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QUEEN ANNE'S COUNTY

ELLENDALE NEIGHBORHOOD ASSOCIATION, INC.
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS and RESTRICTIONS is made this 14th day of MARCH, 2008, by Reliable Development Company LLC, a Maryland limited liability company having an address 1 Churchview Road, Millersville, Maryland 21108 ("**Declarant**").

RECITALS

A. The Declarant is the owner of the land (the "**Land**") located in the Fourth Election District of Queen Anne's County, Maryland (the "**County**"), as shown on the plats entitled, "FINAL PLAT FOR 'ELLENDALE'" recorded among the Land Records of Queen Anne's County, Maryland ("**Land Records**") at SM 38, Folio 46A-P, as the same may be amended from time to time ("**Neighborhood Plat**").

B. It is the intention of the Declarant to develop the Land as a residential community, and to insure therefor a uniform plan and scheme of development, and unto that end the Declarant has adopted, imposed and subjected the property hereinafter described to certain covenants, conditions, restrictions, easements, charges and liens (collectively, the "**Covenants**"), as set forth herein for the following purposes:

(1) To insure uniformity in the development of the Lots (as hereinafter defined) in the Neighborhood (as hereinafter defined).

(2) To facilitate the sale by the Declarant, its successors and assigns, of the land in the Neighborhood by reason of its ability to assure such purchasers of uniformity.

(3) To make certain that the Covenants shall apply uniformly to all Lots for the mutual advantage of the Declarant, the Owners and any Mortgagee (as such capitalized terms are defined herein) and to all those who may in the future claim title through any of the above.

(4) To provide for the benefit of the Owners, the preservation of the value and amenities in the Neighborhood, and the maintenance of certain reserved open spaces and common areas, including but not limited to easements, charges and liens, herein below set forth, and for the creation of one or more associations to be delegated and assigned the powers of maintaining and administering the Common Areas (as hereinafter defined), and enforcing all applicable covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created; which association(s) shall be incorporated under the laws of the State of Maryland, as a nonprofit corporation, for the purpose of exercising the functions as aforesaid.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

THAT the Declarant does hereby establish and impose upon the Property (as hereinafter defined), the Covenants for the benefit of and to be observed and enforced by the Declarant, its successors and assigns, as well as by all purchasers of Lots, to wit:

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ARTICLE 1
DEFINITIONS

The following words when used in this Declaration (unless the context otherwise requires) shall have the following meanings:

- 1.1. **"Builder"** means any person or entity, which shall, in the ordinary course of such person's business, construct a dwelling on a Lot and sell or lease it to another person to occupy as such person's residence.
- 1.2. **"Code"** means the Annotated Code of Maryland, as hereafter amended.
- 1.3. **"Common Areas"** means those areas of land, and any improvements located or to be located thereon, intended to be devoted to the common use and enjoyment of the Owners of the Lots and any other real property or other facilities which the Association owns and/or in which the Association acquires a right of use for the benefit of the Association and its members, saving and excepting, however, so much of the Property previously conveyed or which may be conveyed to Queen Anne's County, if any. The Common Areas, if any, may include: private alleys; sidewalks and/or walking paths and related facilities (i.e., a gazebo); entrance features and related stonework and fencing; the areas marked for or as open space, bioretention areas and/or community parcels; the community center, two pools and the adjacent common parking area; the buffers, stormwater facilities, areas and ponds, and any and all other common facilities shown on the Neighborhood Plat and/or the Neighborhood Plan, as amended. In addition, Declarant reserves the right, from time to time, to designate Common Areas by the recording of an amendment to this Declaration. All said Common Areas shall be subject to the terms of this Declaration, as well as any and all easements and/or rights of way previously granted by the Declarant or its predecessors in title.
- 1.4. **"Deannex", "deannex" and/or "deannexation"** means the act of subtracting, removing and/or detaching any portion of the Property from the Neighborhood, making it no longer subject to the covenants, conditions and restrictions set forth in this Neighborhood Declaration.
- 1.5. **"Declarant"** means Reliable Development LLC, a Maryland limited liability company, and its successors and assigns to whom it may expressly (a) convey or otherwise transfer all right, title and interest in the Property as an entirety, without reservation of any kind; or (b) transfer, set over and assign all right, title and interest under this Declaration, or any amendment or modification thereof, as Declarant.
- 1.6. **"Development Period"** means the time commencing on the date of recordation of this Declaration among the Land Records and ending on the date the last Lot is conveyed by the Declarant or a Builder to a Class A member.
- 1.7. **"House Lot"** means any Lot subject to this Declaration which has or will have constructed upon it a House dwelling. According to the Neighborhood Plat, which may be amended from time to time, the Neighborhood shall include a maximum of 106 House Lots, provided that all such House Lots and the Phases of which they are a part are annexed into a

homeowners association within the Neighborhood.

1.8. **"Lot"** and/or **"Lots"** means those portions of the Property that are subdivided parcels of land shown and defined as lots or plots of ground (exclusive of the Common Areas) and designated by numerals on the Neighborhood Plan or any Lot intended for residential use on which a single family attached dwelling or a single family detached dwelling is proposed to be constructed. A "Lot" includes all House Lots and Townhouse Lots.

1.9. **"Majority of the Board"** means the vote of a majority of the directors on the Neighborhood Board present in person or by proxy at a meeting at which a quorum is present.

1.10. **"Majority of the Owners"** means the vote of the Owners present in person or by proxy and voting representing 51% of the votes at that meeting, unless the question is one upon which, by express provision of the Maryland Homeowners Association Act, this Declaration or the Neighborhood By-Laws, a different vote is required, in which case such express provision shall govern and control. No Owner shall be eligible to vote at any annual or special meeting of the Owners if the Neighborhood Association has recorded a Statement of Lien against said Owner's Lot and the amount necessary to release the lien has not been paid at the time of the meeting.

1.11. **"Maryland Condominium Act"** means Title 11 of the Real Property Article of the Annotated Code of Maryland (2003 Repl. Vol.), as the same may be amended.

1.12. **"Maryland Homeowners Association Act"** means Title 11B of the Real Property Article of the Annotated Code of Maryland (2003 Repl. Vol.), as the same may be amended.

1.13. **"Mortgage"** means any mortgage or deed of trust encumbering any Lot or any or all of the Common Areas, and any other security interest existing by virtue of any other form of security instrument or arrangement, provided that such mortgage, deed of trust or other form of security instrument, and an instrument evidencing any such other form of security arrangement, has been recorded among the Land Records.

1.14. **"Mortgagee"** means the person secured by a Mortgage.

1.15. **"Neighborhood"** means all of the land hereby made subject to this Declaration by an instrument in writing, duly executed and recorded among the Land Records and any Additional Property (as hereinafter defined) that may hereafter expressly be made subject to this Declaration by an instrument in writing, duly executed and recorded among the Land Records.

1.16. **"Neighborhood Association"** means Ellendale Neighborhood Association, Inc., a Maryland non-stock corporation, and its successors, having an address of 165 Log Canoe Circle, Suite B, Stevensville, Maryland 21666.

1.17. **"Neighborhood Board"** means the board of directors of the Neighborhood Association, who are charged with the government and administration of the affairs of the Neighborhood Association.

1.18. **"Neighborhood Declaration"** means this declaration of covenants, conditions and restrictions, as the same may be amended from time to time.

1.19. **"Neighborhood Documents"** means this Neighborhood Declaration, the articles of incorporation for the Neighborhood Association, the Neighborhood By-Laws, and the Neighborhood Plat and the Neighborhood Plan, as the same may amended from time to time.

1.20. **"Neighborhood Plan"** means that site development plan entitled "Ellendale", dated 3/1/07, and recorded among the Land Records, as the same may be amended.

1.21. **"Owner"** means and includes the person, firm, corporation, trustee, or legal entity, or the combination thereof, including contract sellers, holding the fee simple record title to a Lot, as said Lot is now or may from time to time hereafter be created or established, either in his, her, or its own name, as joint tenants, tenants in common, tenants by the entireties, or tenants in copartnership, if the Lot is held in such real property tenancy or partnership relationship. If more than one (1) person, firm, corporation, trustee, or other legal entity, or any combination thereof, hold the record title to any one (1) Lot, whether it is in a real property tenancy, or partnership relationship, or otherwise, all of the same, as a unit, shall be deemed a single Owner and shall be or become a single member of the Association by virtue of ownership of such Lot. The term "Owner," however, shall not mean, refer to or include any contract purchaser, nor the owner of any redeemable ground rent issuing out of any Lot (but shall instead mean the holder of the leasehold interest that is subject to redemption under Title 8 of the Real Property Article, Annotated Code of Maryland), nor shall it include a Mortgagee.

1.22. **"Property"** means all of the real property described in Exhibit "A" attached hereto, and any additional land at such time as it is hereafter expressly made subject to this Declaration by an instrument in writing, duly executed and recorded among the Land Records.

1.23. **"Proportionate Share"** or "proportionate share" means an Owner's pro-rata share of the responsibility for payment of common expenses and share in common surplus, including without limitation insurance proceeds and other awards or settlements. Each Owner's proportionate share in the common expenses for the Common Areas and share in the common surplus shall be an identical number which is determined by dividing the number "one" by the total number of Lots then in the Neighborhood.

1.24. **"Statement of Lien"** has the meaning given to it pursuant to Subtitle 2, Section 14-201 *et seq.* of the Real Property Article of the Annotated Code of Maryland (2003 Repl. Vol.), as the same may be amended (the **"Maryland Contract Lien Act"**).

1.25. **"Structure"** means any thing or device the placement of which upon the Property (or any part thereof) may affect the appearance of the Property (or any part thereof) including, by way of illustration and not limitation, any building, trailer, garage, porch, shed, greenhouse, bathhouse, coop or cage, covered or uncovered patio, clothesline, radio, television or other antenna or "dish", fence, sign, curbing, paving, wall, roadway, walkway, exterior light, landscape, hedge, trees, shrubbery, planting, signboard or any temporary or permanent living quarters (including any house trailer), or any other temporary or permanent improvement made to the Property or any part thereof. "Structure" shall also mean (i) any excavation, fill, ditch,

diversion, dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across the Property, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across the Property, and (ii) any change in the grade of the Property (or any part thereof) of more than six (6) inches from that existing at the time of first ownership by a Owner hereunder other than the Declarant.

1.26. **"Townhouse Lot"** means any Lot subject to this Declaration which has or will have constructed upon it a townhouse dwelling, including the ground area under which the townhouse dwelling will be constructed. According to the Neighborhood Plan, which may be amended from time to time, the Neighborhood shall include a maximum of 174 Townhouse Lots, provided that all such Townhouse Lots and the Phases of which they are a part are annexed into a condominium regime within the Neighborhood.

ARTICLE 2 COMPOSITION OF NEIGHBORHOOD

2.1. Generally. Subject in all respects to the Neighborhood Documents, the Neighborhood is or may hereafter by subdivided pursuant to all applicable subdivision laws and, where applicable, the Maryland Condominium Act, into Lots (consisting of House Lots and Townhouse Lots) and Common Areas. Under the Maryland Homeowners Association Act, House Lots, common areas and/or public roads may hereafter be subjected to a declaration and thereby become an homeowners association development. The Neighborhood Site Development Plan contemplates as of the date hereof that there may be up to 106 House Lots in the Neighborhood. Under the Maryland Condominium Act, multifamily parcels and Townhouse Lots may be subjected to a condominium declaration and thereby become a condominium consisting of condominium units and common elements. Each such condominium unit is intended to contain a single townhouse dwelling. The Neighborhood Site Development Plan contemplates as of the date hereof that there may be a maximum of 174 Townhouse Lots in the Neighborhood. All roads shall consist of each part of the Neighborhood owned by or dedicated to, and used or intended for use as a public road by the County, the State or Maryland or another governmental or quasi-governmental entity have jurisdiction over the Neighborhood. The roads in the Neighborhood which are now or are intended to be dedicated for public use are listed in Exhibit "B".

2.2. Encumbrance by Condominium Declaration or Homeowners Association Declaration. No part of the Neighborhood shall be encumbered by a condominium declaration or a homeowners association declaration unless the following conditions are met:

2.2.1. Creating Condominium. Where a condominium is being created, its condominium declaration shall be signed by each Person (including each, if any, mortgagee) required for it to be effective under, and meet the requirements of, the Maryland Condominium Act.

2.2.2. Creating Homeowners Association Development. Where a homeowners association development is being created, its homeowners association declaration shall be signed by each Person (including each, if any, mortgagee) holding the record or beneficial title to any real property to be encumbered thereby, and meet any other requirement of the Maryland

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Homeowners Association Act and other law, and all House Lots, common areas, road or other subdivided parcels to be encumbered thereby shall be shown on the Neighborhood Plat and the Neighborhood Plan when such homeowners association declaration is recorded among the Land Records.

2.3. Expanding Existing Condominium or Homeowners Association Declaration. Where an existing condominium or homeowners association development is to be expanded by subjecting another part of the Property to its respective declaration, the amendment or supplement thereto accomplishing such expansion shall meet the requirements applicable to its original declaration set forth in this Article 2. Nothing in the Neighborhood Documents shall be deemed to impose any limit on the time during which a condominium or homeowners association development may be so expanded, so long as such action is permitted by the Maryland Condominium Act or Maryland Homeowners Association Act, respectively, or other applicable law.

2.4. Conflicts between Neighborhood Documents and Condominium or Homeowners Association Documents. If a conflict exists between a term of this Neighborhood Declaration and either a condominium declaration or document or a homeowners association declaration or document, this Neighborhood Declaration shall control to the extent necessary to eliminate the conflict. Subject to the foregoing, and except where expressly prohibited by this Neighborhood Declaration, nothing herein shall prohibit a condominium or homeowners association document from having terms more restrictive than those of this Neighborhood Declaration.

ARTICLE 3 ARCHITECTURAL REVIEW

3.1. Administration; Architectural Review Committee. The Architectural Review Committee (the "**Architectural Review Committee**"), whose members shall be appointed by the Declarant during the Development Period and thereafter by Neighborhood Board, shall have all the rights, powers and duties granted to it pursuant to this Declaration. The Architectural Review Committee shall at all times be comprised of at least three (3) members. At any time, or from time to time, during the Development Period, the initial members of the Architectural Review Committee may be replaced for any reason (including death or resignation) with other individuals selected by the Declarant in its sole discretion. The initial members of the Architectural Review Committee are John Dixon, Michael Baldwin and Joseph Baldwin. All questions shall be decided by a majority of the members of the Architectural Review Committee, and such majority shall be necessary and sufficient to act in each instance and on all matters. Each member of the Architectural Review Committee, now or hereafter appointed, shall act without compensation for services performed pursuant to this Declaration. The Declarant hereby grants to the Architectural Review Committee, its successors and assigns, the right to establish architectural design criteria for the Neighborhood (the "**Design Guidelines**") and rules and regulations pertaining to the use of the Lots, which shall be made available to all members.

3.2. Architectural Review.

3.2.1. No Structure (other than construction or development by, for or under contract with Declarant and any Builder) shall be constructed on any Lot nor shall any addition

(including awnings and screens), change, or alteration therein or thereto (including any re-treatment by painting or otherwise of any exterior part thereof unless the original color and material are used) (collectively, "Alterations") be made to the exterior of any Structure and/or contour of any Lot, nor shall any work be commenced or performed which may result in a change of the exterior appearance of any Structure until the plans and specifications, showing the nature, kind, shape, dimensions, material, floor plans, color scheme, location, proposed topographical changes, the proposed construction schedule, and a designation of the party or parties to perform the work, have been submitted to and approved in writing by the Architectural Review Committee, its successors and assigns, and until all necessary permits and any other governmental or quasi-governmental approvals have been obtained. The approval of the Architectural Review Committee of any Structure or Alterations shall in no way be deemed to relieve the Owner of any Lot from its obligation to obtain any and all permits and approvals necessary for such Structure or Alterations.

3.2.2. The Architectural Review Committee shall consider applications for approval of plans and specifications upon the basis of conformity with this Declaration, applicable law and the design guidelines, if any, and shall be guided by the extent to which such proposal will insure conformity and harmony in exterior design and appearance, based upon, among other things, the following factors: the quality of workmanship; nature and durability of materials; harmony of external design with existing structures; choice of colors; changes in topography, grade elevations and/or drainage; the ability of the party or parties designated by the Owner to complete the Structure or Alterations proposed in accordance with this Declaration, including, without limiting the foregoing, factors of public health and safety; the effect of the proposed Structure or Alterations on the use, enjoyment and value of other neighboring properties, and/or on the outlook or view from adjacent or neighboring properties; and the suitability of the proposed Structure or Alterations with the general aesthetic appearance of the surrounding area. All applications submitted to the Architectural Review Committee shall be accompanied by a processing fee of \$15 or such other amount as may be determined by the Neighborhood Board.

3.2.3. The Architectural Review Committee shall have the right to refuse to approve any such plans or specifications, including grading and location plans, which are not suitable or desirable in its opinion, for aesthetic or other considerations. Written requests for approval, accompanied by the foregoing described plans and specifications or other specifications and information as may be required by the Architectural Review Committee from time to time shall be submitted to the Architectural Review Committee by registered or certified mail or in person. The Architectural Review Committee shall approve or disapprove any plans within 45 days of receipt thereof. All approvals must be in writing. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural Review Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance. The Architectural Review Committee shall have the right to charge a reasonable processing fee for such requests, which shall be retained by the Association and not the Architectural Review Committee.

3.2.4. Construction of Alterations in accordance with plans and specifications approved by the Architectural Review Committee pursuant to the provisions of this Article 3

shall be commenced within three (3) months following the date of approval and completed within six (6) months of commencement of the Alterations, or within such other period as the Architectural Review Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Architectural Review Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. After construction, all Structures and Alterations shall be maintained continuously in strict conformity with the plans and specifications so approved and all applicable laws.

3.2.5. If any Structure is altered, erected, placed or maintained on any Lot other than in accordance with approved plans and specifications therefor and applicable law, such action shall be deemed to be a violation of the provisions of this Declaration and, promptly after the Association gives written notice thereof to its Owner, such Structure shall be removed or restored to its condition prior to such action, and such use shall cease, so as to terminate such violation. If within thirty (30) days after having been given such notice, such Owner has not taken reasonable steps to terminate such violation, any agent of the Association may enter upon such Lot and take such steps as are reasonably necessary to terminate such violation. Such Owner shall be personally liable to the Association for the cost thereof, to the same extent as he is liable for an assessment levied against such Lot, and, upon the failure of the Owner to pay such cost within ten (10) days after such Owner's receipt of written demand therefor from the Association, the Association may establish a lien therefor upon such Lot in accordance with and subject to the provisions of this Declaration applicable to an assessment lien.

3.2.6. Any member of the Architectural Review Committee, upon the report of a violation of the provisions of this Declaration, and after the Association or the Architectural Review Committee gives written notice thereof to the Owner of the applicable Lot, at any reasonable time, may enter upon and inspect any Lot and the exterior of any Structure thereon to ascertain whether the maintenance, construction or alteration of such Structure or Alteration are in accordance with the provisions hereof.

3.2.7. Upon completion of construction of any Structure or Alteration in accordance with the provisions hereof, the Architectural Review Committee, upon request of the applicant shall issue a Certificate of Compliance ("**Certificate**") identifying such Structure and the Lot on which such Structure is placed, and stating that the Structure has been completed pursuant to the terms hereof. The Certificate shall be retained in the records of the Association. Any Certificate issued pursuant hereto shall be prima facie evidence of the facts therein stated, and as to any title insurer.

3.2.8. Consent from the Architectural Review Committee in no way implies that any zoning regulations and the like shall be deemed satisfied. Compliance with any zoning regulations, laws, etc. shall be the sole responsibility of the Owner.

3.2.9. Delegation of Authority to Condominium or Homeowners Association Development. The Neighborhood Association may (but only upon the Declarant's prior written consent if during the Development Period) delegate to a condominium regime or homeowners association the exclusive or nonexclusive rights to exercise some or all powers which the Architectural Review Committee holds under this Article 3 ("**Delegated Powers**"). Such

delegation shall be revocable at any time by the Neighborhood Association without notice (but only upon the Declarant's prior written consent if during the Development Period).

ARTICLE 4
COVENANTS, CONDITIONS AND RESTRICTIONS

4.1. Land Use.

4.1.1. Uses Prohibited Absolutely. Subject to the operation and effect of the provisions of Section 4.1.2. ,

(a) No Lot shall be devoted to a principal use other than a residential use, and no Structure shall be used other than for residential purposes, and no trade, business, professional or industrial use of any kind or character shall be permitted, operated or maintained on any lot or structure thereon. This restriction is not meant to preclude use of a space within a Structure on a Lot as a home office in support of an off-premises business that does not cause intrusion on the properties and does not involve any employees (other than the Owner) or business traffic at the site.

(b) No Lot may contain more than one residential Structure at any time (which Structure may not constitute more than one dwelling and may not be used as a residence at any one time by more than one family).

(c) No Lot or Structure may be used for transient or hotel purposes.

(d) No pool may be built upon or within any Lot.

(e) Except as specifically permitted by applicable governmental regulations, no exterior antennas of any type, including, but not limited to, satellite dishes for reception or transmission, may be erected or maintained within the Neighborhood Association; provided, however, that satellite dishes not in excess of one (1) meter in diameter are permitted. The Architectural Review Committee may impose reasonable rules and regulations regarding the location and screening of any such satellite dish, subject to applicable governmental regulations. Antennas situated entirely within a Lot, and not visible from the exterior, are permitted.

(f) No Structure may be used as a "family day care home" as defined in Section 11B-111.1 of the Maryland Homeowners Association Act.

(g) No trailer, tent, recreational vehicle, outbuilding or structure of a temporary nature shall be used as a residence, and no trailer, recreational vehicle, boat or unused vehicle or equipment shall be parked for a prolonged period or stored on any Lot or Common Area.

(h) No commercial or business type vehicle or equipment shall be parked on any Lot or Common Area except when such vehicle or equipment is performing work on a Structure or is making a delivery.

(i) No hazardous substances or wastes, or toxic substances or wastes,

as defined now or in the future under Federal or State laws or regulations, shall be disposed of or used on any Lots or Common Areas, or through any sanitary or storm sewerage system within the Lots. Storage, use, disposal, and transportation of hazardous or toxic wastes to or from any Lot or Common Areas shall comply with all applicable federal, State or local laws and regulations. If any Owner violates this paragraph, such Owner shall indemnify, defend, and save harmless every other Owner and the Association, from any claim, charge, or cause of action by the Association or any other Owner or any governmental authority for violation of any Federal, State or local laws or regulations relating to the storage, use, disposal and transportation of toxic or hazardous substances or wastes including, but not limited to, attorneys' fees and costs to remove such hazardous substances or wastes, and any and all fines or penalties levied or imposed by any governmental authority.

(j) No grading, landscaping, excavation or driveway shall be constructed on any Lot in a manner that burdens, damages or interferes.

(k) New plantings on any Common Area, except as coordinated and performed or approved by the Association, are prohibited. Additionally, Owners may display flowering plants in freestanding, conventional flower pots on the front porch, balcony or front walk of a Lot, but only in a manner that does not burden, damage or interfere and is in keeping with the general harmony and character of the structures in the Neighborhood.

(l) All restrictions provided for herein shall be in addition to any restrictions contained in County ordinances, rules or regulations, and in all events in the case of conflict between such rules and regulations and the restrictions provided for herein, the most stringent of the two shall apply.

(m) No articles that in the sole and unfettered opinion of the Association, detract from the general harmony and character of the structures in the Neighborhood shall be placed, in or on, balconies, patios, porches, driveways, parking areas, exterior doors, windows, window sills or other exterior areas. Permissible articles are furniture on the balcony or patio, neatly stacked firewood on the patio and a brass knocker that matches the brass kick plate on the front door.

(n) All exterior areas of each Structure shall be kept clean, neat and in proper repair. Such exterior areas and all Common Areas are not to be used for general storage.

(o) No bicycles, scooters, baby carriages or similar vehicle or toys or other personal articles shall be allowed to stand overnight in any of the Common Areas.

(p) No window guards shall be used in or about any Structure. No sign (including a "For Sale" sign), notice advertisement or illuminated message shall be exposed in any window or attached to the exterior of any Structure or located on any other portion of a Lot, except as permitted by the Association or the appropriate town or County ordinances.

(q) Shades, blinds, drapes and other window dressings shall present a white or off-white exterior appearance that does not detract from the general harmony and character of the structures in the Neighborhood.

(r) Each Owner will facilitate the removal of snow from the roads by removing his vehicles from such roads or locating the same so that the roads may be cleared in the most expeditious manner.

(s) No electrically amplified sounds shall be directed from any window, balcony or exterior portion of any Structure on any Lot at a noise level which interferes with the peaceful enjoyment of other Owners. Similar consideration and restraint will be exercised with regard to the noise level within any Structure.

(t) No motor vehicle or motorcycle with a modified or faulty muffler or exhaust system shall enter or be maintained on the Lots.

(u) No fireworks, firecrackers or similar pyrotechnics shall be permitted on the Lots.

(v) No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that two (2) or fewer dogs, cats or other domesticated household pets may be kept, provided that they are not kept, bred or maintained for any commercial purposes and provided that not more than two (2) pets in the aggregate may be kept on any Lot.

(w) No exterior clothes dryer, outdoor clothes pole or similar equipment shall be erected, installed or maintained on any Lot, nor shall articles of clothing, bedding, or similar items be hung outside.

(x) No Structure, landscaping, shrubbery or any other obstruction shall be placed on any Lot so as to block the clear view of traffic on any streets, nor shall any planting be done on any corner Lots closer than twenty (20) feet from either street line that will exceed three (3) feet in height (except shade trees which shall be trimmed so that a clear view may be maintained to the height of eight (8) feet).

(y) The area within the front of a dwelling shall be kept only as a lawn for ornamental or decorative planting of grass, trees and shrubbery and for no other purpose.

4.1.2. Nothing in the provisions of this Declaration shall be deemed in any way to prohibit:

(a) the use by the Declarant, any Builder, and their respective agents, employees, officers, contractors and invitees, of the improvements on each Lot of which the Declarant or such Builder is then the Owner (1) as offices or as speculative or sample dwellings in connection with its development, construction, replacement, repair, maintenance, marketing, sale or leasing of any Lot (including the placement of signs advertising the same), or (2) in any other manner; or

(b) provided that in each instance of such use the Architectural Review Committee has approved the same in the manner set forth in the provisions of Section 3.2. , the maintenance and operation of a church, school, library, playground, park, swimming pool, tennis, squash, racquetball or similar facility, open space and any related structure, if owned and operated by the Association or any nonprofit entity or governmental body.

4.2. Neat Appearance. Except for those items to be maintained by the Neighborhood Association under this Declaration, Owners shall, at all times, maintain their Lots and all appurtenances thereto in good repair and in a state of neat appearance, including but not limited to, the seeding, watering and mowing of all lawns and yards, keeping all leadwalks, driveways and sidewalks adjacent to each Owner's Lot, if any, neat, clean and in good repair, and free of ice and snow, the pruning and cutting of all trees and shrubbery and the painting (or other appropriate external care) of all Structures on the Lot, all in a manner and with such frequency as is consistent with good property management and maintenance. If, in the opinion of the Architectural Review Committee, any Owner fails to perform the duties imposed hereunder, the Neighborhood Association, on affirmative action of a Majority of the Board, after fifteen (15) days written notice to such Owner to remedy the condition in question, and upon failure of the Owner to remedy the condition, shall have the right (but not the obligation), through its agents and employees, to enter upon the Lot in question and to repair, maintain, repaint and restore the Lot and the improvements or Structures thereon, and the cost thereof shall be a binding, personal obligation of such Owner, as an additional assessment on the Lot.

4.3. Nuisances. In addition to the terms set forth in Section 2.3, no noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done or placed thereon which may become an annoyance or nuisance to the neighborhood or any adjoining property owners. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such properly maintained and operated 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 Structure constructed upon any Lot. No snowmobiles, go-carts, motorbikes, trail bikes, other loud-engine recreational vehicles or skateboard ramps shall be run or operated upon any Lot or upon any roadways serving the Property, which create an annoyance or nuisance to the Neighborhood.

4.4. Lease Agreements. The minimum term of all lease agreements shall be six (6) months. All lease agreements shall be in writing and shall state that the lease agreement shall be subject to this Declaration. For the purpose of this Section 4.4. , the term "lease agreements" shall include, without limitation, any leases, subleases, assignments and all other agreements pertaining to the use and occupancy of any Lot or any Structure located thereon. Owners who do not reside on their Lot must provide current addresses and phone numbers to the Neighborhood Association. Additionally, Owners must provide the Neighborhood Association with copies of all lease agreements.

4.5. Trash and Other Materials. No lumber, metals, bulk materials, refuse or trash shall be kept, stored or allowed to accumulate on any Lot. No burning of trash shall be permitted on any Lot. If trash or other refuse is to be disposed of by being picked up and carried away on a regular and recurring basis, containers may be placed in the open in accordance with local law or on any day that a pick-up is to be made at such place on the Lot as to provide access to persons making such pick-up. At all other times such containers shall be stored in such a manner so as not to be visible from the roadway or the other Lots or Common Areas. Trash shall be disposed of in hard rubber or plastic containers covered with a lid.

4.6. Non-Interference with Utilities. 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 change, obstruct or retard direction or flow of any drainage channels. No poles and wires for the transmission of electricity, telephone and the like shall be placed or maintained above the surface of the ground on any Lot.

4.7. Tree Removal. No Owner shall have the right to remove any of the healthy growing trees over one (1) inch in diameter located on any of the Lots within the Property except upon Architectural Review Committee approval.

4.8. Distribution of Written Materials. Prior to the time the Owners (excluding the Declarant and any Builder), have a majority of votes in the Neighborhood Association (as determined under the provisions of this Declaration), no Owner may distribute any written information or materials regarding the operation of or matters relating to the operation of the Neighborhood Association in any manner or place other than that which the Neighborhood Board approves for the distribution of written information or materials. From and after the date that the Owners (excluding the Declarant and any Builder) have a majority of the votes pursuant to this Declaration, Neighborhood Board may regulate the time of distribution and any other restrictions which are permissible under local, state or other applicable law.

4.9. Meetings of Owners. Subject to reasonable rules adopted by Neighborhood Board, Owners may meet for the purpose of considering and discussing the operation of and matters relating to the operation of the Neighborhood Association in any Common Areas or in any building or facility in the Common Areas that Neighborhood Board uses for scheduled meetings, if any; provided, however, that this provision does not apply to any meeting of the Owners occurring at any time before the Owners, other than Declarant, have a majority of the votes in the Neighborhood Association, as provided herein.

ARTICLE 5 PROPERTY SUBJECT TO THIS DECLARATION; ANNEXATION AND DEANNEXATION

5.1. Property. The real property which is, and shall be, transferred, held, sold, conveyed and occupied subject to this Declaration is located in the Neighborhood, and is described on Exhibit "A" attached hereto, all of which real property is referred to herein as the "**Property**".

5.2. Additions to Property.

5.2.1. The Declarant, its successors and assigns, shall have the right for ten (10) years from the date hereof to bring within the scheme of this Declaration additional property within the Neighborhood (the "**Additional Property**"), without the consent of the Class A members of the Neighborhood Association provided that the annexation is in accordance with the general plan heretofore approved. The general plan of development is shown on the Neighborhood Plat and the Neighborhood Plan, but shall not bind the Declarant, its successors or assigns, to make the proposed additions, or to adhere to the plan in any subsequent development of the land shown thereon.

5.2.2. The additions authorized under this subsection shall be made by filing a

supplemental or amended declaration of record with respect to the Additional Property which shall extend the scheme of the Declaration to such Additional Property, and which Additional Property shall thereupon become part of the Property. Upon the filing of any supplemental declaration, Owners of Additional Property shall be subject to the same obligations and entitled to the same privileges as apply to the Owners of the Property. Such supplemental declaration may contain such complementary additions and modifications to the Declaration as may be necessary to reflect the different character, if any, of the Additional Property not inconsistent with the scheme of this Declaration.

5.3. Deannexation.

5.3.1. Provided there is a Class B member, the Declarant may deannex any property (excluding, however, any Common Areas conveyed to the Neighborhood Association by the Declarant) from the Property for a period of 10 years from the date of recordation of this Declaration. Such deannexed property shall no longer be subject to the covenants and restrictions of this Declaration except for any easements, rights, reservations, exemptions, power or privileges reserved to the Declarant pursuant to this Declaration which burden the deannexed property for the benefit of any property which is subject to the Declaration. 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.

5.3.2. So long as any Lot is encumbered by a deed of trust or mortgage which is guaranteed by the Federal Housing Administration and/or Veterans Administration, as the case may be, no deannexation shall be made pursuant to this Section, or otherwise, except following a determination by the Federal Housing Administration and/or Veterans Administration, that the deannexation is not contrary to a general plan for the development of the Property previously approved by the Federal Housing Administration and/or Veterans Administration, or, if no such general plan was approved by the Federal Housing Administration and/or Veterans Administration, except following the prior written approval of the Federal Housing Administration and/or Veterans Administration.

ARTICLE 6

MEMBERSHIP AND VOTING RIGHTS IN THE NEIGHBORHOOD ASSOCIATION

6.1. Membership. Every Owner of a Lot that is subject to assessment shall become and be a member of the Neighborhood Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment.

6.2. Classes of Membership.

6.2.1. The Neighborhood Association shall have two (2) classes of voting membership:

(a) Class A member: Except for the Declarant, who shall initially be a Class B member, the Class A members shall be all Owners holding title to one (1) or more Lots;

provided, however, that any Mortgagee or any other person or entity who holds such interest solely as security for performance of an obligation shall not be a Class A member solely on account of such interest. Each Class A member shall be entitled to one (1) vote per Lot, for each Lot owned by it, in all proceedings in which action shall be taken by members of the Neighborhood Association.

(b) Class B member. The Class B member shall be the Declarant. The Class B member shall be entitled to eight hundred forty (840) votes per Lot for each Lot owned in all proceedings in which actions shall be taken by members of the Neighborhood Association.

If more than one (1) person, firm, corporation, trustee, or other legal entity, or any combination thereof, holds the record title to any Lot, all of the same, as a unit, and not otherwise, shall be deemed a single member of the Neighborhood Association. The vote of any member comprised of two (2) or more persons, firms, corporation, trustees, or other legal entities, or any other combination thereof, shall be cast in the manner provided for in the Neighborhood Association's articles of incorporation and/or Neighborhood By-laws, or as the several constituents may determine, but in no event shall all such constituents cast more than one (1) vote per Lot for each Lot owned by them.

6.3. Condominium and Homeowners Association Delegates. Except where this Neighborhood Declaration or the other Neighborhood Documents expressly provide that votes may be cast personally by Owners, votes may be cast only by the condominium and neighborhood association delegates (each, a "Delegate"). For each condominium and homeowners association development, the Delegate shall be the president of the condominium's council of unit owners or the president of the homeowners association's board of directors, respectively; provided, however, that whenever the president is unable to perform his or her duties as Delegate, the vice president shall act as the Delegate in the president's place.

6.4. Conversion. The Class B membership in the Neighborhood Association shall cease and be converted to Class A membership in the Neighborhood Association, upon the earlier to occur of (i) December 31, 2023; or (ii) at such time as the total number of votes entitled to be cast by Class A members of the Neighborhood Association equals or exceeds the total number of votes entitled to be cast by the Class B member of the Neighborhood Association. If after such conversion Additional Property is made subject to the Declaration, then the Class B member shall be reinstated until December 31, 2024, or such earlier time as the total number of votes entitled to be cast by Class A members again equals or exceeds the total number of votes entitled to be cast by the Class B member. The Declarant and any Builder shall thereafter remain Class A members of the Neighborhood Association as to each and every Lot from time to time subject to the terms and provisions of this Declaration in which the Declarant and any Builder then holds the interest otherwise required for Class A membership.

ARTICLE 7 DECLARANT'S RESERVED RIGHTS AND OBLIGATIONS

7.1. Utility Easements. Easements with respect to sanitary sewer and water, cable television, electricity, gas and telephone lines and any other like facilities shall be governed by the following:

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7.1.1. The Owner of any Lot, or the Neighborhood Association, shall have the right, to the extent necessary, to enter upon or have a utility company enter upon any portion of the Property in which utility installations lie, in order to repair, replace and generally maintain said installations.

7.1.2. The right granted in Section 7.1.1 above shall be only to the extent necessary to entitle the Owner or the Neighborhood Association full and reasonable use and enjoyment of the utilities and provided further that anyone exercising said right shall be responsible for restoring the surface of the easement area to its prior condition.

7.1.3. A non-exclusive, perpetual, easement over the Property where utility routings are either known to exist or are planned for the installation and maintenance of electric, telephone, cable television, internet, water, gas, drainage, utility, sanitary sewer lines and facilities, pressure sewers and grinder pumps, and the like, is hereby reserved by Declarant and its successors and assigns, together with the right to grant and transfer the same during such time that Declarant or its successors and assigns is the Owner of the Property.

7.2. Development Easements.

7.2.1. Easements Reserved to the Declarant.

(a) Easement to Facilitate Development. The Declarant hereby reserves unto itself and its designees a non-exclusive blanket easement over and through the Property for all purposes reasonably related to the development and completion of improvements on the Property, including without limitation: (i) temporary slope and construction easements; (ii) drainage, erosion control and storm and sanitary sewer easements including the right to cut or remove trees, bushes or shrubbery, to regrade the soil and to take any similar actions reasonably necessary; provided, however, that thereafter the Declarant shall restore the affected area as near as practicable to its original condition; and (iii) easements for the construction, installation and upkeep of improvements (e.g., buildings, landscaping, street lights, signage, etc.) on the Property or reasonably necessary to serve the Property.

(b) Easement to Facilitate Sales. The Declarant hereby reserve unto itself and its designees the right to: (i) use any Lots owned or leased by the Declarant, and any other Lot with the written consent of the Owner thereof, as models, management offices, customer service offices or sales office parking areas; (ii) place and maintain in any location on the Common Areas and the storm water management area, and on any Lot, street and directional signs, temporary promotional signs, temporary construction and sales offices, plantings, street lights, entrance features, "theme area" signs, lighting, stone, wood or masonry walls or fences and other related signs and landscaping features; provided however, that all signs shall comply with applicable governmental regulations and the Declarant shall obtain the consent of the Owner of any affected Lot or of the Architectural Review Committee if the Owner does not consent; and (iii) relocate or remove all or any of the above from time to time at the Declarant's sole discretion.

(c) Landscaping Easement. The Declarant hereby reserves unto itself and its successors and assigns, an easement and the right to grant and reserve easements over and

through the Property for the purpose of construction, installation, irrigation and maintenance of landscaping features, including without limitation, plants, trees and earth berms and other earth contouring and signs which shall include access as necessary to perform such tasks. The Owner of a Lot burdened by such an easement shall not construct any improvements within the easement without the permission of the Declarant during the Development Period, or the Neighborhood Association, thereafter. Repair, replacement and maintenance of these easement areas by the Neighborhood Association shall be a common expense of the Neighborhood Association and shall not be assessed against the Lot burdened by the easement; provided, however, the Declarant or Neighborhood Association, as appropriate, may require the Owner of the Lot to perform ordinary lawn maintenance (e.g., mowing) over any easement area located on such Owner's Lot.

(d) Storm Water Management Easement. The Declarant hereby reserves unto itself and its successors and assigns an easement and the right to grant and reserve easements over and through the Property for the construction and upkeep of storm water management facilities, including storm water retention areas. The Declarant shall also have the right to allow adjacent properties to tie their storm water management facilities into the storm water management facilities for the Property; provided, however, that the Owners of such adjacent properties agree to bear a portion of the expense of upkeep for the storm water management facilities for the Property in such amount as may be deemed appropriate by the Declarant. To that end, the Declarant may enlarge or alter the storm water management ponds located on the Property.

(e) Relocation Easements. The Declarant hereby reserves unto itself the right to relocate, change or modify, from time to time, any and all streets, roadways and utility easements which may be located within the Common Areas and to create new streets, roadways and utility easements therein.

(f) Completion Easements and Rights of Declarant. In addition to the right of Declarant provided in this Declaration, Declarant further reserves unto itself, for itself and its successors and assigns, the right, notwithstanding any other provision of the Declaration, to use any and all portions of the Property, including any Common Areas which may have previously been conveyed to the Neighborhood Association, for all purposes necessary or appropriate to the full and final completion of construction of the Neighborhood. Specifically, none of the provisions of Article 3 concerning architectural control or use restrictions shall in any way apply to any aspect of the Declarant's development or construction activities and notwithstanding any provisions of this Declaration, none of the Declarant's construction activities or any other activities associated with the development, marketing, construction, sales management or administration of the Neighborhood shall be deemed noxious, offensive or a nuisance. The Declarant reserves the right for itself, and its respective successors and assigns, to store materials, construction debris and trash during the construction period on the Property without keeping same in containers.

(g) Grading Easements. Declarant expressly reserves unto itself the right at or after the time of grading of any street or to such other Lot or any part thereof for any purpose, to enter upon any abutting Lot and grade a portion of such Lot adjacent to such street, provided such grading does not materially interfere with the use or occupancy of a dwelling built

or to be built on such Lot, but said Declarant shall not be under any obligation or duty to do such grading or to maintain any slope.

7.2.2. Common Area Easements.

(a) Utilities. In addition those certain easements reserved unto Declarant pursuant Section 7.2.1 above, the Declarant hereby expressly reserves unto itself and hereby grants to any utility company, to whom the Declarant may grant, convey, transfer, set over and assign the same or any part thereof, the right to discharge surface water on and to lay, install, construct, and maintain, on, over, under or in those strips across land designated on the Neighborhood Plan as an easement area, or on, over, under or in any portion of any Common Areas and any Lots owned by the Declarant, any Builder or the Neighborhood Association, pipes, drains, mains, conduits, lines, and other facilities for water, storm sewer, sanitary sewer, gas, internet, electric, telephone, and other public utilities or quasi-public utilities deemed necessary or advisable to provide adequate service to any Lot now or hereafter laid out or established on the Property, or the area in which the same is located, together with the right and privilege of entering upon the Common Areas for such purposes and making openings and excavations therein, provided that same be corrected and the ground be restored and left in good condition.

(b) Sediment Control Ponds/Facilities. The Declarant hereby expressly reserves unto itself the right to continue to use and maintain any sediment control ponds or facilities located on any Common Areas.

(c) Maintenance Easements. Each Owner hereby grants an easement to the Neighborhood Association and its agents in order for the Neighborhood Association to perform any and all repair and maintenance of Lots which the Neighborhood Association is either required to perform hereunder or elects to perform pursuant to the provisions of this Declaration.

(d) Maintenance of Trees. Declarant shall have the right, but not the obligation, to enter onto any Lot within the Property even though said Lot has been transferred to an Owner to maintain, replace and/or plant trees in accordance with the Neighborhood Plat and the Neighborhood Plan. Declarant shall not be responsible for any other trees on any Lot within the Property except for those in accordance with the Neighborhood Plat and the Neighborhood Plan filed with the County, nor shall it be liable for any damages incurred in maintaining, replacing or planting of the trees.

(e) Further Assurances. Any and all conveyances made by the Declarant to the Neighborhood Association or any Owner shall be conclusively deemed to incorporate these reservations of rights and easements, whether or not set forth in such grants. Upon written request of the Declarant, the Neighborhood Association and each Owner shall from time to time execute, acknowledge and deliver to the Declarant such further assurances of these reservations of rights and easements as may be requested.

(f) Duration and Assignment of Development Rights. The Declarant may assign its rights under this Section to, or share such rights with, one or more other persons,

exclusively, simultaneously or consecutively. The rights and easements reserved by or granted to the Declarant pursuant to this shall continue for so long as the Declarant or its designees are engaged in development or sales, or activities related thereto, anywhere on the Property, unless specifically stated otherwise.

(g) Neighborhood Association Power to Make Dedications and Grant Easements. The Declarant, on behalf of itself and its successors and assigns, hereby also grants to the Neighborhood Association the rights, powers and easements reserved to the Declarant by Article 7 hereof. These rights, powers and easements may be exercised by the Neighborhood Association, subject to any other provisions herein; provided, however, that the limitations on duration applicable to the Declarant shall not apply to the Neighborhood Association. If the Declarant or any Owner requests the Neighborhood Association to exercise its powers under this Section, the Neighborhood Association's cooperation shall not be unreasonably withheld, conditioned or delayed.

7.3. Easement for Upkeep. The Declarant hereby reserves unto itself and hereby grants to the Neighborhood Association, the managing agent and any other persons authorized by Neighborhood Board, in the exercise and discharge of their respective powers and responsibilities, the right of access over and through any portion of the Property for purposes of upkeep of the Property, including, without limitation, the right to make inspections, correct any condition originating in a Lot or in the Common Areas threatening another Lot or the Common Areas, correct drainage, perform installations or upkeep of utilities, landscaping, retaining walls or other improvements located on the Property for which the Neighborhood Association is responsible for upkeep, or correct any condition which violates this Declaration. The agents, contractors, officers and directors of the Neighborhood Association may also enter any portion of the Property (excluding any improvement) in order to utilize or provide for the upkeep of the areas subject to easements granted in this Article to the Neighborhood Association. Each Owner shall be liable to the Neighborhood Association for the cost of all upkeep performed by the Neighborhood Association and rendered necessary by any act, neglect, carelessness or failure to comply with this Declaration for which such Owner is responsible pursuant to this Declaration, and the costs incurred by the Neighborhood Association shall be assessed against such Owner's Lot in accordance with Article 10 hereof.

7.4. Easement for Support. To the extent that any portion of the Property now or hereafter supports or contributes to the support of any other portion of the Property, the former is hereby burdened with an easement for the lateral and subjacent support of the latter.

7.5. Easement and Emergency Access. The Declarant, on behalf of itself and its successors and assigns, hereby reserves unto itself and grants an easement to: (1) all police, fire, ambulance and other rescue personnel over and through all or any portion of the Property for the lawful performance of their functions during emergencies; and (2) the Neighborhood Association, over and through all Lots, if emergency measures are required in any Lot to reduce a hazard thereto or to any other portion of the Property. The Neighborhood Association is hereby authorized but not obligated to take any such measures.

7.6. Easement for Use of Common Areas. The Declarant hereby reserves unto itself, for so long as the Declarant is engaged in development or sales, or activities related thereto

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anywhere on the Property or the Declarant is an Owner and to each Owner and each person lawfully occupying a Lot, a non-exclusive right and easement of use and enjoyment in common with others of the Common Areas. Such right and easement of use and enjoyment shall be appurtenant to each Lot, whether or not mentioned in the deed thereto. Any purported conveyance or other transfer of such rights and easements apart from the Lot to which such rights and easements are appurtenant shall be void.

7.7. Vehicle and Pedestrian Access. The Declarant hereby reserves unto itself, for so long as Declarant is engaged in development or sales, or activities related thereto anywhere on the Property, and hereby grants to each other Owner and each person lawfully occupying a Lot, a non-exclusive easement over all alleys, walks and paths on the Common Areas for the purpose of vehicular or pedestrian access, ingress and egress, as appropriate, to any portion of the Property to which such person has the right to go, subject to any Rules and Regulations promulgated by the Neighborhood Association pursuant to this Declaration. Any purported conveyance or other transfer of such rights and easements apart from the Lot to which such right and easement are appurtenant shall be void.

7.8. Limitations. The rights and easements of enjoyment created hereby shall be subject (in addition to any easements granted or reserved in this Declaration or pursuant to the Neighborhood Association's articles of incorporation and/or Neighborhood By-laws) to all rights and powers of the Declarant and the Neighborhood Association when exercised in accordance with the other applicable provisions of such documents, including without limitation the Neighborhood Association's right to regulate the use of the Common Areas, to grant easements across the Common Areas, to dedicate portions of the Common Areas and to mortgage the Common Areas subject to the provisions of this Declaration.

7.9. Sales Office, Etc. Nothing contained in this Declaration shall be construed to in any way limit the right of Declarant and any Builder, to use any Lot owned by Declarant for the purpose of a construction office, sales office, and/or for model and display purposes and for the carrying out of the above activities, and/or storage compound and parking lot for sales, marketing, and construction.

7.10. Forest Conservation, Forrest Buffer and Planting Buffer Areas. The Declarant, for itself, its successors and assigns, reserves a non-exclusive easement and right-of-way over any portion of the Neighborhood for the purpose of performing any activity related to forest conservation, forest buffer and/or planting buffer to perform reforestation, afforestation and any other activity which Declarant may deem desirable (collectively, the "**forest and planting activities**"). The foregoing reservation by Declarant shall specifically include the right of ingress and egress and to conduct forest and planting activities by Declarant (or any of its agents or employees) over any Lot in the Neighborhood, irrespective of whether or not the title to the Lot has been transferred to an Owner already residing on the Lot, and if ingress, egress and any forest and planting activities are conducted by Declaration over, on and across a lot, no prior notice to the Owner shall be required.

7.11. Lot Lines. The Declarant, for itself, its successors and assigns, reserves the right to alter, amend, and change any Lot lines or subdivision plat prior to transfer of any Lot pursuant to a subdivision or condominium plat recorded among the Land Records. In addition, Declarant

reserves the right to alter Lot lines between Lots owned by it at any time.

7.12. Neighborhood Plat and Neighborhood Plan Changes. No right shall be conferred upon any Owner or Member by the recording of any plat or plan relating to the scheme of development of the Property described herein to require the development of said Property in accordance with such plat. Declarant expressly reserves unto itself, the right to make such amendments to any such plat or plats as shall be advisable in its reasonable judgment and as shall be acceptable to public authorities having the right to approval thereof.

7.13. Dedication of Streets, Roadways and Utility Lines. Anything contained in any of the provisions of this Declaration to the contrary notwithstanding, the Declarant shall be entitled, at any time and from time to time during the Development Period, to dedicate or convey title to (a) any of the streets, roadways and accompanying sidewalks in the Neighborhood to the County or to any other governmental body or quasi-governmental body, and (b) any of the storm or sanitary sewers or drains, water mains, or other utility lines or facilities, which then form part of the Common Areas, to the County, any other governmental body, any metropolitan commission or any public utility company authorized to operate the same.

7.14. Party Walls. Each wall or fence, part of the thickness of which is on a Lot and the rest of the thickness is on a contiguous Lot, and which therefor is a party wall or party fence ("Party Wall"), shall be used as such by their Owners jointly with each other. Each such lot shall be benefited and burdened by an easement for the support and maintenance of such Party Wall. Except as is otherwise set forth below, the general rules of law regarding party walls and liability for property damage due to negligent or willful acts or omissions shall apply to each Party Wall. If a Party Wall is deliberately or negligently damaged or destroyed by the act or omission of the Owner or a tenant or resident of one (but not both) such Lots, its Owners shall promptly repair such Party Wall at its expense. If Party Wall is damaged or destroyed in another manner or otherwise requires maintenance, such Owners shall promptly repair it at their expense. If either surface of a Party Wall is exposed to the elements, the Owner of the Lot containing such surface shall at its expense promptly take all actions reasonably needed to protect it from the elements.

ARTICLE 8 COMMON AREAS

8.1. Grant of Common Areas. The Neighborhood Association shall take title to the Common Areas that is part of the Property free and clear of all encumbrances, except this Declaration. The Covenants are hereby imposed upon the Common Areas for the benefit of the Declarant, the Neighborhood Association and the Owners, and their respective personal representatives, successors and assigns, to the end and intent that the Neighborhood Association shall have and hold the said Common Areas subject to the reservations set forth in Article 7 hereof, and to the Covenants herein set forth.

8.2. Member's Right of Enjoyment. Every member of the Neighborhood Association shall have a non-exclusive right and easement for the use, benefit and enjoyment, in common with others, in and to the Common Areas and such non-exclusive right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the restrictions herein set

forth. If ingress or egress to any dwelling is through the Common Areas, any conveyance or encumbrance of such area is subject to such Owner's easement. Except as otherwise permitted by the provisions of this Declaration, the Common Areas shall be retained in its natural state, and no Structure or improvement of any kind shall be erected, placed or maintained thereon. Structures or improvements designed exclusively for Neighborhood use, such as shelters, benches, chairs or other seating facilities, fences and walls, walkways, playground equipment, game facilities, drainage and utility structures, grading and planting, may be erected, placed and maintained thereon for the use, comfort and enjoyment of the members of the Neighborhood Association, or the establishment, retention or preservation of the natural growth or topography of the area, or for aesthetic reasons. No portion of the Common Areas may be used exclusively by any Owner or Owners for personal vegetable gardens, storage facilities or other private uses.

8.3. Nuisance. No noxious or offensive activity shall be carried on upon the Common Areas nor shall anything be done thereon which will become an annoyance or nuisance to the Neighborhood.

8.4. Maintenance Obligations of the Neighborhood Association.

8.4.1. The Neighborhood Association shall improve, develop, supervise, manage, operate, examine, insure, inspect, care for, repair, replace, restore and maintain the Common Areas, together with any items of personal property placed or installed thereon, and any area dedicated to a public or governmental entity if such entity fails to properly maintain such area, as from time to time improved, all at its own cost and expense, and shall levy against each member of the Neighborhood Association a proportionate share of the aggregate cost and expense required for the care, maintenance and improvement of the foregoing described areas, which proportionate share shall be determined based on a ratio:

(a) as to House Lots, the number of House Lots owned by an Owner bears to the total number of House Lots, or

(b) as to Townhouse Lots, the number of Townhouse Lots owned by an Owner bears to the total number of Townhouse Lots,

then laid out or established on the Property. In addition to the foregoing, the Neighborhood Association shall perform all lawn care of the Common Areas, snow removal from the parking areas serving the Common Areas, snow removal of the driveways, leadwalks and sidewalks of the Townhouse Lots.

8.4.2. The Neighborhood Association may enter into an agreement with the Declarant or other Person to provide management services to the Neighborhood Association for its affairs, the Common Areas, as long as such agreement (a) expressly provides that the Neighborhood Association may, without any other party's consent, terminate it at any time without cause or payment of a termination fee, by giving each other written notice thereof at least 30 days before such termination's effective date, (b) is for a term not exceeding one year, and (c) does not allow either party to renew it for a term or combination of terms having more than one year remaining at any time during such term (and, if such agreement does not expressly so provide, it shall be deemed to do so).

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8.5. Restrictions. The right of each member of the Neighborhood Association to use the Common Areas shall be subject to the following:

8.5.1. any rule or regulation now or hereafter set forth in this Declaration and, further, shall be subject to any rule or regulation now or hereafter adopted by the Neighborhood Association for the safety, care, maintenance, good order and cleanliness of the Common Areas;

8.5.2. the right of the Neighborhood Association, in accordance with its articles of incorporation and the Neighborhood By-laws, to borrow money for the purpose of improving the Common Areas in a manner designed to promote the enjoyment and welfare of the members, and in aid thereof to mortgage and of the Common Areas;

8.5.3. the right of the Neighborhood Association to take such steps as are reasonably necessary to protect the property of the Neighborhood Association against mortgage default and foreclosure;

8.5.4. the right of the Neighborhood Association to suspend the voting rights and the rights to use of the Common Areas after notice and a hearing for any period not to exceed sixty (60) days for any infraction of any of the published rules and regulations of the Neighborhood Association or of this Declaration;

8.5.5. the right of the Neighborhood Association to dedicate or transfer all or any part of the Common Areas to any public or municipal agency, authority or utility for purposes consistent with the purpose of this Declaration and subject to such conditions as may be agreed to by the members; and further subject to the written consent of the County; provided, however, that no dedication, transfer, mortgage or determination as to the purposes or as to the conditions thereof, shall be effective unless two-thirds (2/3) of the Class A members (excluding the Declarant if the Declarant is a Class A member) of the Neighborhood Association consent to such dedication, transfer, purpose and conditions; and

8.5.6. the right of the Neighborhood Association, acting by and through the Neighborhood Board, to grant licenses, rights-of-way and easements for access or for the construction, reconstruction, maintenance and repair of any utility lines or appurtenances, whether public or private, to any municipal agency, public utility, the Declarant or any other person; provided, however, that no such license, right-of-way or easement shall be unreasonably and permanently inconsistent with the rights of the members to the use and enjoyment of the Common Areas.

8.5.7. All of the foregoing shall inure to the benefit of and be enforceable by the Neighborhood Association and the Declarant, or either of them, their respective successors and assigns, against any member of the Neighborhood Association, or any other person, violating or attempting to violate any of the same, either by action at law for damages or suit in equity to enjoin a breach or violation, or enforce performance of any term, condition, provision, rule or regulation. Further, the Neighborhood Association and the Declarant shall each have the right to abate summarily and remove any such breach or violation by any member at the cost and expense of such member.

8.6. Delegation of Right to Use. Any member of the Neighborhood Association may

delegate its rights to the use and enjoyment of the Common Areas to family members who reside permanently with such member and to its tenants, contract-purchasers, invitees and guests, all subject to such reasonable rules and regulations which the Neighborhood Association may adopt and uniformly apply and enforce.

8.7. Rules and Regulations. Each Owner shall fully and faithfully comply with the rules, regulations and restrictions applicable to use of the Common Areas, as such rules, regulations and restrictions are from time to time adopted by the Neighborhood Association for the safety, care, maintenance, good order and cleanliness of the Common Areas. Further, each Owner shall comply with the Covenants imposed by this Declaration on the use and enjoyment of the Common Areas.

ARTICLE 9 ENCROACHMENTS

If any Structure or any part thereof, now or at any time hereafter, encroaches upon an adjoining Lot or any Structure encroaches upon any Common Areas, whether such encroachment is attributable to construction, settlement or shifting of the Structure or any other reason whatsoever beyond the control of Neighborhood Board or any Owner, the violating Owner shall take any corrective action to remedy such encroachment. The Declarant hereby reserves unto itself and hereby grants to the Neighborhood Association, the managing agent and any other persons authorized by the Neighborhood Board, the right, but not the obligation, to take any and all actions necessary to remedy any such encroachment on the violating Owner's behalf should the violating Owner fail to remedy the encroachment promptly upon notice thereof. In such instance, the violating Owner shall be liable to the remedying party for all costs associated with such remedy, and the costs incurred by the Neighborhood Association shall be assessed against such Owner's Lot in accordance with Article 10 hereof.

ARTICLE 10 COVENANT FOR ASSESSMENT

10.1. Covenant for Assessment. Each Owner deemed a Class A member of the Neighborhood Association shall, by acceptance of a deed hereafter conveying any such Lot to it, whether or not so expressed in such deed or other conveyance, shall be deemed to have covenanted and agreed to pay the Neighborhood Association (a) in advance, an annual assessment (the "**Annual Assessment(s)**") equal to the member's Proportionate Share of the sum required by the Neighborhood Association, as estimated by Neighborhood Board, for Annual Assessments or charges, and (b) Special Assessments or charges for improvements ("**Special Assessment(s)**"), such Annual and Special Assessments and charges to be established and collected as hereinafter provided. The Annual and Special Assessments or charges shall be a charge and continuing lien upon each of the Lots against which the assessment is made in accordance with the terms and provisions of this Article 10, and shall be construed as a real covenant running with the land and a contract of lien under the terms of the this Article 10 and pursuant to the Maryland Contract Lien Act, as the same may be amended. Such assessments or charges, together with interest at a rate of 18% per annum (unless such rate of interest is not legally allowable in which event the highest rate permitted by law shall be applicable), and costs and reasonable attorneys' fees incurred or expended by the Neighborhood Association in the

collection thereof, shall also be the personal obligation of the Owner holding title to any Lot at the time when the assessment fell due or was payable. The personal obligation for any delinquent assessment or charge, together with interest, costs and reasonable attorneys' fees, however, shall not pass to the Owner's successor or successors in title unless expressly assumed by such successor or successors.

10.2. Use of Assessments. The assessments and charges levied by the Neighborhood Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents of the Neighborhood, and in particular for (a) the improvement and maintenance, operation, care, services, and facilities related to the use and enjoyment of the Common Areas, including fees paid to any management agent, and the cost of landscaping the Common Areas as well as removing snow and generally maintaining alleys and sidewalks within the Neighborhood (provided, however, that all Owners shall be responsible for clearing snow and other debris from the sidewalks adjacent to their Lots); (b) the payment of taxes on the Common Areas (except to the extent that proportionate shares of such public charges and assessments on the Common Areas may be levied against all Lots laid out on the Property by the tax collecting authority so that the same is payable directly by the Owners thereof, in the same manner as real property taxes are assessed or assessable against the Lots); (c) the payment of insurance premiums on the Common Areas; (d) the costs of repair, replacement and additions to the Common Areas and improvements thereon and costs of construction relating thereof; (e) the cost of obtaining, planting and thereafter maintaining street trees throughout the Neighborhood if required by the County, whether or not such street trees are located in the Common Areas; (f) the costs of utilities and other services which may be provided by the Neighborhood Association for the Neighborhood as may be approved from time to time by a Majority of the Owners; (g) the cost of labor, equipment, insurance, materials, management and supervision incurred or expended in performing all of the foregoing; (h) the costs incurred in the Neighborhood Association fulfilling its maintenance obligations under Section 6.4 hereunder; and (i) the cost of funding all reserves established by the Neighborhood Association, including a general operating excess (i.e., contingency fund) and a reserve for replacements.

10.3. Annual Assessments.

10.3.1. During the first fiscal year of the Neighborhood Association, each Lot will be responsible for a maximum Annual Assessment in the following amounts:

- (a) for House Lots, in the sum of Nine Hundred Dollars (\$900.00) payable semi-annually at the rate of Four Hundred Fifty Dollars (\$450.00), or
- (b) for Townhouse Lots, in the sum of Nine Hundred Sixty Dollars (\$960.00) payable semi-annually at the rate of Four Hundred Eighty Dollars (\$480.00).

10.3.2. From and after the first fiscal year, the Annual Assessment may be increased or decreased each year by the Neighborhood Board following written notice to the membership of the Neighborhood Association.

10.3.3. Declarant, Builder and any Lot which Declarant and Builder own shall be exempt from payment of any assessments hereunder, including, without limitation, Annual

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Assessments and Special Assessments. However, the Declarant shall have the right, but not the obligation, to subsidize the Neighborhood Association for any operational deficits actually incurred during any fiscal year of the Neighborhood Association. The Declarant shall in no event be responsible for payment of any deficit resulting from nonpayment of the any assessment by any Class A member.

10.3.4. Subject to the limitations of Sections 10.3.3, the Board may fix the Annual Assessment or charges against each Lot at any amount, and for the periods therein specified, which authorize the Neighborhood Association to change Annual Assessment and the basis of the Assessments fixed by Section 10.3 prospectively for any period provided that any such change shall have been approved by the Neighborhood Board. Notwithstanding the foregoing, Annual Assessments shall not be increased by more than 15% in any given fiscal year.

10.4. Special Assessments. In addition to the Annual Assessments authorized above, the Neighborhood Association may levy in any assessment year, a Special Assessment, applicable for that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any improvement located on the Common Areas, including fixtures and personal property related thereto, and/or to meet any other deficit of the Neighborhood Association or any emergency or unforeseen expenses of the Neighborhood Association; provided that such Assessment shall first be approved by the Neighborhood Board

10.5. Notice and Quorum for Any Action Authorized Under Sections 10.3 and 10.4. Written notice of any meetings of the Neighborhood Board called for the purpose of taking any action authorized under Sections 10.3 and 10.4 shall be sent to all Board members not less than 30 days, nor more than 60 days, in advance of the meeting. At the first such meeting called, a Majority of the Board shall be necessary and sufficient to constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at any subsequent meeting shall be one-half (2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

10.6. Commencement Date of Annual Assessments. The Annual Assessments as to all Lots shall commence on the date fixed by resolution of the Neighborhood Board; subject, however, to the provisions of Sections 10.3.4 and 10.6.3. The Annual Assessments shall be due and payable on an annual basis, in semi-annual installments, commencing on the first day of the first month of the fiscal year for which levied, and continuing on the first day of the sixth month thereafter until fully paid; provided, however, that (i) the first Annual Assessment shall be paid in such number of equal or unequal monthly installments as the Neighborhood Board shall determine, and (ii) the first Annual Assessment shall not begin to accrue until the first day of the first fiscal year.

10.6.1. The due date of any Special Assessment under Section 10.4 shall be fixed in the resolution authorizing such Special Assessment.

10.7. Duties of the Neighborhood Board. The following provisions are in addition to any other duties set forth in this Declaration or any other documents of record relating thereto.

10.7.1. Commencing with the first fiscal year of the Neighborhood Association, the Neighborhood Board shall determine the amount of the assessments annually, except as limited by Section 10.3.1 herein, but may do so at more frequent intervals should circumstances so require. Upon resolution of the Neighborhood Board, installments of Annual Assessments may be levied and collected on a monthly, quarterly or semi-annual basis rather than on the semi-annual basis herein above provided for. Any member may prepay one or more installments of any assessment levied by the Neighborhood Association, without premium or penalty.

10.7.2. The Neighborhood Board shall prepare, or cause the preparation of an annual operating budget for the Neighborhood Association, which shall provide, without limitation, for the management, operation and maintenance of the Common Areas. The Neighborhood Board of the Neighborhood Association shall make reasonable efforts to fix the amount of the Annual Assessment against each Lot for each assessment period at least thirty (30) days in advance of the beginning of such period and shall, at that time, prepare a roster of the Lots and the Annual Assessments applicable thereto which shall be kept in the office of the Neighborhood Association and shall be open to inspection by any Owner upon reasonable notice to the Neighborhood Board. Written notice of the Annual Assessments shall thereupon be sent to all members of the Neighborhood Association. The omission by the Neighborhood Board, before the expiration of any assessment period, to fix the amount of the Annual Assessment hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release of any member from the obligation to pay the Annual Assessment, or any installment thereof, for that or any subsequent assessment period; but the Annual Assessment fixed for the preceding period shall continue until a new assessment is fixed. No member may exempt itself from liability for assessments by abandonment of any Lot owned by such member or by the abandonment of such member's right to the use and enjoyment of the Common Areas.

10.7.3. The Neighborhood Board shall, upon demand at any time, furnish to any Owner liable for assessment a certificate in writing signed by an officer of the Neighborhood Association setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated as having been paid. A reasonable charge (but no less than Twenty-Five Dollars (\$25.00)) may be levied in advance by the Neighborhood Association for each certificate so delivered.

10.8. Additional Assessments. Additional assessments may be fixed against any Lot only as provided for in this Declaration. Any such assessments shall be due as provided by Neighborhood Board in making any such assessment. Without limiting the foregoing, an additional assessment of Ninety-Six Dollars (\$96.00) shall be levied annually against each Lot to fund the annual contribution made by the Neighborhood Association to the Kent Island Volunteer Fire Department. Said "KIVFD Contribution" shall be reflected in the Neighborhood's annual budget and shall increase each year consistent with the percentage increase, if any, of the Annual Assessment.

10.9. Nonpayment of Assessment. Any assessment or portion thereof not paid within thirty (30) days after the due date thereof shall (a) be deemed delinquent and a default under this Declaration, (b) bear interest from the date of delinquency at the rate of 18% per annum (unless such rate of interest is not legally allowable in which event the highest rate permitted by law

shall be applicable), (c) be subject to a late charge of Fifty Dollars (\$50.00), or one-tenth (1/10th) of the total amount of delinquent assessment or installment, whichever is greater (provided that the late charge may not be imposed more than once for the same delinquent payment), and (d) include the costs of reasonable attorney's and/or collection fees incurred by the Neighborhood Association should an attorney's or collection agency's services be utilized for the collection of such undue assessment or portion thereof. The Neighborhood Association shall have the right to declare the entire balance of the assessment and accrued interest thereon to be immediately due and payable, as well as to file a Statement of Lien. The Neighborhood Association may bring an action at law against the Owner personally obligated to pay the same, and/or without waiving any other right, at equity to foreclose the lien against the Lot in the same manner and subject to the same requirements as are specified by the laws of Maryland for the foreclosure of mortgages or deeds of trust containing a power of sale or an assent to a decree, and there shall be added to the amount of such assessment the reasonable costs of preparing and filing the complaint of such action, and in the event that judgment is obtained, such judgment shall include interest on the assessment as above provided, late fees and reasonable attorneys' fees to be fixed by the court together with the cost of the action. Any and all unpaid assessments and any judgments relating thereto shall be deemed a lien against the defaulting Owner's Lot, and such lien shall run with the land and be the obligation of any subsequent Owner of the Lot, except as otherwise set forth herein. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of such Owner's Lot.

10.10. Subordination of Lien to Mortgage. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to the Neighborhood Documents upon any Lot in the Neighborhood shall be subordinate to, and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the Lot from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessments, which lien, if claimed, shall have the same effect and be enforced in the same manner as provided herein.

10.11. Enforcement of Lien. The Neighborhood Association may establish and enforce the lien for any assessment, Annual, Special, or otherwise, pursuant to the applicable laws of Maryland. The lien is imposed upon the Lot against which such assessment is made. The lien may be established and enforced for damages, interest, costs of collection, late charges permitted by law, and attorneys' fees provided for herein or awarded by a court for breach of any of the covenants herein.

10.12. Exempt Property. Notwithstanding any other provision herein and in addition to the exemptions and limitations set forth in Section 10.3.3 herein, the following Property shall be exempt from payment of any type of assessment under this Declaration:

- (a) All Common Areas;
- (b) Any Lot conveyed by Declarant to a Builder until such Lot is sold to a Owner; and

(c) Any Lot on which Declarant or any Builder constructs a model home and continues to utilize said Lot for the marketing and sale of homes on the Property

10.13. Reserves for Replacements; Initial Reserve Fund Contribution.

10.13.1. The Neighborhood Association shall establish and maintain a reserve fund for maintenance, repairs and replacements of the Common Areas and Common Area facilities by the allocation and payment annually to such reserve fund of an amount to be designated from time to time by Neighborhood Board.

(a) At settlement for each House Lot, the sum equal to Three Hundred Dollars (\$300.00) shall be collected from each Owner of a House Lot in the Neighborhood (other than the Declarant and any Builder) for the purpose of establishing such reserve fund.

(b) At settlement for each Townhouse Lot, the sum equal to Three Hundred Dollars (\$300.00) shall be collected from each Owner of a Townhouse Lot in the Neighborhood (other than the Declarant and any Builder) for the purpose of establishing such reserve fund.

(c) The Neighborhood Association may establish such other reserves for such other purposes as Neighborhood Board may from time to time consider to be necessary or appropriate. The proportional interest of any member of the Neighborhood Association in any such reserves shall be considered an appurtenance of such Owner's Lot and shall not be separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

10.14. Condominium or Homeowners Association Assessment Duty. If a council of unit owners or a homeowners association is required to take any action under this Neighborhood Declaration, but the insurance proceeds or other funds available therefor are not sufficient to pay the full cost thereof, such council or association shall, without the need for a vote of its members, levy under its respective declaration, such assessment against the owners of some or all of the Lots then subject to such declaration as are needed to fund the deficiency.

10.15. Moderately Priced Dwelling Units. For so long as the County requires that one or more Lots within the Neighborhood participate in the County's Moderately Priced Dwelling Unit ("MPDU") Program, which provides affordable new housing to people with moderate incomes, as such moderate incomes are determined by the County, then such MPDU Lots shall be assessed at a lower rate than non-MPDU Lots. Specifically, but without limitation, the Neighborhood Board may require the owners of MPDU Lots to pay assessments which do not include and do not cover the use and maintenance of certain amenities; provided, however, in all instances the owners of such MPDU Lots shall be permitted to use such amenities immediately upon making a pro-rata payment for the use thereof.

ARTICLE 11
INSURANCE AND CASUALTY LOSSES

11.1. Types of Insurance Maintained by Neighborhood Association. The Neighborhood Board shall have the authority to and shall obtain the following types of

insurance:

11.1.1. insurance on all insurable improvements on the Common Areas against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief in an amount sufficient to cover the full replacement cost of such improvements in the event of damage or destruction;

11.1.2. a public liability insurance policy covering the Neighborhood Association, its officers, directors and managing agents, having at least a One Million Dollars (\$1,000,000.00) limit per total claims that arise from the same occurrence, (which limit may be increased from time to time by Neighborhood Board) including but not limited to liability insurance for the recreational facilities located in the Neighborhood, or in an amount not less than the minimum amount required by applicable law, ordinance or regulation;

11.1.3. workers' compensation insurance, if and to the extent required by law; and

11.1.4. fidelity bond or bonds covering all directors, officers, employees and other persons handling or responsible for the funds of the Neighborhood Association, in such amounts as the Neighborhood Board deems appropriate.

NOTICE IS HEREBY GIVEN BY THE DECLARANT THAT THE NEIGHBORHOOD POLICY REFERRED TO IN SECTION 11.1 DOES NOT INSURE ANY ADDITIONS, ALTERATIONS, IMPROVEMENTS, BETTERMENTS OR MODIFICATIONS TO ANY LOT AS SOLD BY THE DECLARANT.

11.2. Premiums for Insurance Maintained by Neighborhood Association. Premiums for all insurance and bonds required to be carried under Section 11.1 hereof or otherwise obtained by the Neighborhood Association on the Common Areas shall be an expense of the Neighborhood Association, and shall be included in the Annual Assessments. Premiums on any fidelity bond maintained by a third party manager shall not be an expense of the Neighborhood Association.

11.3. Damage and Destruction of Common Areas.

11.3.1. Immediately after any damage or destruction by fire or other casualty to all or any part of the insurable improvements on the Common Areas, Neighborhood Board, or its agent, shall proceed with the filing and adjustment of all claims arising under the fire and extended coverage insurance maintained by the Neighborhood Association and obtain reliable estimates of the cost of repair or reconstruction of the damaged or destroyed improvements. Repair or reconstruction means repairing or restoring the improvements to substantially the same condition in which they existed prior to the fire or other casualty.

11.3.2. Any damage or destruction to insurable improvements on the Common Areas shall be repaired or reconstructed unless at least a Majority of the Owners held within 90 days after the casualty shall decide not to repair or reconstruct.

11.3.3. If, in accordance with 11.3.2, the improvements are not to be repaired or reconstructed and no alternative improvements are authorized by the members, then and in that

event the damaged Common Areas shall be restored to its natural state and maintained as an undeveloped portion of the Common Areas by the Neighborhood Association in a neat and attractive condition. In such event, any excess insurance proceeds shall be paid over to the Neighborhood Association for the benefit of the Property, which proceeds may be used and/or distributed as determined by Neighborhood Board, in its discretion, or as otherwise provided in the Neighborhood Association's articles of incorporation and/or Neighborhood By-laws.

11.4. Repair and Reconstruction of Common Areas. If any improvements on the Common Areas are damaged or destroyed, and the proceeds of insurance received by the Neighborhood Association are not sufficient to pay in full the cost of the repair and reconstruction of the improvements, Neighborhood Board shall, without the necessity of a vote of the members, levy a Special Assessment against all Owners in order to cover the deficiency in the manner provided in Article 10 hereof. If the proceeds of insurance exceed the cost of repair, such excess shall be retained by the Neighborhood Association and used for such purposes as Neighborhood Board shall determine.

ARTICLE 12 RIGHTS OF MORTGAGEES

A Mortgagee shall, upon delivery of a written request to the Neighborhood Association and payment of a reasonable fee, be entitled to:

12.1. inspect the Neighborhood Association's books and records during normal business hours;

12.2. receive an annual financial statement of the Neighborhood Association within one hundred twenty (120) days after the end of any fiscal year of the Neighborhood Association;

12.3. be given timely written notice of all open meetings of the Neighborhood Association, and designate a representative to attend all such meetings;

12.4. be given timely written notice of the occurrence of any substantial damage to or destruction of the Common Areas, or if the Common Areas are made the subject of any condemnation or eminent domain proceeding or the acquisition thereof is otherwise sought by any condemning authority; and

12.5. be given timely written notice by the Neighborhood Association of failure to pay assessments by the Owner of such Mortgagee's Lot which is not cured within thirty (30) days after such default commences, but the failure to give such notice shall not affect the validity of the lien for any assessments levied pursuant to this Declaration.

ARTICLE 13 MISCELLANEOUS

13.1. Term. This Declaration shall run with the land and shall be perpetually binding from the date this Declaration is recorded, unless and until an instrument has been recorded, by which this Declaration, in whole or in part, is amended, modified or revoked pursuant to the provisions of Section 13.9.2 of this Declaration.

13.2. Enforcement.

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13.2.1. Enforcement of this Declaration shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain the violation or to recover damages, or both. In acquiring title to any Lot in the Neighborhood, the purchaser or purchasers violating or attempting to violate any covenant, agree to reimburse the Neighborhood Association and/or any Owners for all costs and expenses for which it or they may incur as a result of the said violation or attempted violation, including but not limited to, court costs and attorneys' fees.

13.2.2. These Covenants shall inure to the benefit of and be enforceable by the Neighborhood Association or by the Owner(s) of any land included in the Neighborhood and their respective legal representatives, successors and assigns, and all persons claiming by, through or under them.

13.2.3. Notwithstanding the foregoing, neither the Neighborhood Association nor any person acting or purporting to act on its behalf shall (a) file or otherwise commence, or prosecute, in any jurisdiction whatsoever, any (i) civil, criminal or administrative proceeding in or with any court or administrative body or officer, or (ii) appeal of or objection to any decision or other action made or taken by any court or administrative body or officer, in any judicial or administrative proceeding, or (b) testify or submit evidence (except where required by law, subpoena or formal order of such court, administrative body or officer), or otherwise take a formal position on any issue under consideration, in any such proceeding or appeal, in all cases until such action is approved in writing by both (i) a Majority of the Owners other than the Class B Member, and (ii) (if such action would be taken during the Development Period), the votes of the Class B Member holding at least 75% of the votes. Nothing in this subsection shall apply to a civil or administrative proceeding which the Neighborhood Association commences or prosecutes with a court or administrative body or officer (a) to collect an Assessment, or enforce or foreclose a lien securing an Assessment, (b) otherwise to enforce the Neighborhood Association's rights or another person's obligations under the Neighborhood Declaration, the Neighborhood Association's articles of incorporation and/or Neighborhood By-laws, on account of a default or otherwise or (c) any action taken by the Declarant at any time or action undertaken by the Architectural Review Committee during the Development Period.

13.3. No Waiver. The failure or forbearance by the Neighborhood Association to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

13.4. Incorporation by Reference on Resale. In the event any Owner sells or otherwise transfers any Lot, any deed purporting to effect such transfer shall be deemed to contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this Declaration, whether or not the deed actually so states.

13.5. Notices. Any notice required to be sent to any member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, by ordinary mail, postage paid, to the last known address of the person who appears as member or Owner on the records of the Neighborhood Association at the time of such mailing.

13.6. 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 Areas 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 Areas.

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

13.8. Captions and Genders. 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.

13.9. Amendment; Revocation.

13.9.1. Subject to the provisions of Section 13.9.4, this Declaration may be amended, revised or modified by an instrument in writing, signed and acknowledged by the President or Vice-President and Secretary or Assistant Secretary of the Neighborhood Association after the affirmative vote of a Majority of the Owners at a meeting of the Neighborhood Association duly called for such purpose. No Owner shall be eligible to vote at such meeting of the Owners if the Neighborhood Association has recorded a Statement of Lien against said Owner's Lot and the amount necessary to release the lien has not been paid at the time of the meeting.

13.9.2. Subject to the provisions of Section 13.9.4, this Declaration may be revoked (thereby terminating the Neighborhood) by an instrument in writing, signed and acknowledged by the President or Vice-President and Secretary or Assistant Secretary of the Neighborhood Association after the affirmative vote of a 80% of the Owners at a meeting of the Neighborhood Association duly called for such purpose. No Owner shall be eligible to vote at such meeting of the Owners if the Neighborhood Association has recorded a Statement of Lien against said Owner's Lot and the amount necessary to release the lien has not been paid at the time of the meeting.

13.9.3. Subject to the provisions of Section 13.9.4, an amendment or modification shall be effective when executed by the President or Vice-President and Secretary or Assistant Secretary of the Neighborhood Association who shall certify that the amendment or modification has been approved as herein above provided. The amendment shall be recorded in the Land Records of the County. Unless a later date is specified in any such instrument, any amendment to this Declaration shall become effective on the date of recording. For the purpose of recording such instrument, each Owner, other than the Declarant, hereby grants to the President or Vice-President and Secretary or Assistant Secretary of the Neighborhood Association an irrevocable power of attorney to act for and on behalf of each and every Owner in certifying, executing and recording said instrument. Notwithstanding anything to the contrary contained herein, in no event may any of Declarant's rights or privileges under the Neighborhood Association's articles of incorporation and/or Neighborhood By-laws, or this

Declaration be terminated, altered or amended without Declarant's prior written consent.

13.9.4. While there is a Class B membership of the Neighborhood Association, the Declarant shall have the absolute unilateral right, power and authority to amend, modify, revise or change any of the terms or provisions of this Declaration during the Development Period and, in order to accomplish any such amendment, each Owner appoints Declarant as his/her attorney in fact to execute any such amendment. THIS SPECIAL POWER OF ATTORNEY SHALL BE IRREVOCABLE AND COUPLED WITH AN INTEREST. Moreover, under no circumstances shall this Declaration be revoked and the Neighborhood be terminated during the Development Period without the Declarant's prior written consent, which shall be granted or withheld in its sole and absolute discretion.

13.9.5. Notwithstanding the foregoing, Declarant hereby reserves the right to amend the Declaration, without the consent of Neighborhood Board or any Owners, to correct any inconsistencies in or to make any non-material changes to the Declaration, Neighborhood By-laws or any other Neighborhood Association documents.

[The remainder of this page has been left blank intentionally.]

WITNESS the hand and seal of the Declarant hereto on the day herein above first written.

WITNESS/ATTEST:

DECLARANT:

RELIABLE DEVELOPMENT COMPANY, LLC,
a Maryland limited liability company

Barbara A. Ratliff

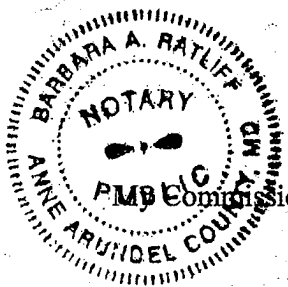
(Signature) (SEAL)
Print Name: JOSEPH G. BALDWIN
Title: MANAGING MEMBER

STATE OF MARYLAND)
COUNTY OF Anne Arundel) SS

I CERTIFY that on this 14th day of March, 2008, before me, the subscriber, a Notary Public for the state and county aforesaid, personally appeared Joseph G. Baldwin, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing document, who acknowledged that s/he is Managing member of Reliable Development Company, LLC, a Maryland limited liability company, and has been duly authorized to sign, and has signed, such document on its behalf for the purposes therein set forth; and that the same is her/his act and deed. In witness whereof, I have set my hand and Notarial Seal, the date first above written.

AS WITNESS my hand and Notarial Seal.

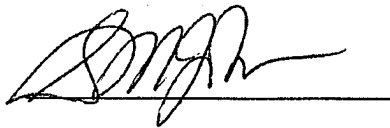
Barbara A. Ratliff
NOTARY PUBLIC

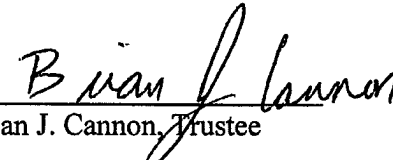


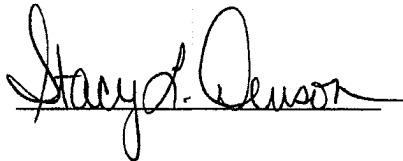
LENDER AGREEMENT

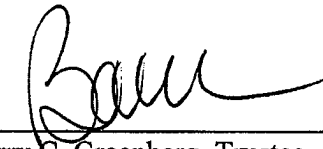
Brian J. Cannon and Barry C. Greenberg, Trustees, and PNC Bank, National Association, a national banking association, successor in interest to Mercantile-Safe Deposit and Trust Company, a Maryland banking corporation, who are, respectively, the trustees and beneficiary under a Deed of Trust, Assignment and Security Agreement ("Deed of Trust") dated February 21, 2007, and recorded among the Land Records in Liber S.M. 1655 at folios 288 et. seq., from Reliable Development Corp. LLC, join in this Declaration to subject to its legal effect all of their right, title and interest under the Deed of Trust in the real property encumbered by the Neighborhood Declaration. Nothing in this Lender Agreement shall create between Developer and the undersigned any relationship of partnership or association. In witness whereof, each such Person has signed this Lender Agreement or caused it to be signed on its behalf by its authorized representatives, this 4th day of March, 2008.

WITNESS:



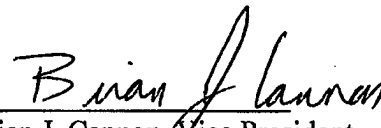

Brian J. Cannon, Trustee




Barry C. Greenberg, Trustee

PNC BANK, NATIONAL ASSOCIATION, A
NATIONAL BANKING ASSOCIATION,
SUCCESSOR IN INTEREST TO MERCANTILE-
SAFE DEPOSIT AND TRUST COMPANY



By: 
Brian J. Cannon, Vice President

LIBER 1775 FOLIO 181

STATE OF MARYLAND)

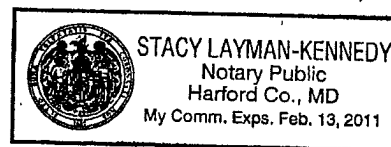
COUNTY OF Harford)

) SS

I CERTIFY that on this 3rd day of March, 2008, before me, the subscriber, a Notary Public for the state of county aforesaid, personally appeared Brian J. Cannon, Trustee, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing document, who acknowledged that s/he has signed it as trustee for the purposes therein set forth and that is her/his act and deed. In witness whereof, I have set my hand and Notarial Seal, the date first above written.

Stacy Layman-Kennedy
Notary Public

My commission expires on _____.



STATE OF MARYLAND)

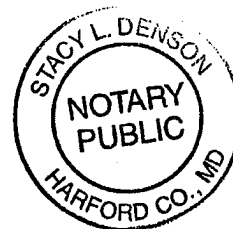
COUNTY OF Harford)

) SS

I CERTIFY that on this 17th day of March, 2008, before me, the subscriber, a Notary Public for the state of county aforesaid, personally appeared Barry C. Greenberg, Trustee, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing document, who acknowledged that s/he has signed it as trustee for the purposes therein set forth and that is her/his act and deed. In witness whereof, I have set my hand and Notarial Seal, the date first above written.

Stacy L. Denson
Notary Public

My commission expires on 10/19/08.



STATE OF MARYLAND)

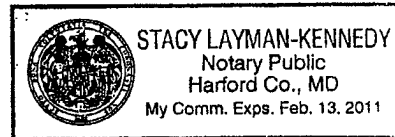
COUNTY OF Harford)

) SS

LIBER 1775 FOLIO 182

I CERTIFY that on this 3rd day of March, 2008, before me, the subscriber, a Notary Public for the state of county aforesaid, personally appeared Brian J. Cannon, Vice President, on behalf of PNC Bank, National Association, a national banking association, successor in interest to Mercantile-Safe Deposit and Trust Company, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing document, who acknowledged that s/he has signed it as Vice President, on behalf of PNC Bank, National Association, a national banking association, successor in interest to Mercantile-Safe Deposit and Trust Company, for the purposes therein set forth and that is her/his act and deed. In witness whereof, I have set my hand and Notarial Seal, the date first above written.

Stacy Layman Kennedy
Notary Public



My commission expires on _____.

LIBER 1775 FOLIO 183

I hereby affirm under penalty of perjury that the notice requirements of Section 11B-105 of the Maryland Homeowners Association Act, if applicable, have been fulfilled.

RELIABLE DEVELOPMENT COMPANY, LLC,
a Maryland limited liability company

By: 

Print Name: JOSEPH G. BALDWIN

Title: MANAGING MEMBER

ATTORNEY'S CERTIFICATE

In accordance with Section 3-104(f) of the Real Property Article, Annotated Code of Maryland, as amended, I hereby certify that I am an attorney admitted to practice before the Court of Appeals of Maryland and that the attached Instrument was prepared either by me or under my supervision.


Francie Cohen Spahn

Upon recordation, please return this deed to:

Francie Cohen Spahn, Esq.
Saul Ewing LLP
Lockwood Place
500 East Pratt Street, 9th Fl.
Baltimore, Maryland 21202

LIBER 1775 FOLIO 184

Exhibit "A"

**DESCRIPTION OF THE PROPERTY SUBJECTED TO
THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

(See attached.)

LIBER 1 775 FOLIO 185

**DESCRIPTION OF
THE ELLENDALE
NEIGHBORHOOD
IN THE FOURTH ELECTION DISTRICT
QUEEN ANNE'S COUNTY, MARYLAND**

Beginning for the same at a point, said point being the northwesterly corner of the land of Charles T. Breeding and Janet T. Breeding (Liber C.W.C. 84 Folio 368 and Liber S.M. 482 Folio 691), said point also being an iron rod found; and from said Place of Beginning running by and with the said Charles T. Breeding and Janet T. Breeding (1) South 01 degrees 34 minutes 40 seconds East 370.37 feet, thence (2) South 86 degrees 29 minutes 50 seconds West 1024.61 feet, thence (3) North 59 degrees 05 minutes 48 seconds West 215.38 feet, thence (4) North 00 degrees 06 minutes 15 seconds East 85.83 feet, thence (5) North 30 degrees 54 minutes 12 seconds East 56.27 feet, thence (6) North 59 degrees 05 minutes 48 seconds West 34.90 feet, thence (7) by and with the arc of a curve deflecting to the left which has a radius of 25.00 feet for a length of 16.95 feet the chord of which bears North 78 degrees 31 minutes 14 seconds West 16.63 feet, thence (8) South 82 degrees 03 minutes 20 seconds West 324.13 feet to Kent Manor Drive, thence by and with the said Kent Manor Drive the following four courses and distances , thence (9) North 07 degrees 56 minutes 40 seconds West 44.99 feet, thence (10) North 82 degrees 03 minutes 20 seconds East 10.00 feet, thence (11) North 07 degrees 56 minutes 40 seconds West 1285.56 feet, thence (12) North 45 degrees 33 minutes 42 seconds East 139.53 feet, thence (13) by and with the arc of a curve deflecting to the right which has a radius of 265.00 feet for a length of 289.45 feet the chord of which bears North 76 degrees 51 minutes 10 seconds East 275.27 feet, thence (14) South 71 degrees 51 minutes 22 seconds East 228.81 feet, thence (15) by and with the arc of a curve deflecting to the left which has a radius of 610.00 feet for a length of 865.52 feet the chord of which bears North 67 degrees 29 minutes 44 seconds East 794.73 feet, thence (15) South 73 degrees 42 minutes 33 seconds

East 631.05 feet to Thompson Creek, thence by and with the Mean High Water Line of the said Thompson Creek and the many meanderings thereof generally the following ten courses and distances (16) South 25 degrees 21 minutes 50 seconds West 141.53 feet, thence (17) South 01 degrees 26 minutes 50 seconds West 115.12 feet, thence (18) South 08 degrees 19 minutes 40 seconds West 257.72 feet, thence (19) South 29 degrees 21 minutes 50 seconds East 161.97 feet, thence (20) South 20 degrees 28 minutes 40 seconds West 196.69 feet, thence (21) South 05 degrees 24 minutes 50 seconds East 73.55 feet, thence (22) South 19 degrees 25 minutes 30 seconds West 74.08 feet, thence (23) South 14 degrees 15 minutes 40 seconds East 139.72 feet, thence (24) South 36 degrees 08 minutes 30 seconds East 200.01 feet, thence (25) South 58 degrees 47 minutes 40 seconds East 98.09 feet to the land of Charles T. Breeding and Janet B. Breeding (Liber C.W.C. 84 Folio 368 and Liber S.M. 482 Folio 691), thence by and with the said Charles T. Breeding and Janet B. Breeding land the following course and distance (26) South 88 degrees 25 minutes 20 seconds West 344.00 feet to the point of beginning, containing 65.879 Acres of Land more or less.

EXHIBIT "B"

LIST OF PUBLIC ROADS

LIBER 1775 FOLIO 187

Mike's Way
Ellendale Boulevard
Breeding Boulevard
Keenan Way
John Patrick Drive
Conner Drive
Anna Carol Drive
Allison Jane Drive
Alexis Avenue
Parker Drive
Lily Avenue