 254 and binding on the 2nd line described in a deed from Bernard M. Frickx to Bernard M. Frickx and Dawn M. Frickx dated October 22, 1998 and recorded among the Land Records of Montgomery County, Maryland in Liber 16477 at Folio 483 the following course and distance

July 02, 2002

Page 6 of 8

3. North $44^{\circ} 15' 17''$ East, 561.81 feet to a point at the beginning of the 4th or South $46^{\circ} 26' 28''$ East, 70.01 foot line of the fourth or 0.8928 acre parcel described in Liber 3708 at Folio 254; thence running with the 4th line of said 0.8928 acre parcel and binding on the 1st line of the first or 11.846 acre parcel described in Liber 3708 at Folio 254 the following course and distance
4. South $45^{\circ} 08' 11''$ East, 70.01 feet to the Point of Beginning; containing 38958 square feet or 0.89434 acres of land.

PARCEL FOUR

Beginning for the same at a stone found at the beginning of the 1st or South $16^{\circ} 42' 31''$ West, 882.04 foot line of the third or 28.0428 acre parcel described in Liber 3708 at Folio 254; thence running with the 1st line of said 28.0428 acre parcel and binding on the 2nd line of the first or 11.846 acre parcel described in Liber 3708 at Folio 254 the following course and distance

1. South $16^{\circ} 47' 56''$ West, 882.03 feet to a point; thence running with the 2nd and 3rd lines of the third or 28.0428 acre parcel described in Liber 3708 at Folio 254 the following 2 courses and distances
2. North $47^{\circ} 51' 43''$ West, 276.88 feet to a point; thence
3. South $41^{\circ} 35' 32''$ West, 20.00 feet to a point; thence running with the 4th and 5th lines of the third or 28.0428 acre parcel described in Liber 3708 at Folio 254, with the lines of an existing wire fence, the following 2 courses and distances
4. North $41^{\circ} 53' 11''$ West, 165.39 feet to a point; thence

July 02, 2002

Page 7 of 8

- 5. North 71° 23' 50" West, 451.10 feet to a point; thence running with the 10th line of the first or 22.0000 acre parcel described in a deed from Lutheran Church Extension Fund - Missouri Synod, a Missouri non-profit corporation, to Clarksburg Venture Associates, a Maryland general partnership, dated June 27, 1990 and recorded among the Land Records of Montgomery County, Maryland in Liber 9405 at Folio 618 the following course and distance

- 6. North 16° 46' 07" East, 479.98 feet to a point; thence running with the 9th line of the first or 22.0000 acre parcel described in Liber 9405 at Folio 618 and the 3rd line of the second or 23.9872 acre parcel described in Liber 9405 at Folio 618 the following course and distance

- 7. North 59° 54' 38" East, 462.62 feet to a point; thence running with the 2nd line of the second or 23.9872 acre parcel described in Liber 9405 at Folio 618, all of the 12th line of the third or 28.0428 acre parcel described in Liber 3708 at Folio 254 and binding on part of the 1st line as described in a deed from George J. Marshall and Joan E. Marshall to Henry Alan Waterman and Marcella J. Waterman, his wife, dated April 18, 1986 and recorded among the Land Records of Montgomery County, Maryland in Liber 7088 at Folio 786 the following course and distance

- 8. South 58° 55' 05" East, 551.95 feet to the Point of Beginning; containing 653431 square feet or 15.00072 acres of land.

July 02, 2002

Page 8 of 8

This description is in accordance with a boundary survey prepared by Rodgers Consulting, Inc., dated June, 2002 and is in the Maryland State Plane Coordinate System, NAD 83/91.

\\snap2\projdocs\529u3\survey\funt1.doc

June 20, 2002

Page 1 of 3

529U3
TPQ
06/20/02

DESCRIPTION OF
THE PROPERTY OF
RONALD R. LEWIS AND GEORGIA L. LEWIS, HIS WIFE, AND
JOHN A. BAKER AND KATHLEEN D. BAKER, HIS WIFE,
CLARKSBURG (2ND) ELECTION DISTRICT
MONTGOMERY COUNTY, MARYLAND

Being all of the property conveyed to Ronald R. Lewis and Georgia L. Lewis, his wife, and John A. Baker and Kathleen D. Baker, his wife, from Emory Edwards, by deed dated November 18, 1986 and recorded among the Land Records of Montgomery County, Maryland in Liber 7408 at Folio 277 and being more particularly described as follows

PARCEL ONE

Beginning for the same at a point at the end of the 6th or North 34° 03' 28" East, 12.12 foot line of Parcel 1 as described in Liber 7408 at Folio 277; thence running with said 6th line, reversed, and binding on the northwesterly right of way line of Clarksburg Road, formerly Maryland Route 121 (50 foot wide right of way) as shown on Maryland State Roads Commission Plat Number 10813 the following course and distance

1. South 34° 03' 28" West, 12.12 feet to a point; thence running with the 5th and 4th lines, reversed, of Parcel 1 as described in Liber 7408 at Folio 277 and binding on the 2nd and 1st lines of Parcel 2 as described in Liber 7408 at Folio 277 the following 2 courses and distances
2. North 47° 49' 50" West, 690.01 feet to a point; thence

LEWIS PROPERTY

JOB NO. 529U3

June 20, 2002

Page 2 of 3

3. North 30° 30' 20" East, 233.03 feet to a point; thence running with the 3rd, 2nd and 1st lines, reversed, of Parcel 1 as described in Liber 7408 at Folio 277 and binding on the southwesterly lines of 2 plats of subdivision entitled "CATAWBA MANOR" and recorded among the Land Records of Montgomery County, Maryland as Plat Number 21408 & 21409 the following 3 courses and distances
4. South 50° 27' 18" East, 29.83 feet to a t-bar found; thence
5. South 04° 04' 06" West, 276.50 feet to a t-bar found; thence
6. South 47° 49' 50" East, 534.99 feet to the Point of Beginning; containing 28486 square feet or 0.65394 acres of land.

PARCEL TWO

Beginning for the same at a point at the beginning of the 3rd or South 34° 03' 28" West, 8.08 foot line of Parcel 2 as described in Liber 7408 at Folio 277; thence running with said 3rd line and binding on the northwesterly right of way line of Clarksburg Road, formerly Maryland Route 121 (50 foot wide right of way) as shown on Maryland State Roads Commission Plat Number 10812 and 10813 the following course and distance

1. South 34° 03' 28" West, 8.08 feet to an iron pipe found; thence running with the 4th through 8th lines of Parcel 2 as described in Liber 7408 at Folio 277 the following 5 courses and distances
2. North 47° 49' 50" West, 437.85 feet, partly with a wood fence line, to a point; thence
3. North 63° 00' 39" West, 102.27 feet with a wood fence line to an iron pipe found; thence

25366 688

June 20, 2002

Page 3 of 3

4. North 49° 59' 26" West, 132.37 feet with a wood fence line to an iron pipe found; thence
5. North 04° 34' 21" West, 54.66 feet with a wood fence line to a point; thence
6. North 29° 58' 30" East, 234.91 feet with a wire fence line to a point; thence running with the 9th line of Parcel 2 as described in Liber 7408 at Folio 277 and binding on the southwesterly lines of a plat of subdivision entitled "CATAWBA MANOR" and recorded among the Land Records of Montgomery County, Maryland as Plat Number 21409 the following course and distance
7. South 50° 27' 18" East, 20.02 feet to a point; thence running with the 1st and 2nd lines of Parcel 2 as described in Liber 7408 at Folio 277 and binding on the 4th and 5th lines of Parcel 1 as described in Liber 7408 at Folio 277 the following 2 courses and distances
8. South 30° 30' 20" West, 233.03 feet to a point; thence
9. South 47° 49' 50" East, 690.01 feet to the Point of Beginning; containing 15725 square feet or 0.36100 acres of land.

This description is in accordance with a boundary survey prepared by Rodgers Consulting, Inc., dated June, 2002 and is in the Maryland State Plane Coordinate System, NAD 83/91.

y:\529u3\survey\lewis1.doc

LEWIS PROPERTYJOB NO. 529U3

25366 689

June 20, 2002

Page 1 of 3

529U3

TPQ

06/20/02

DESCRIPTION OF
THE PROPERTY OF
HENRY ALAN WATERMAN AND MARCELLA J. WATERMAN, HIS WIFE
CLARKSBURG (2ND) ELECTION DISTRICT
MONTGOMERY COUNTY, MARYLAND

Being all of the property conveyed to Henry Alan Waterman and Marcella J. Waterman, his wife, from George J. Marshall and Joan E. Marshall, tenants in common by deed dated April 18, 1986 and recorded among the Land Records of Montgomery County, Maryland in Liber 7088 at Folio 786 the and being more particularly described as follows

Beginning for the same at an iron pipe found on the 5th or North 34° 03' 28" East, 253.79 foot line as described in Liber 7088 at Folio 786; said iron pipe found also being at the beginning of the 4th line of Parcel 2 as described in a deed from Emory Edwards to Ronald R. Lewis and Georgia L. Lewis, his wife, and John A. Baker and Kathleen D. Baker, his wife, dated November 18, 1986 and recorded among the Land Records of Montgomery County, Maryland in Liber 7408 at Folio 277; thence running with part of the 5th line, reversed, as described in Liber 7088 at Folio 786 and binding on the northwesterly right of way line of Clarksburg Road, formerly Maryland Route 121, (50 foot wide right of way) as shown on Maryland State Roads Commission Plat Number 10812 and 10813 the following course and distance

1. South 34° 03' 28" West, 233.18 feet to a t-bar found; thence running with the with the 4th, 3rd and 2nd and part of the 1st lines, reversed, as described in Liber 7088 at Folio 786 and binding on the 3rd through 6th lines of the first or 11.846 acre parcel described in Liber 3708 at Folio 254 the following 4 courses and distances
2. North 34° 36' 45" West, 180.44 feet to a t-bar found; thence

WATERMAN PROPERTYJOB NO. 529U3

25366 690

June 20, 2002

Page 2 of 3

3. North 48° 17' 48" West, 589.66 feet to an iron pipe found; thence
4. North 23° 38' 15" East, 185.71 feet to an iron pipe found; thence
5. North 57° 47' 02" West, 73.27 feet to a stone found; thence running with part of the 1st line, reversed, as described in Liber 7088 at Folio 786 and binding on the 12th line of the third or 28.0428 acre parcel described in Liber 3708 at Folio 254 following course and distance
6. North 58° 55' 05" West, 382.17 feet to a point; thence running with the 9th line, reversed, as described in Liber 7088 at Folio 786 the following course and distance
7. North 20° 40' 10" East, 335.45 feet to a point; thence running with part of the 8th line, reversed, as described in Liber 7088 at Folio 786 and binding on the southwesterly lines of a plat of subdivision entitled "CATAWBA MANOR" and recorded among the Land Records of Montgomery County, Maryland as Plat Number 21409 the following course and distance
8. South 50° 27' 18" East, 603.94 feet to a point; thence running with the 4th through 8th lines of Parcel 2, reversed as described in the aforesaid deed recorded in Liber 7408 at Folio 277 the following 5 courses and distances
9. South 29° 58' 30" West, 234.91 feet with a wire fence line to a point; thence

June 20, 2002

Page 3 of 3

- 10. South 04° 34' 21" East, 54.66 feet with a wood fence line to an iron pipe found; thence
- 11. South 49° 59' 26" East, 132.37 feet with a wood fence line to an iron pipe found; thence
- 12. South 63° 00' 39" East, 102.27 feet with a wood fence line to a point; thence
- 13. South 47° 49' 50" East, 437.85 feet, partly with a wood fence line, to the Point of Beginning; containing 307327 square feet or 7.05525 acres of land.

This description is in accordance with a boundary survey prepared by Rodgers Consulting, Inc., dated June 2002 and is in the Maryland State Plane Coordinate System, NAD 83/91.

y:\529u3\survey\waterman.doc

[THIS PAGE INTENTIONALLY LEFT BLANK]

Exhibit "B"

(Residential Integrated Pest Management Plan)

RESIDENTIAL INTEGRATED PEST MANAGEMENT PLAN

IPM Compliance:

In order to maintain the community areas in an environmentally sensitive manner and to minimize the use of chemical pesticides, the Association shall comply with the Integrated Pest Management (IPM) Plan as follows:

Clarksburg Ridge Integrated Pest Management (IPM) Plan

The purpose of this article is to establish an Integrated Pest Management (IPM) Plan to be applied by the Homeowners Association (HOA) on community areas within Clarksburg Ridge. This IPM plan has been developed in recognition that IPM provides a safer method of pest management that minimizes the use of pesticides.

- I. The HOA shall take all reasonable measures to select and maintain healthy plants. This may be accomplished as follows:
 - A. Selecting plants that are pest resistant. Native plants tend to have the greatest resistance to pests.
 - B. Selecting plants that will remain healthy in the locations they are selected for. Variables to consider include amount of sunlight, amount of moisture required, soil considerations, etc.
 - C. Adequate site preparation and installing the plants properly.
- II. The maintenance program will be set up as to limit exposure of the landscape to pest problems. This may be accomplished as follows:
 - A. Selecting qualified contractors familiar with the use of IPM and establishing that IPM shall be utilized in addressing pest concerns.
 - B. Practicing proper and correct cultural methods of plant maintenance, including root pruning, limb pruning, raking, mulching, destruction of heavily infected plants, fertilization, composting, etc.
 - C. Identifying predatory species of the pests and maximizing their use to reduce pest problems. When this method is considered, evaluation must be given to other known environmental consequences of utilizing a natural predator and the factors must then be considered in making the decision to utilize or not utilize a predatory species.
- III. The HOA will actively identify pest-induced problems. Factors associated with this process are as follows:
 - A. Monitoring plants for the presence and/or level of infestation of pests.
 - B. Recognizing that the mere presence of a pest is not a reason in itself to control. Establishing thresholds below which pests and related aesthetic problems can be tolerated.
 - C. Tolerating damage that will not have long term effects on the plant.
 - D. Focussing management activities on the parts of the landscape that are most prone to pest problems.
 - E. Considering all factors associated with the damage so as to identify damage that may have occurred after the plant was weakened by other problems.
 - F. Accurately identifying the pest, its host, and the life cycle of both.

- IV. The HOA will make an educated and environmentally sensitive decision on how to deal with pest induced problems using the following principles.
- A. Weighing the benefits of control against other factors such as potential hazards to the property and the environment, worker and public health and safety, efficacy and economics.
 - B. Acquiring all relevant knowledge in regards to the pest life cycle and the host growth cycle in order to determine treatment.
 - C. When control is necessary, consider the options in the following order- physical/mechanical control; 2) biological control; 3) soft chemicals (i.e. soaps, oils, etc); 4) other pesticides
 - D. If pesticide application is required, evaluating selection based on a pesticide's environmental fate and ecological impact.
 - E. Do not use pesticides on a scheduled or preventative basis.
 - F. Applying materials at the time they will be most efficacious against the target pests and have minimal impact on beneficials.
 - G. Targeted spraying for pest problems and not cover spraying.
 - H. Reading and following the labels of all pesticides and taking every precaution in their use.

CLERK'S INDEX SHEET

(For the purpose of proper indexing only)

<u>Lot/Parcel</u>	<u>Block</u>	<u>Tax I.D. No.</u>	<u>Street Address</u>	<u>Plat Ref.</u>
8	F	02-03403887	13314 Catawba Manor Way	22488
9	F	02-03403898	13316 Catawba Manor Way	22488
10	F	02-03403901	13318 Catawba Manor Way	22488
11	F	02-03403912	13320 Catawba Manor Way	22488
12	F	02-03403923	13322 Catawba Manor Way	22488
1	G	02-03403945	13323 Catawba Manor Way	22488
2	G	02-03403956	13325 Catawba Manor Way	22488
3	G	02-03403967	13327 Catawba Manor Way	22488
4	G	02-03403978	13329 Catawba Manor Way	22488
5	G	02-03403980	23518 Clarksburg Road	22488
6	G	02-03403991	23516 Clarksburg Road	22488
7	G	02-03404005	23514 Clarksburg Road	22488
8	G	02-03404016	23512 Clarksburg Road	22488
13	G	02-03404027	23401 Winemiller Way	22488
14	G	02-03404038	23403 Winemiller Way	22488
15	G	02-03404040	23405 Winemiller Way	22488
16	G	02-03404051	23407 Winemiller Way	22488
17	G	02-03404062	23409 Winemiller Way	22488
18	G	02-03404073	23411 Winemiller Way	22488
1	H	02-03404107	23453 Tailor Shop Place	22488
2	H	02-03404118	23430 Winemiller Way	22488
3	H	02-03404120	23420 Winemiller Way	22488
4	H	02-03404131	23426 Winemiller Way	22488
5	H	02-03404142	23424 Winemiller Way	22488
6	H	02-03404153	23422 Winemiller Way	22488
7	H	02-03404164	23420 Winemiller Way	22488
8	H	02-03404175	23418 Winemiller Way	22488
9	H	02-03404186	23416 Winemiller Way	22488
10	H	02-03404197	23414 Winemiller Way	22488
11	H	02-03404200	23412 Winemiller Way	22488
12	H	02-03404211	23410 Winemiller Way	22488
13	H	02-03404222	23408 Winemiller Way	22488
14	H	02-03404233	23406 Winemiller Way	22488
15	H	02-03404244	23404 Winemiller Way	22488
16	H	02-03404255	23402 Winemiller Way	22488
25	H	02-03404266	23433 Tailor Shop Place	22488
26	H	02-03404277	23435 Tailor Shop Place	22488
27	H	02-03404288	23437 Tailor Shop Place	22488
28	H	02-03404290	23439 Tailor Shop Place	22488
29	H	02-03404302	23441 Tailor Shop Place	22488
30	H	02-03404313	23443 Tailor Shop Place	22488
31	H	02-03404324	23445 Tailor Shop Place	22488
32	H	02-03404335	23447 Tailor Shop Place	22488
33	H	02-03404346	23449 Tailor Shop Place	22488
34	H	02-03404357	23451 Tailor Shop Place	22488
1	A	02-03404415	23508 Clarksburg Road	22489
2	A	02-03404426	23506 Clarksburg Road	22489
3	A	02-03404437	23504 Clarksburg Road	22489
4	A	02-03404448	23502 Clarksburg Road	22489
5	A	02-03404450	23500 Clarksburg Road	22489
6	A	02-03404461	11 Webster Hill Court	22489

7	A	02-03404472	9 Webster Hill Court	22489
8	A	02-03404483	7 Webster Hill Court	22489
9	A	02-03404494	5 Webster Hill Court	22489
10	A	02-03404506	3 Webster Hill Court	22489
11	A	02-03404517	1 Webster Hill Court	22489
12	A	02-03404528	13 Webster Hill Court	22489
13	A	02-03404530	15 Webster Hill Court	22489
14	A	02-03404541	17 Webster Hill Court	22489
15	A	02-03404552	19 Webster Hill Court	22489
9	G	02-03404574	13101 Tannery Ridge Drive	22489
10	G	02-03404585	13103 Tannery Ridge Drive	22489
11	G	02-03404596	13105 Tannery Ridge Drive	22489
12	G	02-03404608	13107 Tannery Ridge Drive	22489
17	H	02-03404621	23400 Winemiller Way	22489
1	D	02-03404665	23450 Tailor Shop Place	22490
2	D	02-03404676	23448 Tailor Shop Place	22490
3	D	02-03404687	23446 Tailor Shop Place	22490
4	D	02-03404698	23442 Tailor Shop Place	22490
5	D	02-03404701	23440 Tailor Shop Place	22490
6	D	02-03404712	23438 Tailor Shop Place	22490
7	D	02-03404723	23436 Tailor Shop Place	22490
8	D	02-03404734	23434 Tailor Shop Place	22490
9	D	02-03404745	13200 Dutrow Drive	22490
10	D	02-03404756	13202 Dutrow Drive	22490
11	D	02-03404767	13204 Dutrow Drive	22490
12	D	02-03404778	13206 Dutrow Drive	22490
13	D	02-03404780	13208 Dutrow Drive	22490
14	D	02-03404791	13210 Dutrow Drive	22490
1	E	02-03404803	13301 Catawba Manor Way	22490
2	E	02-03404814	13303 Catawba Manor Way	22490
3	E	02-03404825	13305 Catawba Manor Way	22490
4	E	02-03404836	13307 Catawba Manor Way	22490
5	E	02-03404847	13201 Dutrow Drive	22490
6	E	02-03404858	13203 Dutrow Drive	22490
7	E	02-03404860	13205 Dutrow Drive	22490
8	E	02-03404871	13207 Dutrow Drive	22490
9	E	02-03404882	13209 Dutrow Drive	22490
1	F	02-03404893	13000 Catawba Manor Way	22490
2	F	02-03404905	13302 Catawba Manor Way	22490
3	F	02-03404916	13304 Catawba Manor Way	22490
4	F	02-03404927	13306 Catawba Manor Way	22490
5	F	02-03404938	13308 Catawba Manor Way	22490
6	F	02-03404940	13310 Catawba Manor Way	22490
7	F	02-03404951	13312 Catawba Manor Way	22490
1	C	02-03404984	13201 Webster Hill Way	22491
2	C	02-03404995	13203 Webster Hill Way	22491
3	C	02-03405000	13205 Webster Hill Way	22491
4	C	02-03405011	13207 Webster Hill Way	22491
5	C	02-03405022	13209 Webster Hill Way	22491
6	C	02-03405033	13211 Webster Hill Way	22491
7	C	02-03405044	23401 Tailor Shop Place	22491
8	C	02-03405055	23403 Tailor Shop Place	22491
9	C	02-03405066	23405 Tailor Shop Place	22491
10	C	02-03405077	23407 Tailor Shop Place	22491
11	C	02-03405088	23409 Tailor Shop Place	22491
12	C	02-03405090	13122 Tannery Ridge Drive	22491

13	C	02-03405102	13120 Tannery Ridge Drive	22491
14	C	02-03405113	13118 Tannery Ridge Drive	22491
15	D	02-03405135	23422 Tailor Shop Place	22491
16	D	02-03405146	23424 Tailor Shop Place	22491
17	D	02-03405157	23426 Tailor Shop Place	22491
18	D	02-03405168	23428 Tailor Shop Place	22491
19	D	02-03405170	23430 Tailor Shop Place	22491
20	D	02-03405181	23412 Tailor Shop Place	22491
21	D	02-03405192	23414 Tailor Shop Place	22491
22	D	02-03405204	23416 Tailor Shop Place	22491
23	D	02-03405215	23418 Tailor Shop Place	22491
24	D	02-03405226	23420 Tailor Shop Place	22491
25	D	02-03405237	23408 Tailor Shop Place	22491
26	D	02-03405248	23406 Tailor Shop Place	22491
27	D	02-03405250	23404 Tailor Shop Place	22491
28	D	02-03405261	23402 Tailor Shop Place	22491
29	D	02-03405272	23400 Tailor Shop Place	22491
18	H	02-03405283	13111 Tannery Ridge Drive	22491
19	H	02-03405294	13113 Tannery Ridge Drive	22491
20	H	02-03405306	13115 Tannery Ridge Drive	22491
21	H	02-03405317	13117 Tannery Ridge Drive	22491
22	H	02-03405328	13119 Tannery Ridge Drive	22491
23	H	02-03405330	13121 Tannery Ridge Drive	22491
24	H	02-03405341	13123 Tannery Ridge Drive	22491
30	D	02-03405352	13218 Dutrow Drive	22492
31	D	02-03405363	13220 Dutrow Drive	22492
32	D	02-03405374	13222 Dutrow Drive	22492
33	D	02-03405385	13224 Dutrow Drive	22492
34	D	02-03405396	13226 Dutrow Drive	22492
35	D	02-03405408	13228 Dutrow Drive	22492
36	D	02-03405410	13230 Dutrow Drive	22492
37	D	02-03405421	13232 Dutrow Drive	22492
10	E	02-03405432	13211 Dutrow Drive	22492
11	E	02-03405443	13213 Dutrow Drive	22492
12	E	02-03405454	13215 Dutrow Drive	22492
13	E	02-03405465	13219 Dutrow Drive	22492
14	E	02-03405476	13221 Dutrow Drive	22492
15	E	02-03405487	13223 Dutrow Drive	22492
16	E	02-03405498	13225 Dutrow Drive	22492
17	E	02-03405501	13227 Dutrow Drive	22492
18	E	02-03405512	13229 Dutrow Drive	22492
19	E	02-03405523	13231 Dutrow Drive	22492
20	E	02-03405534	5 Dutrow Drive	22492
21	E	02-03405545	14 Dutrow Drive	22492
22	E	02-03405556	12 Dutrow Drive	22492
23	E	02-03405567	10 Dutrow Drive	22492
24	E	02-03405578	8 Dutrow Drive	22492
25	E	02-03405580	6 Dutrow Drive	22492
26	E	02-03405591	4 Dutrow Drive	22492
27	E	02-03405603	2 Dutrow Drive	22492
1	I	02-03405614	13301 Dutrow Way	22492
2	I	02-03405625	13303 Dutrow Way	22492
A	F	02-03403876	Catawba Manor Way	22488
A	G	02-03403934	Winemiller Way	22488
A	H	02-03404084	Winemiller Way	22488
B	H	02-03404095	Winemiller Way	22488

A	A	02-03404368	Clarksburg Road	22489
B	A	02-03404370	Tannery Ridge Drive	22489
C	A	02-03404381	Webster Hill Way	22489
D	A	02-03404392	Webster Hill Way	22489
E	A	02-03404404	Webster Hill Court	22489
B	G	02-03404563	Tannery Ridge Drive	22489
A	B	02-03404610	Tannery Ridge Drive	22489
A	D	02-03404632	Tailor Shop Place	22490
B	D	02-03404643	Dutrow Drive	22490
C	D	02-03404654	Tailor Shop Place	22490
A	C	02-03404962	Tailor Shop Place	22491
B	C	02-03404973	Tailor Shop Place	22491
D	D	02-03405124	Tailor Shop Place	22491
A	E	02-03405636	Dutrow Court	22493
A	J	02-03406083	Catawba Manor Way	22493
A	K	02-03405647	Catawba Manor Way	22493

Grantor: Clarksburg Ridge LLC
 300 East Lombard Street
 Suite 1400
 Baltimore, MD 21202

Grantee: N/A

Consideration: None

Title Insurer: N/A

After Recording Return to:

Linowes and Blocher LLP
 7200 Wisconsin Avenue
 Suite 800
 Bethesda, Maryland 20814
 Attn: Douglas M. Irvin, Esq.

Parcel I.D. Parcel A Block B 02-03404610

Address: Webster Hill Way,
Clarksburg Maryland

FILED
HOLLY O. RUIH,
CLERK'S OFFICE
MONTGOMERY CO., MD
2006 AUG 10 A 11:20

DECLARATION OF COVENANTS

This DECLARATION, made this 13th day of July, 2006, by and
between Clarksburg Ridge Homeowners Association, Inc. (hereinafter called the HOA) and
Montgomery County, Maryland (hereinafter called the County).

WITNESSETH:

WHEREAS, the developer Clarksburg Ridge, LLC (hereinafter called the Declarant)
desires to make certain improvements within the public right-of-way for the benefit of the
HOA, being part of that parcel of land conveyed by Lawrence A. Funt to Clarksburg Ridge,
LLC, (formerly known as Natelli Clarksburg, LLC), by deed dated July 19, 2002 and
recorded at Liber 21561 Folio 443 among the Land Records of Montgomery County,
Maryland, said improvements consisting of a brick paver sidewalk across Parcel A, Block
B, partially lying within the right of way for Webster Hill Way, a 50 foot wide public right
of way per Montgomery County Department of Permitting Services Revocable Agreement
No. RA-1038

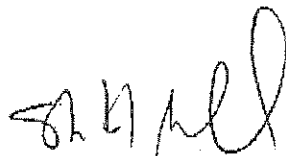
WHEREAS, the County shall agree to said improvements promptly upon the
execution and due recording of this DECLARATION among the Land Records of
Montgomery County.

NOW, THEREFORE DECLARANT AND HOA covenants the following:

1. The Declarant agrees to indemnify and hold harmless the County against any and all actions, suits, claims, demands, liability, loss or damage arising out of or in connection with the installation of the above described improvements.
2. The HOA agrees to indemnify and hold harmless the County against any and all actions, suits, claims, demands, liability, loss or damage arising out of or in connection with the maintenance or use of the above described improvements.
3. The HOA agrees, continually and at all times, to maintain in good and safe condition the above described improvements in the public right-of-way.
4. The HOA agrees that should the County order any of the said improvements in whole or in part to be removed, such removal shall be at the expense of the Declarant or the subsequent owner of the premises, and that the HOA will save the County harmless for any expenses incurred therefrom. Should the County, in order to maintain its facilities within the said public right-of-way, be required to remove said improvements, the County will not be required to replace said improvements and the HOA will save the County harmless for any damages that may occur to said improvements. Upon execution and recording, this DECLARATION shall run with the land and shall become a binding instrument upon the Declarant and HOA and any subsequent representatives, successors or assigns of the HOA. This Declaration cannot be terminated without the County's approval.
5. This Declaration shall remain in full force and effect until such time as the improvements are removed in their entirety by the owner or subsequent owner from said public right-of-way. Release of this Declaration may not occur without written approval from the County. The County may, in its sole discretion, unilaterally terminate this Declaration at any time.

In TESTIMONY WHEREOF, the said Declarant and HOA have hereunto set their hands and seals the day and year first above written.

Clarksburg Ridge Homeowners Association, Inc.




Shawn Miller, Board President (SEAL)

STATE OF MARYLAND

COUNTY OF MONTGOMERY

I HEREBY CERTIFY that on this 13th day of July, 2006, before the undersigned officer, a notary public in and for the State and County aforesaid, personally appeared, Shawn Miller, authorized agent or officer of Clarksburg Ridge Homeowners Association, Inc., and known to me or proven to be the person whose name is subscribed to the within instrument and did acknowledge that he executed the same for the purposes therein contained and signed the same in my presence.

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


SIMONE GREMLION (Notary Public)
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires April 23, 2007

Clarksburg Ridge, LLC

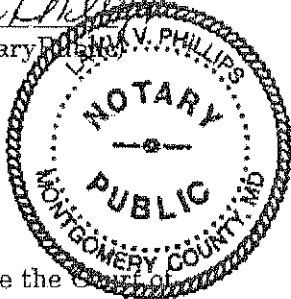
Thomas A. Natelli (SEAL)

STATE OF MARYLAND

COUNTY OF MONTGOMERY

I HEREBY CERTIFY that on this 19th day of June, 2006, before the undersigned officer, a notary public in and for the State and County aforesaid, personally appeared, Thomas A. Natelli, authorized agent or officer of Clarksburg Ridge, LLC, and known to me or proven to be the person whose name is subscribed to the within instrument and did acknowledge that he executed the same for the purposes therein contained and signed the same in my presence.

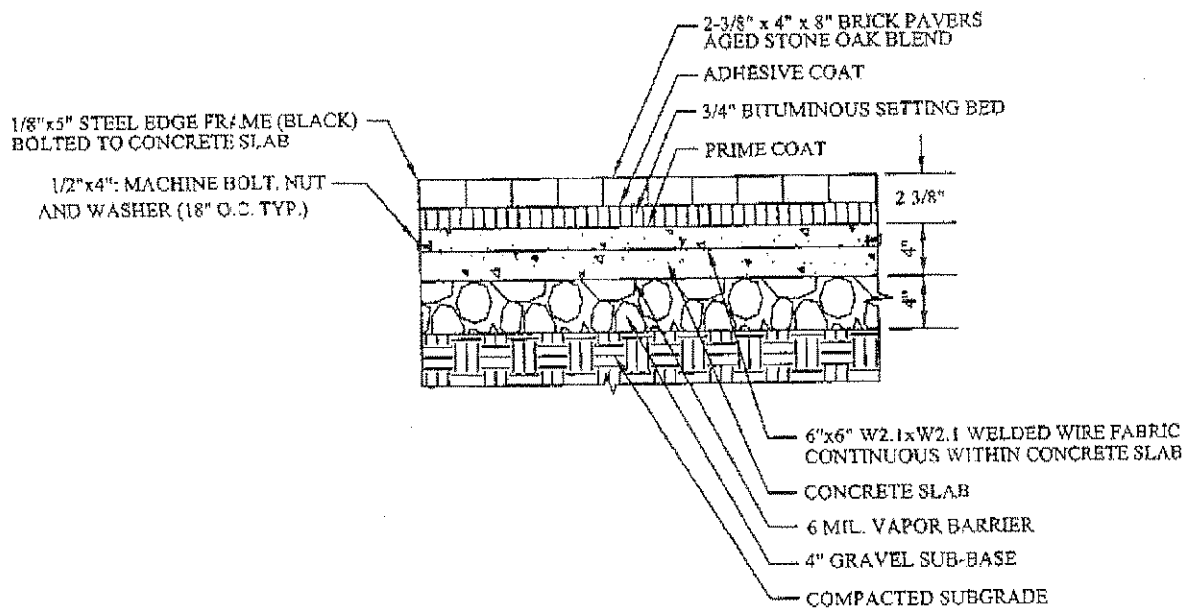
IN WITNESS WHEREOF, I hereunto set my hand and official seal.

John V. Phillips
(Notary Public)


My Commission Expires: 7/22/08

I hereby certify that I am an attorney duly admitted to practice before the Court of Appeals of Maryland and that the within instrument was prepared under my supervision.

Melinda F. Green
(County Attorney)



WEBSTER HILL'S PARCEL BRICK PAVER DETAIL

**CLARKSBURG RIDGE
BRICK PAVER DETAIL**

CLARKSBURG (2ND) ELECTION DISTRICT
MONTGOMERY COUNTY, MARYLAND



Enhancing the value of land assets

Rodgers Consulting, Inc.
9300 Caliber Road
Cathetersburg, MD 20677
301.548.4700
301.548.6256 (fax)
301.293.6003
www.rodgers.com

	BY	DATE	SCALE: NTS
BASE DATA	CADD	1/08	JOB No. 0529U3**
DESIGNED	ROW	1/08	DATE: 1/23/06
DRAWN	LBT	1/08	
REVIEWED	RKM	1/06	
RELEASE FOR			SHEET No. 1 OF 1
BY	DATE		

CLARKSBURG RIDGE - BRICK PAVER DETAIL AT VILLAGE GREEN

**SUPPLEMENTARY DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC.**

THIS SUPPLEMENTARY DECLARATION, is made on the date hereinafter set forth by CLARKSBURG RIDGE, LLC, a Maryland limited liability company (hereinafter referred to as "Declarant").

RECITALS:

IMP FD SURE	20.00
RECORDING FEE	20.00
TOTAL	40.00
Ref M027	1 5457
Ref FS	1 11910
Ref 20	03:53 PM

A. Immediately prior to the recordation of this Supplementary Declaration, Declarant recorded among the Land Records of Montgomery County, Maryland (the "Land Records") a certain Declaration of Covenants, Conditions and Restrictions for Clarksburg Ridge Homeowners Association, Inc. (hereinafter referred to as the "Declaration", which term shall include any and all subsequent corrections, modifications and supplements thereof as may be recorded among the Land Records).

B. Pursuant to Article 2, Section 2.1, of the Declaration, Declarant has reserved the unilateral right to subject all or any portion of the real property described on Exhibit "A" to the Declaration to the operation and effect of the Declaration, regardless of the ownership of such real property, for a period of fifteen (15) years from the date of recordation by Declarant of the first Supplementary Declaration annexing all or any portion of the real property described on Exhibit "A" to the Declaration.

C. Declarant desires to extend the scheme of the covenants and restrictions of the Declaration to certain Lots and Common Area, as described on Exhibit "A" hereto (hereinafter referred to as the "Property"), in accordance with Article 2 of the Declaration.

NOW, THEREFORE, Declarant hereby declares that the Property shall be and is hereby made subject to the operation and effect of the Declaration, so that the Property shall be deemed included within the scheme of the covenants and restrictions of the Declaration and fully subject to the operation and effect of the Declaration, including each and every covenant, condition, restriction and easement set forth therein.

Words or phrases defined in Article 1 of the Declaration shall have the same meaning in this Supplementary Declaration as provided for in Article 1 of the Declaration.

[SIGNATURE PAGES FOLLOW]

2009 06 26 12 3:59.7

FILED
MOLLY G. RUHL
MONTGOMERY COUNTY DEPT. OF RECORDS & ADMINISTRATION

20


FS

IN WITNESS WHEREOF, the undersigned has executed this instrument this 26th day of SEPTEMBER, 2003.

WITNESS/ATTEST:

DECLARANT:

CLARKSBURG RIDGE, LLC,
a Maryland limited liability company


DAVID DOMBERT
[PRINT NAME]

By: THA. Natelli
Name: THOMAS A. NATELLI
Title: MANAGING MEMBER

[CORPORATE SEAL]

STATE OF MARYLAND

*

COUNTY OF Montgomery

* to wit:

*

I HEREBY CERTIFY that on this 26th day of SEPTEMBER, 2003, before me, a Notary Public in and for the State and County aforesaid, personally appeared THOMAS A. NARELLI known to be (or satisfactorily proven) to be the MANAGING MEMBER of Clarksburg Ridge, LLC, a Maryland limited liability company, and that such individual, being authorized to do so, executed the foregoing instrument on behalf of such limited liability company for the purposes therein contained.

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

Jean Terry Palma

My Commission Expires: 9-1-04

[NOTARIAL SEAL]

ATTORNEY'S CERTIFICATE

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

Gabriello Osman Sigel
Attorney

**CLARKSBURG RIDGE
CLARKSBURG (2ND) ELECTION DISTRICT
MONTGOMERY COUNTY, MARYLAND**

Lots 8 through 12, inclusive, Block F; Lots 1 through 8, inclusive, Block G; Lots 13 through 18, inclusive, Block G; Lots 1 through 16, inclusive, Block H; and Lots 25 through 34, inclusive, Block H, as shown on a plat of subdivision entitled "LOTS 8-12 & PARCEL A, BLOCK F, LOTS 1-8, 13-18 & PARCEL A, BLOCK G, LOTS 1-16, 25-34 & PARCELS A AND B, BLOCK H, CLARKSBURG RIDGE", recorded among the Land Records of Montgomery County, Maryland on March 7, 2003 as Plat Number 22488.

Lots 1 through 15, inclusive, Block A; Lots 9 through 12, inclusive, Block G; and Lot 17, Block H, as shown on a plat of subdivision entitled "LOTS 1-15 AND PARCELS A, B, C, D AND E, BLOCK A, LOTS 9-12 AND PARCEL B, BLOCK G, LOT 17, BLOCK H AND PARCEL A, BLOCK B, CLARKSBURG RIDGE", recorded among the Land Records of Montgomery County, Maryland on March 7, 2003 as Plat Number 22489.

Lots 1 through 14, inclusive, Block D; Lots 1 through 9, inclusive, Block E; and Lots 1 through 7, inclusive, Block F, as shown on a plat of subdivision entitled "LOTS 1-14 AND PARCELS A, B, AND C, BLOCK D, LOTS 1-9, BLOCK E AND LOTS 1-7, BLOCK F, CLARKSBURG RIDGE", recorded among the Land Records of Montgomery County, Maryland on March 7, 2003 as Plat Number 22490.

Lots 1 through 14, inclusive, Block C; Lots 15 through 29, inclusive, Block D; and Lots 18 through 24, inclusive, Block H, as shown on a plat of subdivision entitled "LOTS 1-14 AND PARCELS A AND B, BLOCK C, LOTS 15-29 AND PARCEL D, BLOCK D, LOTS 18-24, BLOCK H, CLARKSBURG RIDGE", recorded among the Land Records of Montgomery County, Maryland on March 7, 2003 as Plat Number 22491.

Lots 30 through 37, inclusive, Block D; Lots 10 through 27, inclusive, Block E and Lots 1 and 2, Block I, as shown on a plat of subdivision entitled "LOTS 30-37, BLOCK D; LOTS 10-27, BLOCK E; AND LOTS 1-2, BLOCK I; CLARKSBURG RIDGE", recorded among the Land Records of Montgomery County, Maryland on March 7, 2003 as Plat Number 22492.

Parcel A, Block F; Parcel A, Block G; and Parcels A and B, Block H, as shown on a plat of subdivision entitled "LOTS 8-12 & PARCEL A, BLOCK F, LOTS 1-8, 13-18 & PARCEL A, BLOCK G, LOTS 1-16, 25-34 & PARCELS A AND B, BLOCK H, CLARKSBURG RIDGE", recorded among the Land Records of Montgomery County, Maryland on March 7, 2003 as Plat Number 22488.

Exhibit "A"

(Description of the Property)

Parcels A, B, C, D and E, Block A; Parcel B, Block G; and Parcel A, Block B, as shown on a plat of subdivision entitled "LOTS 1-15 AND PARCELS A, B, C, D AND E, BLOCK A, LOTS 9-12 AND PARCEL B, BLOCK G, LOT 17, BLOCK H AND PARCEL A, BLOCK B, CLARKSBURG RIDGE", recorded among the Land Records of Montgomery County, Maryland on March 7, 2003 as Plat Number 22489.

Parcels A, B, and C, Block D, as shown on a plat of subdivision entitled "LOTS 1-14 AND PARCELS A, B, AND C, BLOCK D, LOTS 1-9, BLOCK E AND LOTS 1-7, BLOCK F, CLARKSBURG RIDGE", recorded among the Land Records of Montgomery County, Maryland on March 7, 2003 as Plat Number 22490.

Parcels A and B, Block C and Parcel D, Block D, as shown on a plat of subdivision entitled "LOTS 1-14 AND PARCELS A AND B, BLOCK C, LOTS 15-29 AND PARCEL D, BLOCK D, LOTS 18-24, BLOCK H, CLARKSBURG RIDGE", recorded among the Land Records of Montgomery County, Maryland on March 7, 2003 as Plat Number 22491.

Parcel A, Block E; Parcel A, Block J; and Parcel A, Block K, as shown on a plat of subdivision entitled "PARCEL A, BLOCK E, PARCEL A, BLOCK J, AND PARCEL A, BLOCK K, CLARKSBURG RIDGE", recorded among the Land Records of Montgomery County, Maryland on March 7, 2003 as Plat Number 22493.

In addition to the rights of the Declarant to modify and amend the Declaration of Covenants, Conditions and Restrictions, the Declarant reserves the right to amend unilaterally the foregoing Supplementary Declaration as may be necessary (i) to correct the legal description set forth on this Exhibit "A" and (ii) to confirm the lien, operation and effect of the foregoing Supplementary Declaration with respect to any Lots or parcels that are re-subdivided.

Return to:

Linowes and Blocher LLP
7200 Wisconsin Avenue, Suite 800
Bethesda, Maryland 20814
Attn: Douglas M. Irvin, Esq.

Exhibit "A"

(Description of Property)

CLERK'S INDEX SHEET

(For the purpose of proper indexing only)

<u>Lot/Parcel</u>	<u>Block</u>	<u>Tax I.D. No.</u>	<u>Street Address</u>	<u>Plat Ref.</u>
8	F	02-03403887	13314 Catawba Manor Way	22488
9	F	02-03403898	13316 Catawba Manor Way	22488
10	F	02-03403901	13318 Catawba Manor Way	22488
11	F	02-03403912	13320 Catawba Manor Way	22488
12	F	02-03403923	13322 Catawba Manor Way	22488
1	G	02-03403945	13323 Catawba Manor Way	22488
2	G	02-03403956	13325 Catawba Manor Way	22488
3	G	02-03403967	13327 Catawba Manor Way	22488
4	G	02-03403978	13329 Catawba Manor Way	22488
5	G	02-03403980	23518 Clarksburg Road	22488
6	G	02-03403991	23516 Clarksburg Road	22488
7	G	02-03404005	23514 Clarksburg Road	22488
8	G	02-03404016	23512 Clarksburg Road	22488
13	G	02-03404027	23401 Winemiller Way	22488
14	G	02-03404038	23403 Winemiller Way	22488
15	G	02-03404040	23405 Winemiller Way	22488
16	G	02-03404051	23407 Winemiller Way	22488
17	G	02-03404062	23409 Winemiller Way	22488
18	G	02-03404073	23411 Winemiller Way	22488
1	H	02-03404107	23453 Tailor Shop Place	22488
2	H	02-03404118	23430 Winemiller Way	22488
3	H	02-03404120	23420 Winemiller Way	22488
4	H	02-03404131	23426 Winemiller Way	22488
5	H	02-03404142	23424 Winemiller Way	22488
6	H	02-03404153	23422 Winemiller Way	22488
7	H	02-03404164	23420 Winemiller Way	22488
8	H	02-03404175	23418 Winemiller Way	22488
9	H	02-03404186	23416 Winemiller Way	22488
10	H	02-03404197	23414 Winemiller Way	22488
11	H	02-03404200	23412 Winemiller Way	22488
12	H	02-03404211	23410 Winemiller Way	22488
13	H	02-03404222	23408 Winemiller Way	22488
14	H	02-03404233	23406 Winemiller Way	22488
15	H	02-03404244	23404 Winemiller Way	22488
16	H	02-03404255	23402 Winemiller Way	22488
25	H	02-03404266	23433 Tailor Shop Place	22488
26	H	02-03404277	23435 Tailor Shop Place	22488
27	H	02-03404288	23437 Tailor Shop Place	22488
28	H	02-03404290	23439 Tailor Shop Place	22488
29	H	02-03404302	23441 Tailor Shop Place	22488
30	H	02-03404313	23443 Tailor Shop Place	22488
31	H	02-03404324	23445 Tailor Shop Place	22488
32	H	02-03404335	23447 Tailor Shop Place	22488
33	H	02-03404346	23449 Tailor Shop Place	22488
34	H	02-03404357	23451 Tailor Shop Place	22488
1	A	02-03404415	23508 Clarksburg Road	22489
2	A	02-03404426	23506 Clarksburg Road	22489
3	A	02-03404437	23504 Clarksburg Road	22489
4	A	02-03404448	23502 Clarksburg Road	22489
5	A	02-03404450	23500 Clarksburg Road	22489
6	A	02-03404461	11 Webster Hill Court	22489

7	A	02-03404472	9 Webster Hill Court	22489
8	A	02-03404483	7 Webster Hill Court	22489
9	A	02-03404494	5 Webster Hill Court	22489
10	A	02-03404506	3 Webster Hill Court	22489
11	A	02-03404517	1 Webster Hill Court	22489
12	A	02-03404528	13 Webster Hill Court	22489
13	A	02-03404530	15 Webster Hill Court	22489
14	A	02-03404541	17 Webster Hill Court	22489
15	A	02-03404552	19 Webster Hill Court	22489
9	G	02-03404574	13101 Tannery Ridge Drive	22489
10	G	02-03404585	13103 Tannery Ridge Drive	22489
11	G	02-03404596	13105 Tannery Ridge Drive	22489
12	G	02-03404608	13107 Tannery Ridge Drive	22489
17	H	02-03404621	23400 Winemiller Way	22489
1	D	02-03404665	23450 Tailor Shop Place	22490
2	D	02-03404676	23448 Tailor Shop Place	22490
3	D	02-03404687	23446 Tailor Shop Place	22490
4	D	02-03404698	23442 Tailor Shop Place	22490
5	D	02-03404701	23440 Tailor Shop Place	22490
6	D	02-03404712	23438 Tailor Shop Place	22490
7	D	02-03404723	23436 Tailor Shop Place	22490
8	D	02-03404734	23434 Tailor Shop Place	22490
9	D	02-03404745	13200 Dutrow Drive	22490
10	D	02-03404756	13202 Dutrow Drive	22490
11	D	02-03404767	13204 Dutrow Drive	22490
12	D	02-03404778	13206 Dutrow Drive	22490
13	D	02-03404780	13208 Dutrow Drive	22490
14	D	02-03404791	13210 Dutrow Drive	22490
1	E	02-03404803	13301 Catawba Manor Way	22490
2	E	02-03404814	13303 Catawba Manor Way	22490
3	E	02-03404825	13305 Catawba Manor Way	22490
4	E	02-03404836	13307 Catawba Manor Way	22490
5	E	02-03404847	13201 Dutrow Drive	22490
6	E	02-03404858	13203 Dutrow Drive	22490
7	E	02-03404860	13205 Dutrow Drive	22490
8	E	02-03404871	13207 Dutrow Drive	22490
9	E	02-03404882	13209 Dutrow Drive	22490
1	F	02-03404893	13000 Catawba Manor Way	22490
2	F	02-03404905	13302 Catawba Manor Way	22490
3	F	02-03404916	13304 Catawba Manor Way	22490
4	F	02-03404927	13306 Catawba Manor Way	22490
5	F	02-03404938	13308 Catawba Manor Way	22490
6	F	02-03404940	13310 Catawba Manor Way	22490
7	F	02-03404951	13312 Catawba Manor Way	22490
1	C	02-03404984	13201 Webster Hill Way	22491
2	C	02-03404995	13203 Webster Hill Way	22491
3	C	02-03405000	13205 Webster Hill Way	22491
4	C	02-03405011	13207 Webster Hill Way	22491
5	C	02-03405022	13209 Webster Hill Way	22491
6	C	02-03405033	13211 Webster Hill Way	22491
7	C	02-03405044	23401 Tailor Shop Place	22491
8	C	02-03405055	23403 Tailor Shop Place	22491
9	C	02-03405066	23405 Tailor Shop Place	22491
10	C	02-03405077	23407 Tailor Shop Place	22491
11	C	02-03405088	23409 Tailor Shop Place	22491
12	C	02-03405090	13122 Tannery Ridge Drive	22491

13	C	02-03405102	13120 Tannery Ridge Drive	22491
14	C	02-03405113	13118 Tannery Ridge Drive	22491
15	D	02-03405135	23422 Tailor Shop Place	22491
16	D	02-03405146	23424 Tailor Shop Place	22491
17	D	02-03405157	23426 Tailor Shop Place	22491
18	D	02-03405168	23428 Tailor Shop Place	22491
19	D	02-03405170	23430 Tailor Shop Place	22491
20	D	02-03405181	23412 Tailor Shop Place	22491
21	D	02-03405192	23414 Tailor Shop Place	22491
22	D	02-03405204	23416 Tailor Shop Place	22491
23	D	02-03405215	23418 Tailor Shop Place	22491
24	D	02-03405226	23420 Tailor Shop Place	22491
25	D	02-03405237	23408 Tailor Shop Place	22491
26	D	02-03405248	23406 Tailor Shop Place	22491
27	D	02-03405250	23404 Tailor Shop Place	22491
28	D	02-03405261	23402 Tailor Shop Place	22491
29	D	02-03405272	23400 Tailor Shop Place	22491
18	H	02-03405283	13111 Tannery Ridge Drive	22491
19	H	02-03405294	13113 Tannery Ridge Drive	22491
20	H	02-03405306	13115 Tannery Ridge Drive	22491
21	H	02-03405317	13117 Tannery Ridge Drive	22491
22	H	02-03405328	13119 Tannery Ridge Drive	22491
23	H	02-03405330	13121 Tannery Ridge Drive	22491
24	H	02-03405341	13123 Tannery Ridge Drive	22491
30	D	02-03405352	13218 Dutrow Drive	22492
31	D	02-03405363	13220 Dutrow Drive	22492
32	D	02-03405374	13222 Dutrow Drive	22492
33	D	02-03405385	13224 Dutrow Drive	22492
34	D	02-03405396	13226 Dutrow Drive	22492
35	D	02-03405408	13228 Dutrow Drive	22492
36	D	02-03405410	13230 Dutrow Drive	22492
37	D	02-03405421	13232 Dutrow Drive	22492
10	E	02-03405432	13211 Dutrow Drive	22492
11	E	02-03405443	13213 Dutrow Drive	22492
12	E	02-03405454	13215 Dutrow Drive	22492
13	E	02-03405465	13219 Dutrow Drive	22492
14	E	02-03405476	13221 Dutrow Drive	22492
15	E	02-03405487	13223 Dutrow Drive	22492
16	E	02-03405498	13225 Dutrow Drive	22492
17	E	02-03405501	13227 Dutrow Drive	22492
18	E	02-03405512	13229 Dutrow Drive	22492
19	E	02-03405523	13231 Dutrow Drive	22492
20	E	02-03405534	5 Dutrow Drive	22492
21	E	02-03405545	14 Dutrow Drive	22492
22	E	02-03405556	12 Dutrow Drive	22492
23	E	02-03405567	10 Dutrow Drive	22492
24	E	02-03405578	8 Dutrow Drive	22492
25	E	02-03405580	6 Dutrow Drive	22492
26	E	02-03405591	4 Dutrow Drive	22492
27	E	02-03405603	2 Dutrow Drive	22492
1	I	02-03405614	13301 Dutrow Way	22492
2	I	02-03405625	13303 Dutrow Way	22492
A	F	02-03403876	Catawba Manor Way	22488
A	G	02-03403934	Winemiller Way	22488
A	H	02-03404084	Winemiller Way	22488
B	H	02-03404095	Winemiller Way	22488

A	A	02-03404368	Clarksburg Road	22489
B	A	02-03404370	Tannery Ridge Drive	22489
C	A	02-03404381	Webster Hill Way	22489
D	A	02-03404392	Webster Hill Way	22489
E	A	02-03404404	Webster Hill Court	22489
B	G	02-03404563	Tannery Ridge Drive	22489
A	B	02-03404610	Tannery Ridge Drive	22489
A	D	02-03404632	Tailor Shop Place	22490
B	D	02-03404643	Dutrow Drive	22490
C	D	02-03404654	Tailor Shop Place	22490
A	C	02-03404962	Tailor Shop Place	22491
B	C	02-03404973	Tailor Shop Place	22491
D	D	02-03405124	Tailor Shop Place	22491
A	E	02-03405636	Dutrow Court	22493
A	J	02-03406083	Catawba Manor Way	22493
A	K	02-03405647	Catawba Manor Way	22493

Grantor: Clarksburg Ridge LLC
 300 East Lombard Street
 Suite 1400
 Baltimore, MD 21202

Grantee: N/A

Consideration: None

Title Insurer: N/A

After Recording Return to:

Linowes and Blocher LLP
 7200 Wisconsin Avenue
 Suite 800
 Bethesda, Maryland 20814
 Attn: Douglas M. Irvin, Esq.

BYLAWS
OF
CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1
NAME AND LOCATION

The name of the corporation is CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The initial principal office of the corporation shall be located at 300 East Lombard Street, Baltimore, Maryland 21202, but meetings of Members and Directors may be held at such places within or outside the State of Maryland as may be designated by the Board of Directors.

ARTICLE 2
DEFINITIONS

Section 2.1. "*Administrative Resolutions*" are rules, policies and/or procedures, adopted by the Board of Directors, for implementing provisions of the Declaration, these Bylaws and the Articles of Incorporation of the Association, as more fully described in Article 8 of these Bylaws.

Section 2.2. "*Annual Assessments*" shall mean and refer to the assessments levied against all Lots within the Property to fund the Common Expenses, not including Special Assessments, Neighborhood Assessments, or Neighborhood Special Assessments.

Section 2.3. "*Assessments*" shall mean and refer collectively to any Annual Assessment, Special Assessment, Neighborhood Assessment, Neighborhood Special Assessment, and all other fees and charges, including all installments thereof, as may be levied by the Association in accordance with the Declaration.

Section 2.4. "*Association*" shall mean and refer to CLARKSBURG RIDGE HOMEOWNERS ASSOCIATION, INC., a Maryland nonstock corporation, its successors and assigns.

Section 2.5. "*Common Area*" shall mean and refer to all real property owned, leased or maintained by the Association (including the Community Facilities and all other Common Area improvements) for the common use and enjoyment of the Owners. Notwithstanding the foregoing, in the event the Association maintains all or any portion of any Lot(s), such property shall not be considered Common Area. The term Common Area shall be deemed to include "Neighborhood Common Area" (as defined below).

Section 2.6. “*Community Facilities*” shall mean and refer to any and all improvements and facilities located upon the Common Area including, without limitation, recreational facilities (if any), which are operated and maintained by the Association for the common use and enjoyment of the Owners.

Section 2.7. “*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 10 of the Declaration, all as may be found to be necessary or appropriate by the Board of Directors pursuant to the Declaration, these Bylaws and the Articles of Incorporation of the Association.

Section 2.8. “*Declarant*” shall mean and refer to Clarksburg Ridge LLC, a Maryland limited liability company, and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development, but only to the extent that all or any portion of the rights, reservations, easements, interests, exemptions, privileges and/or powers of the Declarant are specifically assigned or transferred to any such successors or assigns by an instrument in writing.

Section 2.9. “*Declaration*” shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded among the Land Records for Montgomery County, Maryland, including any amendments and supplements thereto.

Section 2.10. “*Equity Resolutions*” shall mean and refer to those actions of the Board of Directors which create additional covenants, conditions and/or restrictions with respect to the Lots, the Common Area and/or the Neighborhood Common Area, as more fully described in Article 8 of these Bylaws.

Section 2.11. “*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 Living Unit. No Lot shall be counted twice in any situation where it may fall within more than one of the foregoing descriptions. The term Lot shall not include Common Area or outlots of property dedicated for public use. The term Lot shall be deemed to refer collectively to Single-Family Detached Lots and Townhouse Lots.

Section 2.12. “*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 2.13. “*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 the Declaration, the term “*mortgagee*” shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in the 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 2.14. "*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 the Declaration and which are designated by Declarant as constituting all or a portion of 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 the Declarant or the Board of Directors based on such factors as are deemed appropriate by the 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 or residents of such Lots, and the input of interested Owners and residents within the Property.

Section 2.15. "*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 Section 5.10 of the Declaration.

Section 2.16. "*Neighborhood Committee*" shall mean and refer to any committee comprised of the Owners and/or residents of Lots within a specified Neighborhood, as may be established by the Board of Directors in accordance with Article 15 of the Declaration.

Section 2.17. "*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 the Declaration and which is 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. 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 the Declarant or the Board of Directors based on such factors as are deemed appropriate by the 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 and residents within the Property.

Section 2.18. "*Neighborhood Special Assessment*" shall mean and refer to any assessment levied by the Association against Lots within a specified Neighborhood in accordance with Section 5.11 of the Declaration.

Section 2.19. "*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 2.20. “*Project*” as used in these Bylaws shall refer to the Property.

Section 2.21. “*Property*” shall mean and refer to all real property as may hereafter be brought within the jurisdiction of the Association pursuant to Article 2 of the Declaration.

Section 2.22. “*Single-Family Detached Lot*” shall mean and refer to any Lot upon which there is construed, or is intended to be constructed, a single-family detached dwelling unit.

Section 2.23. “*Special Assessment*” shall mean and refer to any assessment levied by the Association in accordance with Section 5.4 of the Declaration.

Section 2.24. “*Townhouse Lot*” shall mean and refer to any Lot upon which there is constructed, or is intended to be constructed, a single-family attached or semi-attached townhouse dwelling unit.

Any other capitalized terms used herein shall be defined as set forth in the Declaration unless specifically provided otherwise in these Bylaws.

ARTICLE 3 **MEETING OF MEMBERS**

Section 3.1. *Annual Meetings.* The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held during the same month of each year thereafter or such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2. *Special Meetings.* Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote not less than twenty percent (20%) of the votes of each class of Members.

Section 3.3. *Notice of Meetings.* Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, or hand delivering a copy of such notice, at least ten (10) days (but not more than ninety (90) days) before such meeting to each Member entitled to vote thereat, addressed to the Member’s address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. All meetings of the Members shall be held at places and times convenient to the greatest number of Members.

Section 3.4. *Quorum.* The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes of each class of Members shall