



THE AMBERFIELD HOMEOWNERS ASSOCIATION

Articles of Incorporation,

By-Laws, Declaration of Covenants,

Conditions and Restrictions

**THE MILTON
COMPANY**

ARTICLES OF INCORPORATION

OF

THE AMBERFIELD HOMEOWNERS ASSOCIATION, INC.

THIS IS TO CERTIFY:

That I, Barry M. Fitzpatrick, whose post office address is 342 Hungerford Court, Rockville, Maryland 20850, being at least eighteen (18) years of age, do hereby declare myself as incorporator with the intention of forming a corporation under and by virtue of the General Laws of the State of Maryland, and for such purpose do hereby make, execute and adopt the following Articles of Incorporation:

ARTICLE I. The name of this Corporation shall be:

THE AMBERFIELD HOMEOWNERS ASSOCIATION, INC.

ARTICLE II. The period of existence and duration of the life of this Corporation shall be perpetual.

ARTICLE III. The principal office for the transaction of business of this Corporation shall initially be located in the County of Montgomery, State of Maryland, at:

1 Amberfield Lane
Gaithersburg, Maryland 20878

The following named person shall be designated as the statutory resident agent of this Corporation, said resident agent being a citizen and an adult resident of the State of Maryland:

Michael W. Pich
1 Amberfield Lane
Gaithersburg, Maryland 20878

ARTICLE IV. The general purposes for which this Corporation is formed, and the business or objects to be carried on and promoted by it, are as follows:

(a) to organize and operate a corporation, no part of the net earnings of which is to inure to the benefit of any member of this Corporation or to any other individual; and

(b) pursuant to and in a manner consistent with a certain Declaration relating thereto and heretofore recorded among the Land Records for Montgomery County, Maryland, to acquire and to own and to provide for the maintenance, operation and management of certain open spaces and other common areas and community facilities located within a certain residential community in Montgomery County, Maryland, known as "Amberfield" (hereinafter sometimes referred to as the "project") and to perform certain other functions with respect to the residential and other property located therein; and

(c) to engage in, conduct and carry on any other lawful purposes or business and to do any other thing that, in the judgment of the Board of Directors of this Cor-

poration, may be deemed to be calculated, directly or indirectly, to effectuate or facilitate the transaction of the non-profit purposes or business of this Corporation, or any of them, or any part thereof, or to enhance the value of its property, business or rights; and

(d) to conduct any business and to do anything permitted by the provisions of Section 2-103 of the Corporations and Associations Article, *Annotated Code of Maryland* (1975 Repl. Vol.), as amended from time to time.

For the general purposes aforesaid, and limited to those purposes, this Corporation shall have the following papers:

(a) to construct, improve and maintain, operate and to buy, own, sell, convey, assign, mortgage or lease any real estate and any personal property necessary or incidental to the furtherance of the business of this Corporation; and

(b) to borrow money and issue evidence of indebtedness in furtherance of any or all of the objects of the business of this Corporation, to secure the same by mortgage, deed of trust, pledge, or other lien; and

(c) to enter into any kind of activity, and to perform and carry out contracts of any kind necessary to, or in conjunction with, or incidental to the accomplishment of the non-profit purposes of this Corporation; and

(d) to make patronage refunds to members as provided for in the By-Laws of this Corporation; and

(e) insofar as permitted by law, to do any other thing that in the judgment of the Board of Directors, will promote the business of this Corporation or the common benefit of its members; and to exercise the powers set out in the Declaration hereinabove referred to and the By-Laws of this Corporation and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in the Declaration hereinabove referred to and the By-Laws of this Corporation; and, in general, to do everything necessary, proper, advisable or convenient for the accomplishment of the foregoing purposes, and to do all other things incidental to them or connected with them that are not forbidden by law or by these Articles of Incorporation.

The foregoing enumeration of specific powers shall not be deemed to limit or restrict in any manner the general powers of this Corporation, and the enjoyment of the exercise thereof, as conferred by the General Laws of the State of Maryland. The provisions of subparagraphs (a) through (e), both inclusive, of this Article shall not be con-

strued as purposes, but shall be construed as independent powers and the matters expressed in each such provision shall not, unless otherwise expressly provided, be limited by reference to, or inference from any other provision of this Article. The enumeration of specific powers shall not be construed as limiting or restricting in any manner either the meaning of general terms used in any of such provisions or the scope of the general powers of the Corporation; nor shall the expression of one thing in any of those provisions be deemed to exclude another not specifically expressed, although it be of like nature.

This Corporation may carry out its purposes and exercise its powers in any State, territory, district or possession of the United States, or in any foreign country, to the extent that these purposes and powers are not forbidden by the law of such State, territory, district or possession of the United States, or by such foreign country; and this Corporation may limit the purpose or purposes that it proposes to carry out or the powers it proposes to exercise in any application to do business in any such State, territory, district or possession of the United States, or any such foreign country.

ARTICLE V. This Corporation shall be without capital stock and will not be operated for profit. This Corporation does not contemplate the distribution of gains, profits or dividends to any of its members. The members of this Corporation shall not be personally liable for the debts, liabilities or obligations of this Corporation.

ARTICLE VI. This Corporation shall have two (2) classes of voting membership which shall be known as "Class A" and "Class B":

(a) There shall be 403 Class A memberships. Every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any lot which is part of the premises described in Article II of the Declaration, or which otherwise becomes subject by the covenants set forth in the Declaration to assessment by this Corporation, shall be a Class A member of this Corporation; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a Class A member solely on account of such interest. Each Class A member shall be entitled to one (1) vote for each lot in which such member holds the interest required for Class A membership.

(b) There shall be 403 Class B memberships. The Class B member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment from the Declarant. Each Class B member shall be entitled to three (3) votes for each Class B membership which it holds. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

- (i) thirty (30) days following the date on which the total authorized, issued and outstanding Class A memberships equal 303; or

- (ii) on January 1, 1990; or

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

Upon the lapse or surrender of the Class B memberships as provided for in this Article, the Declarant shall thereafter remain a Class A member of this Corporation as to each and every lot from time to time subject to the terms and provisions of the Declaration in which the Declarant then holds the interest otherwise required for Class A membership.

The members of this Corporation shall have no preemptive rights, as such members, to acquire any memberships of this Corporation that may at any time be issued by this Corporation except as may be specifically provided in this Article.

The property, voting and other rights and privileges of membership, the liability of each Class A member for assessment by this Corporation, and the method of collection thereof, shall be as set forth in the Declaration hereinabove referred to and in the By-Laws of this Corporation.

ARTICLE VII. To the extent permitted by law, this Corporation shall have a lien on the outstanding Class A memberships in order to secure payment of any sums which shall be due or become due to this Corporation from the holder thereof for any reason whatsoever.

ARTICLE VIII. In the event any Class A member of this Corporation sells, assigns or otherwise transfers of record the fee interest in any lot in which he holds the interest required for Class A membership; such Class A member shall, at the same time, assign the Class A membership in this Corporation appurtenant to such lot to the transferee of the lot and deliver it to him for transfer on the books of this Corporation. The foregoing requirement shall not obtain in the event a lot is transferred as aforesaid solely as security for the performance of an obligation. Except as provided in this Article, Class A membership shall not be transferable.

ARTICLE IX. The number of Directors of this Corporation shall be an uneven number of not less than three (3) and the names and post office addresses of the Directors who shall act as such until the first annual meeting, or until such time as their successors are duly chosen and qualified are:

<i>Name</i>	<i>Address</i>
Michael W. Pich	1 Amberfield Lane Gaithersburg, Maryland 20878
George Poulson	1951 Kidwell Drive - Suite 200 Vienna, Virginia 22180
Charles Robrecht	1951 Kidwell Drive - Suite 200 Vienna, Virginia 22180

The qualifications, powers, duties and tenure of the office of Director and the manner by which Directors are to be chosen shall be as prescribed and set forth in the By-Laws of this Corporation. Officers of this Corporation shall be elected and shall serve as provided for in the By-Laws.

ARTICLE X. This Corporation shall indemnify every person who is or was an officer or Director of this Corporation and who was, is or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding by reason of service in that capacity, whether civil, criminal, administrative or investigative, if that person (i) acted in good faith; and (ii) reasonably believed (a) in the case of conduct in that person's official capacity, that the conduct was in the best interests of this Corporation; and (b) in all other cases that the conduct was at least not opposed to the best interests of this Corporation; and (iii) in the case of any criminal proceeding, had no reasonable cause to believe that the conduct was unlawful.

The indemnification provided for in this Article is against judgments, penalties, fines, settlements and reasonable expenses actually incurred in connection with any such threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative; provided, however, that if any such action, suit or proceeding was one by or in the right of this Corporation, indemnification shall be made only against reasonable expenses and shall not be made in respect of any proceeding in which the person otherwise entitled to indemnity pursuant to the provisions of this Article shall have been adjudged to be liable to this Corporation. The termination of any such action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, creates a rebuttable presumption that the person otherwise entitled to indemnity did not meet the requisite standard of conduct set forth in this Article.

A person who is or was an officer or Director of this Corporation is not indemnified under the provisions of this Article in respect of any threatened, pending or completed action, suit or proceeding charging improper personal benefit to that person, whether or not involving action in that person's official capacity, in which the person was adjudged to be liable on the basis that personal benefit was improperly received.

The provisions of this Article are intended to provide every person who is or was an officer or Director of this Corporation and who was, is or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding by reason of service in that capacity, with indemnification to the extent permitted in Section 2-418(b) of Title 2, Corporations and Associations Article, *Annotated Code of Maryland* (1975 Repl. Vol.) as from time to time amended or superceded.

Indemnification under this Article may not be made by this Corporation unless authorized in the specific case after a determination has been made that indemnification is permissible because the person who is or was an officer or Director of this Corporation has met the standard of

conduct set forth in this Article. Such determination shall be made in the manner provided in Section 2-418(e) of Title 2, Corporations and Associations Article, *Annotated Code of Maryland* (1975 Repl. Vol.) as from time to time amended or superceded.

Reasonable expenses incurred by any person who is or was an officer or Director of this corporation and who is a party to any threatened, pending or completed action, suit or proceeding by reason of service in that capacity, may be paid or reimbursed by this Corporation in advance of the final disposition of that proceeding, after a determination that the fact then known to those making the determination would not preclude indemnification under this Article, upon receipt by this Corporation of:

(a) a written affirmation by that person of that person's good faith belief that the standard of conduct necessary for indemnification by this Corporation as authorized in this Article has been met; and

(b) a written undertaking by or on behalf of that person to repay the amount if it shall ultimately be determined that the standard of conduct necessary for indemnification by this Corporation as authorized in this Article has not been met. The undertaking required by this subparagraph (b) shall be an unlimited general obligation of the person making it but need not be secured and may be accepted without reference to financial ability to make the repayment.

Determination and authorization of payments under this Article shall be in the manner specified in Section 2-418(e) of Title 2, Corporations and Associations Article, *Annotated Code of Maryland* (1975 Repl. Vol.) as from time to time amended or superceded.

The officers and Directors of this Corporation shall not be liable to this Corporation for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of this Corporation shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of this Corporation except to the extent that such officers or Directors may also be Class A members of this Corporation, and this Corporation shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment, except as aforesaid.

The provisions of this Article do not limit the power of this Corporation to pay or reimburse expenses incurred by any person who is an officer or Director of this Corporation in connection with an appearance as a witness in any proceeding by reason of service in that capacity, or otherwise involving this Corporation, when that person has not been made a named defendant or respondent in the proceeding. Any right to indemnification provided for in this Article shall be in addition to, and not exclusive of, any other rights to which any person who is or was an officer or Director of this Corporation may be entitled by law, or otherwise.

This Corporation may purchase and maintain insur-

ance on behalf of any person who is or was an officer or Director of this Corporation against any liability asserted against and incurred by such person in any such capacity or arising out of such person's position, whether or not this Corporation would have the power to indemnify against such liability pursuant to the provisions of this Article, or otherwise.

Any indemnification of, or advance of expenses to, any person in accordance with the provisions of this Article, if arising out of a proceeding by or in the right of this Corporation, shall be reported in writing to the members of this Corporation with notice of the next annual meeting of members of this Corporation or prior to the next annual meeting of members.

ARTICLE XI. The Directors shall exercise their powers and duties in good faith and with a view to the interests of this Corporation and the Association. A contract or other transaction between this Corporation and any of its Directors, or between this Corporation and any corporation, firm or other entity in which any of its Directors is a director or has a material financial interest is not void or voidable solely because of the common directorship or interest, or because the Director is present at the meeting of the Board of Directors which authorizes, approves or ratifies the contract or transaction, or because the vote of the Director was counted for the authorization, approval or ratification of the contract or transaction, if any of the following conditions exist:

(a) the fact of the common directorship or interest is disclosed or known to the Board of Directors and the Board of Directors authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested Directors, even if the disinterested Directors constitute less than a quorum; or

(b) the fact of the common directorship or interest is disclosed or known to the members of this Corporation entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the members entitled to vote other than the votes appurtenant to memberships owned by the interested Director or corporation, firm or other entity; or

(c) the contract or transaction is fair and reasonable to this Corporation at the time it was authorized, approved or ratified.

Common or Interested Directors or the votes which they are entitled to cast or which are entitled to be cast by an interested corporation, firm or other entity, may be counted in determining the presence of a quorum at a meeting of the Board of Directors or at a meeting of the Association, as the circumstances may require, at which the contract or transaction is authorized, approved or ratified.

If a contract or transaction is not authorized, approved or ratified in the manner provided for in subparagraphs (a) or (b) of this Article, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to this Corporation at the time it was authorized, approved

or ratified.

This Article does not apply to the fixing by the Board of Directors of reasonable compensation for a Director, whether as a Director or in any other capacity.

ARTICLE XII. Subject to the limitations set forth in the Declaration hereinabove referred to and in the By-Laws of this Corporation, this Corporation reserves the right to amend, alter or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by statute for the amendment of Articles of Incorporation.

ARTICLE XIII. As used in these Articles of Incorporation, the expression "Declarant" shall mean and refer to the Declarant, whether one or more, named in a certain Declaration dated the 15th day of June, 1984, and recorded the 15th day of June, 1984, in Liber 6428 at folio 391, among the Land Records for Montgomery County, Maryland, and its successors and assigns to the extent that any of the rights, reservations, easements, interests, exemptions, privileges or powers of the Declarant are specifically assigned or transferred to any such successor or assign by instrument in writing. As used in these Articles of Incorporation, the expression "Declaration" shall mean and refer to the Declaration hereinabove in this Article identified, as from time to time amended and supplemented. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation this 20th day of June, 1984.

WITNESS:

/s/ Brenda K. Smith
Brenda K. Smith

/s/ Barry M. Fitzpatrick
Barry M. Fitzpatrick

STATE OF MARYLAND)
) ss:
COUNTY OF MONTGOMERY)

BE IT REMEMBERED, that on this 20th day of June, 1984, personally appeared before me, a Notary Public in and for the State and County aforesaid, BARRY M. FITZPATRICK, party to the foregoing Articles of Incorporation, known personally to me as such, and I have first made known to him the contents of said Articles of Incorporation, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed, and he acknowledged the facts therein stated to be true as set forth.

GIVEN under my hand the year and day first above written.

/s/ Brenda K. Smith
Brenda K. Smith - Notary Public

My Commission expires: July 1, 1986.

BY-LAWS

OF

THE AMBERFIELD HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Name and Location

Section 1. Name and Location. The name of this Association is as follows:

THE AMBERFIELD HOMEOWNERS ASSOCIATION, INC.

Its principal office and mailing address is initially located at:

1 Amberfield Lane
Gaithersburg, Maryland 20878

ARTICLE II

Definitions

Section 1. Declarant. "Declarant", as used herein, means the Declarant named in the Declaration and its successors and assigns to the extent that any of the rights, easements and privileges of the Declarant are specifically assigned by the Declarant to any such successors and assigns by instrument in writing.

Section 2. The Project. The "project" as used herein, means that certain community being developed by the Declarant in Montgomery County, Maryland known as "AMBERFIELD".

Section 3. Declaration. "Declaration", as used herein, means that certain Declaration made by the Declarant on the 15th day of June, 1984, which Declaration was recorded on the 15th day of June, 1984, in Liber 6428 at Folio 391 among the Land Records for Montgomery County, Maryland, as from time to time amended or supplemented.

Section 4. Mortgagee. "Mortgagee", as used herein, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the lots. "Mortgage", as used herein, shall include deed of trust. "First Mortgage", as used herein, shall mean a mortgage with priority over other mortgages. As used in these By-Laws, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in these By-Laws, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, mutual savings banks, credit unions, trusts, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), Federal Home

Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government. As used in these By-Laws the term "holder" or "mortgagee" shall include the parties secured by any deed of trust or any beneficiary thereof. In the event any mortgage is insured by the Federal Housing Administration ("FHA") or guaranteed by the Veterans Administration ("VA"), then as to such mortgage the expressions "mortgagee" and "institutional mortgagee" include the FHA or the VA, as the circumstances may require, acting, respectively, through the Federal Housing Commissioner and the Commissioner of Veterans Benefits or through other duly authorized agents.

Section 5. Other Definitions. Unless herein specifically provided to the contrary, or unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration.

ARTICLE III

Membership

Section 1. Membership. The Association shall have two classes of voting membership which shall be known as "Class A" and "Class B":

(a) There shall be 403 Class A memberships. Every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any lot which is part of the premises described in Article II of the Declaration, or which otherwise becomes subject by the covenants set forth in the Declaration to assessment by the Association, shall be a Class A member of the Association; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a Class A member solely on account of such interest. Each Class A member shall be entitled to one (1) vote for each lot in which such member holds the interest required for Class A membership.

(b) There shall be 403 Class B memberships. The Class B member shall be the declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment from the Declarant.

The Class B member or members shall have one Class B membership for each lot in which such member holds the interest otherwise required for Class A membership. Each Class B member shall be entitled to three (3) votes for each Class B membership. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

- (i) thirty (30) days following the date on which the total authorized, issued and outstanding Class A memberships equals 303; or
- (ii) on January 1, 1990; or
- (iii) Upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of any of the Class B memberships as provided for in this Article, the Declarant shall thereafter remain a Class A member of the Association as to each and every lot from time to time subject to the terms and provisions of the Declaration in which the Declarant then holds the interest otherwise required for Class A membership.

The members of the Association shall have no preemptive rights, as such members, to acquire any memberships of this Association that may at any time be issued by the Association except as may be specifically provided in this Article.

Section 2. Membership Certificates. In the event the Board of Directors considers it necessary or appropriate to issue membership certificates or the like, then each such membership certificate shall state that the Association is organized under the laws of the State of Maryland, the name of the registered holder or holders of the membership represented thereby, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to the transfer of title to the lot to which such membership is appurtenant. Every membership certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary and shall be sealed with the corporate seal. Such signatures and seal may be original or facsimile.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Association and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the membership certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered holder or holders of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the Association a bond in such sum as the Board of Directors may require as indemnity against any claim that may be

made against the Association on account of the issuance of such new certificate.

Section 4. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association each Class A member of the Association shall be entitled to receive out of the assets of the Association available for distribution to the members an amount equal to that proportion of such assets which the number of Class A memberships held by such member bears to the total number of Class A memberships of the Association then issued and outstanding.

ARTICLE IV

Meeting of Members

Section 1. Place of Meeting. Meetings of the memberships shall be held at the principal office or place of business of the Association or at such other suitable place within the State of Maryland which is reasonably convenient to the membership and as may from time to time be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the members of the Association shall be held at such time and place as may be designated by the Board of Directors; provided, however, that the first annual meeting of members shall be held within one (1) year from the date of filing of the Articles of Incorporation of the Association with the State Department of Assessments and Taxation of Maryland. Thereafter, the annual meetings of the members shall be held during the month in which the anniversary of the first annual meeting of the members occurs during each succeeding year. At such meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Article V of these By-Laws. The members may also transact such other business as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by at least twenty-five percent (25%) of each class of the then members having been presented to the Secretary; provided, however, that no special meetings shall be called either (a) except upon resolution of the Board of Directors, prior to the first annual meeting of members as hereinabove provided for; or (b) to consider any matter which is substantially the same as a matter voted on at any special meeting of the members held during the preceding twelve (12) months. The Secretary shall inform the members who petition for a special meeting of the reasonably estimated cost of preparing and mailing a notice of the meeting and, upon payment of the estimated cost to the Association, shall notify each member entitled to notice of the meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof, as well as the time

and place where it is to be held, to each member of record, at his address as it appears on the membership books of the Association or, if no such address appears, at his last known place of address, at least ten (10) but not more than ninety (90) days prior to such meeting. Notice by either such method shall be considered as notice served. Attendance by a member at any meeting of the members shall be a waiver of notice by him of the time, place and purpose thereof. Attendance by any member at any annual or special meeting, either in person or by proxy, shall be a waiver of notice by that member of the time, place and purpose of that meeting. Notice of any annual or special meeting of the members of the Association may also be waived by any member either prior to, at or after any such meeting.

Section 5. Roster of Membership. The Board of Directors of the Association shall maintain a current roster of the names and addresses of each member to which written notice of meetings of the members of the Association shall be delivered or mailed. Each unit owner shall furnish the Board of Directors with his name and current mailing address.

Section 6. Quorum. The presence, either in person or by proxy, of members representing at least twenty-five percent (25%) of the then members of record, shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members. If the number of members at a meeting drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

Section 7. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn and reconvene the meeting in accordance with the provisions and requirements of Section 5-206 of the Corporation and Associations Article, *Annotated Code of Maryland* (1975 Repl. Vol.), as from time to time amended.

Section 8. Voting. At every meeting of the members, each Class A member shall have the right to cast one (1) vote for each Class A membership which he owns on each question and each of the Class B members shall have the right to cast one (1) vote for each Class B membership which he owns on each question. The vote of the members representing fifty-one percent (51%) of the total of the votes of the membership present at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or of the Articles of Incorporation, or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the members are unable to agree on the manner in which the votes for such membership shall be cast on any particular question, then such vote shall be counted for purposes of

deciding that question in accordance with the provisions and requirements of Section 2-508 of the Corporations and Associations Article, *Annotated Code of Maryland* (1975 Repl. Vol.), as from time amended. In the event any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the President or any Vice President of such corporation and attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary of the Association, prior to or during the meeting. Any such certificate shall remain valid until revoked or superseded in writing. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protest by any other such trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Whenever in these By-Laws any action is required to be taken by a specified percentage of "each class of the then members" of the Association, then such action shall be required to be taken separately by the specified percentage of the votes of the then outstanding Class A members of the Association and the specified percentage of the votes of the then outstanding Class B members of the Association. Whenever in these By-Laws any action is required to be taken by a specified percentage of "both classes of the then members" of the Association or by a specified percentage of the "then members" of the Association, then such action shall be required to be taken by the specified percentage of the votes of the then outstanding cumulative membership of the Association.

Section 9. Action Without Meetings. Any action required or permitted to be taken at any annual or special meeting of the members may be taken without a meeting if all of the members shall individually or collectively consent in writing to such action and if such written consent or consents is filed with the minutes of the proceedings of the members.

Section 10. Proxies. A member may appoint any other member or the Declarant or the Management Agent as his proxy. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors before the appointed time of each meeting. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the member; provided, however, that no proxy shall be effective for a period in excess of one hundred eighty (180) days unless granted to a mortgagee or lessee of the lot to which the votes are appurtenant.

Section 11. Rights of Mortgagees. Any institutional mortgagee of any lot who desires notice of the annual and special meetings of the members shall notify the Secretary to that effect by Registered Mail — Return Receipt Requested. Any such notice shall contain the

name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the members should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the members to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the members and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the members upon request made in writing to the Secretary.

Section 12. Order of Business. The order of business at all annual and special meetings of the members shall be as provided for in the notice of that meeting or, if the notice does not specify any particular order of business, then the order of business shall be determined by the Chairman of such meeting.

Section 13. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual and special meetings of the members shall be determined by the Chairman of such meeting.

Section 14. Inspectors of Election. The Board of Directors may, at or in advance of any annual or special meeting of the members, appoint an uneven number of one or more inspectors of election to act at the meeting and at any adjournment thereof. In the event inspectors are not so appointed, the Chairman of any annual or special meeting of members shall appoint such inspectors of election. Each inspector so appointed, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector of election at such meeting. The oath so taken shall be filed with the Secretary of the Association. No officer or Director of the Association, and no candidate for Director of the Association, shall act as an inspector of election at any meeting of the members if one of the purposes of such meeting is to elect Directors.

ARTICLE V

Directors

Section 1. Number and Qualifications. The affairs of the Association shall be governed by the Board of Directors composed of an uneven number of at least three (3) natural persons, a majority of whom (after the lapse of all of the Class B memberships as provided in Article III of these By-Laws) shall be members of the Association.

Prior to the lapse of all of the Class B memberships as provided in Article III of these By-Laws, the number of Directors shall be determined, from time to time, by a vote of the initial Directors hereinafter named. Thereafter, the number of Directors shall be determined by a vote of the members at the annual meeting of members and the number of Directors may be changed by a vote of the members at any subsequent annual or special meeting of the members; provided, however, that (a) the limitations of this Section shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 2. Initial Directors. The initial Directors shall be selected by the Declarant and need not be members of the Association. The names of the Directors who shall act as such from the date upon which the Declaration is recorded among the Land Records for Montgomery County, Maryland, until the first annual meeting of the members or until such time as their successors are duly chosen and qualified are as set forth in the Articles of Incorporation of the Association.

Section 3. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Declaration or these By-Laws directed to be exercised and done by the members. The powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

(a) To provide for the care, upkeep and surveillance of the common areas and community facilities and services in a manner consistent with law and the provisions of the By-Laws and the Declaration; and

(b) To provide for the establishment, collection, use and expenditure of assessments and carrying charges from the members and for the assessment, filing and enforcement of liens therefor in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(c) To provide for the designation, hiring and dismissal of the personnel necessary for the good working order and proper care of the common areas and community facilities and to provide services for the project in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(d) To provide for the promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the common areas and community facilities as are designated to prevent unreasonable interference with the use of the common areas and community facilities by the members and others, all of which shall be consistent with law and the provisions of these By-Laws and the Declaration; and

(e) To provide for the authorization, in their discretion, of the payment of patronage refunds from residual receipts when and as reflected in the annual report; and

(f) To enter into agreements whereby the Association acquires leaseholds, memberships and other possessory or use interests in real or personal property for the purpose of promoting the enjoyment, recreation or welfare of the members and to declare expenses incurred in connection therewith to be common expenses of the Association; and

(g) To purchase insurance upon the common areas and community facilities in the manner provided for in these By-Laws; and

(h) To repair, restore or reconstruct all or any part of the common areas and community facilities after any casualty loss in a manner consistent with law and the provisions of these By-Laws and to otherwise improve the common areas and community facilities; and

(i) To lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common areas and community facilities; and

(j) To purchase lots and to lease, mortgage or convey the same, subject to the provisions of these By-Laws and the Declaration; and

(k) To appoint the members of the Architectural and Environmental Review Committee provided for in the Declaration and to appoint the members of such other committees as the Board of Directors may from time to time designate.

Section 4. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any management agreement entered into by the Association shall provide, *inter alia*, that such agreement may be terminated, with or without cause and without the payment of any termination fee by either party upon thirty (30) days' written notice thereof to the other party. The term of any such management agreement shall not exceed one year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

Section 5. Election and Term of Office. The term of the Directors named herein shall expire when their successors have been elected at the first annual meeting of members and are duly qualified. The election of Directors shall be by secret written ballot, unless balloting is dispensed with by the unanimous consent of the members present at any meeting, in person or by proxy. There shall be no cumulative voting. At the first annual meeting of the members, the term of office of the Director receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the Director receiving the second greatest number of votes shall be fixed for two (2) years and the term of office of the other Director or Directors shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. In the alternative, the membership may, by resolution duly

made and adopted at the first annual meeting of members, or at any subsequent annual meeting, resolve to fix the term for each Director elected at any such meeting at one (1) year. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership or an increase in the number of Directors shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting to serve out the unexpired portion of the term. Vacancies in the Board of Directors caused by an increase in the number of Directors shall be filled by a vote of the majority of the entire Board of Directors; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting of members.

Section 7. Removal of Directors. At an annual meeting of members, or at any special meeting duly called for such purpose (but only after the lapse of all of the Class B memberships as provided for in Article III of these By-Laws), any Director may be removed with or without cause by the affirmative vote of the majority of the votes of the members present and voting, in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who is a Class A member of the Association and who becomes more than sixty (60) days delinquent in payment of any assessments or carrying charges due to the Association may be terminated by resolution of the remaining Directors and the remaining Directors shall appoint his successor as provided in this Article.

Section 8. Compensation. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to any Director who is also a member for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have also been adopted by the Board of Directors before such services are undertaken. Directors may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors.

Section 9. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present at such first meeting.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one (1) such meeting

shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice of each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice of the written request of at least one-half (1/2) of the Directors.

Section 12. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 13. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at any meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 15. Rights of Mortgagees. Any institutional mortgagee of any lot who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail — Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the members of the Board of Directors. Any such institutional mortgagee shall be entitled to designate a representative to attend any regu-

lar or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 16. Fidelity Bonds. The Board of Directors may require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty in accordance with the requirements of Article VII of these By-Laws. The premiums on such bonds or insurance shall be paid by the Association.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. Prior to the lapse of all of the Class B memberships as provided in Article III of these By-Laws, the officers of the Association need not be members of the Association. Thereafter, except for the President, the officers of the Association need not be members of the Association. The Board of Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. A person may hold more than one office but may not serve concurrently as both the President and Vice President or as the President and the Secretary.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also assist the President generally and shall per-

form such other duties as shall from time to time be delegated to him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association. The Secretary shall give notice of all annual and special meetings of the members of the Association in conformity with the requirements of these By-Laws. The Secretary shall have custody of the seal of the Association, if any. The Secretary shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct and he shall, in general, perform all of the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for funds and securities of the Association and shall be responsible for keeping, or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for causing the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII

Insurance

Section 1. Insurance. The Board of Directors of the Association shall obtain and maintain, to the extent reasonably available, at least the following:

(a) casualty or physical damage insurance in an amount equal to the full replacement value (i.e., 100% "replacement cost" exclusive of land, foundation and excavation) of the common areas and community facilities (including all building service equipment and the like) with an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its equivalent, an "Increased Cost of Construction Endorsement" or its equivalent and a "Contingent Liability from Operation of Building Laws Endorsement" or its equivalent, without deduction or allowance for depreciation, as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage, such coverage to afford protection against at least:

- (i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and
- (ii) such other risks as shall customarily be covered by the standard "all-risk" endorsement and such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, boiler and machinery explosion or damage, and such other insurance as the Board of Directors may from time to time determine; and

(b) a comprehensive policy of public liability insurance with a "Severability of Interest Endorsement" or its equivalent in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less than One Million and * * * No/100 Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, water damage liability, legal liability, hired automobile liability, non-owned automobile liability, liability for property of others and, if applicable, garage keeper's liability, host liquor liability, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership and use of the common areas and community facilities or any portion thereof.

(c) workmen's compensation insurance to the extent necessary to comply with any applicable law; and

(d) a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and

(e) such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these By-Laws, as are or shall hereafter be considered appropriate by the Board of Directors.

Section 2. Fidelity Bonds. The Board of Directors may maintain adequate fidelity coverage to protect against dishonest acts on the part of officers and Directors of the Association, trustees and volunteers for the Association and such employees and agents of the Association who handle or are responsible for the handling of funds of the Association. Such fidelity coverage shall meet at least the following requirement:

(a) all such fidelity bonds and policies of insurance shall name the Association as obligee or named insured, as the circumstances may require; and

(b) all such fidelity bonds and policies of insurance shall contain waivers of any defense based upon the exclusion of volunteers and other persons who serve without compensation from any definition of "employee" or similar expression.

Section 3. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions to the extent reasonably available:

(a) all policies shall be written or reinsured with a company or companies licensed to do business in the State where the project is located and holding a general policyholder's rating of Class B or better and a current financial rating of Class VI or better in the current edition of *Best's Insurance Reports*.

(b) exclusive authority to negotiate losses under

said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

(c) in no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the lots or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the building, whether or not within the control or knowledge of the Board of Directors and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any members of the Association, or any of their respective agents, employees, tenants, mortgagees or invitees or by reason of any act of neglect or negligence on the part of any of them.

(e) all policies shall provide that such policies may not be surrendered, cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all insureds named thereon, including any mortgagee of any lot who requests such notice in writing.

(f) all policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors or when in conflict with the provisions of these By-Laws or the provisions of the Declaration.

(g) all policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the members of the Association and their respective agents, employees or tenants, and of any defenses based upon coinsurance or invalidity arising from the acts of the insured.

ARTICLE VIII

Casualty Damage — Reconstruction or Repair

Section 1. Use of Insurance Proceeds. In the event of damage or destruction to the common areas and community facilities by fire or other casualty, the same shall be promptly repaired, replaced or reconstructed in substantial conformity with the original plans and specifications for the common areas and community facilities with the proceeds of insurance available for that purpose, if any. The Association shall not use the proceeds of casualty insurance received as a result of damage or destruction of the common areas and community facilities for purposes other than the repair, replacement or reconstruction of the common areas and community facilities without the prior written consent and approval of the holders of all first mortgages of record on the lots.

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction of the common areas and community facilities caused by fire or other casualty, or in the event such damage or destruction is caused by any casualty not insured against, then and in either of those events, upon resolution of the Board of Directors, the repair, replacement or reconstruction of the damage shall be accomplished promptly by the Association at its common expense.

ARTICLE IX

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin at the date of recordation of the Declaration among the Land Records for Montgomery County, Maryland. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 2. Principal Office — Change of Same. The principal office of the Association shall be as set forth in Article I of these By-Laws. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

Section 3. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the common areas and community facilities, services required or provided with respect to the same and any other expenses incurred by the Association. The amount of any assessment or portion of any assessment, required for payment of any capital expenditures or reserves of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by the members. The receipts and expenditures of the Association shall be credited and charged to other accounts under at least the following classifications:

(a) "Current Operations" which shall involve the control of actual expenses of the Association, including reasonable allowances for necessary contingencies and working capital funds in relation to the assessments and expenses hereinelsewhere provided for; and

(b) "Reserves" which shall involve the control over funding and charges against any reserve funds which may from time to time be approved by the Board of Directors; and

(c) "Investments" which shall involve the control over investment of reserve funds and such other funds as may be deemed suitable for investment on a temporary basis by the Board of Directors.

Section 4. Financial Reports. The Association shall furnish the members and any mortgagee requesting

the same with an annual financial statement, including the income and disbursements of the Association, within ninety (90) days following the end of each fiscal year.

Section 5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association, shall be available for examination by the members and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any lot and its duly authorized agents or attorneys, at some place designated by the Board of Directors, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice.

Section 6. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or a Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time so authorized by the Board of Directors.

Section 7. Seal. The Board of Directors may provide a suitable corporate seal containing the name of the Association, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE X

Amendment

Section 1. Amendments. Subject to the other limitations set forth in these By-Laws, these By-Laws may be amended by the affirmative vote of members representing two-thirds (2/3) of the then members of record at any meeting of the members duly called for such purpose in accordance with the provisions and requirements of these By-Laws.

Section 2. Proposal of Amendments. Amendments to these By-Laws may be proposed by the Board of Directors of the Association or by petition signed by at least twenty-five percent (25%) of the total votes of the members, which petition shall be delivered to the Secretary. A description of any proposed amendment shall accompany the notice of any annual or special meeting of the members at which such proposed amendment is to be considered and voted upon.

ARTICLE XI

Mortgage - Notice - Other Rights of Mortgagees - FHA/VA

Section 1. Notice to Board of Directors. Any owner of any lot in the project who mortgages such lot shall promptly notify the Board of Directors of the name and address of his mortgagee and, if requested so to do,

shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain a suitable roster pertaining to mortgages concerning which it receives such notice.

Section 2. Consents. Any other provision of these By-Laws or of the Declaration to the contrary notwithstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of the holders of at least two-thirds (2/3) of the first mortgages of record on the lots:

(a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the common areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate the Declaration; or

(c) modify or amend any material or substantive provision of the Declaration or these By-Laws.

Section 3. Casualty Losses. In the event of substantial damage or destruction to any part of the common areas and community facilities, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the holders of all first mortgages of record on the lots. No provision of these By-Laws shall entitle any member of the Association to any priority over the holder of any first mortgage of record on his lot with respect to the distribution to such member of any insurance proceeds.

Section 4. Condemnation or Eminent Domain. In the event any portion of the common areas or community facilities is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the holders of all first mortgages of record on the lots. No provision of these By-Laws shall entitle any member of the Association to any priority over the holder of any first mortgage of record on his lot with respect to the distribution to such member of the proceeds of any condemnation award or settlement.

Section 5. FHA/VA. Provided that any lot in the project is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration or guaranteed by the Veterans Administration and, provided further, that there are then Class B memberships of the Association outstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of the Federal Housing Administration and the Veterans Administration, as the circumstances may require:

(a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the common areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate the Declaration; or

(c) modify or amend any provision of the Declaration or these By-Laws.

ARTICLE XII

Interpretation - Miscellaneous

Section 1. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these By-Laws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 2. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in these By-Laws shall be given in writing.

Section 3. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 4. Waiver. No restriction, condition, obligation or provisions of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 5. Captions. The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws or to aid in the construction thereof.

Section 6. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made this 15th day of June, 1984, by and between THE MILTON COMPANY, a corporation organized and existing under the laws of the Commonwealth of Virginia, hereinafter sometimes called the "Declarant,"

ARTICLE I

Section 1. Definitions. The following words, when used in this Declaration, shall have the following meanings:

W I T N E S S E T H:

WHEREAS, the Declarant is the owner of the real property described in Article II here of and desires to create and develop thereon a residential community with permanent common areas and community facilities for the benefit of said community; and

WHEREAS, the Declarant desires to provide for the preservation of the values and amenities in said community and for the maintenance of said common areas and community facilities; and to this end, desires to subject the real property described in Article II hereof to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which are for the benefit of said property and the subsequent owners thereof; and

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an association to which should be delegated and assigned the powers and duties of maintaining and administering the common areas and community facilities, administering and enforcing the within covenants and restrictions and disbursing the charges and assessments hereinafter created; and

WHEREAS, the Declarant has formed (or intends to form) The Amberfield Homeowners Association, Inc., as a non-profit corporation without capital stock under the Laws of the State of Maryland for the purposes of carrying out the powers and duties aforesaid.

NOW, THEREFORE, the Declarant hereby declares that the real property described in Article II hereof is and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens (hereinafter sometimes referred to as "covenants and restrictions") hereinafter set forth, all of which are declared and agreed to be in aid of a plan for improvement of said property, and shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant, its successors and assigns, and any person acquiring or owning an interest in said property and improvements, including, without limitation, any person, group of persons, corporation, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation:

(a) "Association" shall mean and refer to The Amberfield Homeowners Association, Inc., and its successors and assigns.

(b) The "Property" shall mean and refer to all real property described in Article II hereof and such additions thereto as may hereafter be made pursuant to the provisions of Article II.

(c) "Lot" shall mean and refer to all subdivided parcels or property (exclusive of the common areas) which are part of the Property and shall include (without limiting the generality of the foregoing) condominium units created pursuant to the provisions of Title 11, Real Property Article, *Annotated Code of Maryland* (1981 Repl. Vol.) as from time to time amended.

(d) "Common Areas" and "Community Facilities" shall mean and refer to all real property owned or leased by the Association or otherwise available to the Association for the Benefit, use and enjoyment of its members.

(e) "Dwelling" shall mean and refer to any building or portion of a building situated upon the Property and designed and intended for use and occupancy as a residence by a single person or family.

(f) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot situated on the Property, including contract sellers, but excluding those having such interest solely as security for the performance of an obligation.

(g) "Declarant" or "Developer" or "Grantor" shall mean and refer to the Declarant hereinabove identified in the preamble to this Declaration, and its successors and assigns to the extent that any of the rights, easements and privileges of the Declarant are specifically assigned by the Declarant to any such successors and assigns by instrument in writing; provided, however, that the rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant shall not inure to the benefit of or burden the successors and assigns of the Declarant except to the extent that any of the rights, reservations, easements, interests, exemptions, privileges or powers of the Declarant are specifically assigned or transferred to any such successor or assign by instrument in writing.

(h) "Mortgagee," as used herein, means the holder of any recorded mortgage, or the party secured or

beneficiary of any recorded deed of trust, encumbering one or more of the lots. "Mortgage," as used herein, shall include deed of trusts. "First Mortgage," as used herein, shall mean a mortgage with priority over other mortgages. As used in this Declaration, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Declaration, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government. As used in this Declaration the terms "holder" and "mortgagee" shall include the parties secured by any deed of trust or any beneficiary thereof.

In the event any mortgage is insured by the Federal Housing Administration ("FHA") or guaranteed by the Veterans Administration ("VA"), then as to such mortgage the expressions "mortgagee" and "institutional mortgagee" include the FHA or the VA, as the circumstances may require, acting, respectively, through the Federal Housing Commissioner and the Commissioner of Veterans Benefits or through other duly authorized agents.

(i) "Member" shall mean and refer to every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who holds any class of membership in the Association.

(j) The "Project" and the "Community," as used in this Declaration, means that certain community being developed by the Declarant in Montgomery County, Maryland, known as "AMBERFIELD."

(k) The "Private Streets and Roadways" shall mean and refer to all streets, roadways, sidewalks, curbs, gutters and parking areas which are part of the Common Areas and Community Facilities; provided, however, that any area dedicated to public use shall not be a part of the Private Streets and Roadways.

Whenever in this Declaration any action is required to be taken by a specified percentage of "each class of the then members" of the Association, then such action shall be required to be taken separately by the specified percentage of the then outstanding Class A members of the Association and by the specified percentage of the then outstanding Class B members of the Association. Whenever in this Declaration any action is required to be taken by a specified percentage of the "then members" of the Association, then such action shall be required to be taken by the specified percentage of the then outstanding cumulative membership of the Association.

ARTICLE II

Section 1. Property Subject to Declaration. The real property which is, and shall be held, conveyed,

hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to this Declaration is located in Montgomery County, State of Maryland, and is more particularly described on "EXHIBIT A" attached hereto and by this reference made a part hereof.

Section 2. Additions. So long as there are Class B members of the Association, additional property may be annexed to the above-described property without the consent of the Class A members of the Association, if any. Following the lapse or surrender of the Class B memberships as provided for in Article III of this Declaration, additional property may be annexed to the above-described property without the consent of the Class A members of the Association, if any, so long as such additional property is part of the property described on "EXHIBIT B" attached to this Declaration and incorporated herein by this reference. The scheme of the within Covenants and Restrictions shall not, however, be extended to include any such additional property unless and until the same is annexed to the real property described on "EXHIBIT A" as hereinafter provided.

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration of Covenants and Restrictions among the Land Records for Montgomery County, Maryland, which Supplementary Declaration shall extend the scheme of the within Declaration of Covenants and Restrictions to such annexed property. Such annexations need not be made by the Declarant; provided, however, that any such annexation accomplished by persons other than the Declarant shall have the written consent of the Declarant.

So long as any lot is encumbered by a deed of trust or mortgage which is guaranteed by the Veterans Administration, no annexation shall be made pursuant to this Article, or otherwise, except following a determination by the Veterans Administration that the annexation conforms to a general plan for the development of the community previously approved by the Veterans Administration or, if no such general plan was approved by the Veterans Administration, except following the prior written approval of the Veterans Administration.

Any Supplementary Declaration of Covenants and Restrictions made pursuant to the provisions of this Article may contain such complementary or supplemental additions and modifications to the covenants and restrictions set forth in the within Declaration as may be considered necessary by the maker of such Supplementary Declaration of Covenants and Restrictions to reflect the different character or use, if any, of the annexed property.

ARTICLE III

Membership

Section 1. Membership. The Association shall have two classes of voting membership which shall be known as "Class A" and "Class B":

(a) There shall be 403 Class A memberships in the Association. Every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any lot which is part of the premises described in Article II of this Declaration, or which otherwise becomes subject by the covenants set forth in this Declaration to assessment by the Association, shall be a Class A member of the Association; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a Class A member solely on account of such interest. Each Class A member shall be entitled to one (1) vote for each lot in which such member holds the interest required for Class A membership.

(b) There shall be 403 Class B memberships in the Association. The Class B member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment from the Declarant. Each Class B member shall be entitled to three (3) votes for each Class B membership which it holds. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

- (i) thirty (30) days following the date on which the total authorized, issued and outstanding Class A memberships equal 303; or
- (ii) on January 1, 1990; or
- (iii) upon the surrender of said Class B memberships by the the holder thereof for cancellation on the books of the Association.

Upon the lapse or surrender of any of the Class B memberships as provided for in this Article, the Declarant shall thereafter remain a Class A member of the Association as to each and every lot from time to time subject to the terms and provisions of this Declaration in which the Declarant then holds the interest otherwise required for Class A membership.

The members of the Association shall have no preemptive rights, as such members, to acquire any memberships of this Association that may at any time be issued by the Association except as may be specifically provided in this Article.

ARTICLE IV

Section 1. Member's Right of Enjoyment. Every member shall have a non-exclusive right and easement of enjoyment, in common with others, in and to the common areas and community facilities and such non-exclusive right and easement shall be appurtenant to and shall pass with the fee title to every lot subject to the following:

(a) the right of the Association, in accordance with its Articles of Incorporation and By-Laws, and with

the consent of two-thirds (2/3) of each class of the then members of the Association, voting separately, to borrow money for the purpose of improving the common areas and community facilities in a manner designed to promote the enjoyment and welfare of the members and in aid thereof to mortgage any of the common areas and community facilities; and

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

(c) the right of the Association to adopt reasonable rules respecting use of the common areas and community facilities to reasonably limit the number of guests of members to the use of any facilities which are developed upon the Property; and

(d) the right of the Association to suspend the voting rights and the rights to use of the common areas and community facilities for any period during which any assessment remains unpaid and for any period not to exceed thirty (30) days for any infraction of any of the published rules and regulations of the Association; and

(e) the right of the Association to dedicate or transfer all or any part of the common areas or community facilities 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; provided, however, that no such dedication or transfer or determination as to the purposes or as to the conditions thereof, shall be effective unless two-thirds (2/3) of each class of the then members of the Association consent to such dedication, transfer, purpose and conditions, at any special meeting of the members duly called for such purpose; and, provided further, that any such dedication or transfer shall also be subject to the limitations provided for in Sections 9 and 10 of Article XII fo this Declaration; and

(f) the rights of the Association, acting by and through its Board of Directors, 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 licenses, rights-of-way or easements shall be unreasonably and permanently inconsistent with the rights of the members to the use and enjoyment of the common areas and community facilities.

Section 2. Delegation of Right of Use. Any member of the Association may delegate his rights to the use and enjoyment of the common areas and community facilities to the members of his family who reside permanently with him and to his tenants, contract-purchasers, invitees and guests, all subject to such reasonable rules and regulations which the Association may adopt and uniformly apply and enforce.

Section 3. Limitations.

(a) Any other provision of this Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any member of the Association to use the Private Streets and Roadways for both vehicular and pedestrian ingress and egress to and from his lot and for parking.

(b) Any other provision of this Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any member of the Association to use the common areas and community facilities for necessary, ordinary and reasonable pedestrian ingress and egress to and from his lot or to suspend any easement over the common areas and community facilities for stormwater drainage, electrical energy, water, sanitary sewer, natural gas, CATV service, telephone service or similar utilities and services to the lots.

ARTICLE V

Section 1. Annual Maintenance Assessments.

Except as assessment of the Declarant may be limited by the provisions of Article VII of this Declaration, each person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who becomes a fee owner of a lot within the Property, (i.e., each Class A member of the Association), by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay the Association, in advance, a monthly sum (hereinafter sometimes referred to as "maintenance assessments") equal to one-twelfth (1/12) of the member's proportionate share of the sum required by the Association, as estimated by its board of Directors, to meet its annual expenses, including but in no way limited to the following:

(a) the cost of all operating expenses of the common areas and community facilities and the services furnished to or in connection with the common areas and community facilities, including charges by the Association for any services furnished by it; and

(b) the cost of necessary management and administration of the common areas and community facilities, including fees paid to any Management Agent; and

(c) the amount of all taxes and assessments levied against the common areas and community facilities; and

(d) the cost of liability insurance on the common areas and community facilities and the cost of such other insurance as the Association may effect with respect to the common areas; and

(e) the cost of utilities and other services which may be provided by the Association, whether for the common areas and community facilities or for the lots, or both; and

(f) the cost of maintaining, replacing and repairing the Private Streets and Roadways, in whole or in part and including, without limiting the generality of the foregoing, the cost of snow removal, parking area striping, sweeping and washing, specialty signing and the like and the cost of maintenance of driveway aprons and drives and walks within or upon the common areas; and

(g) the cost of maintaining, replacing, repairing, and landscaping the common areas, including, without limitation, maintenance of any stormwater detention basins and drainage systems or the like located upon the common areas and the cost of the maintenance of all entrance walls and other entrance features, signs, pathways, jogging and walking trails, exercise areas, bike paths and the like upon the common areas, together with such equipment as the Board of Directors shall determine to be necessary and proper in connection therewith; and

(h) the cost of funding all reserves established by the Association, including, when appropriate, a general operating reserve and a reserve for replacements.

The Board of Directors shall determine the amount of the maintenance assessment annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors, installments of annual assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on the monthly basis hereinabove provided for. Any Class A member may prepay one or more installments on any annual maintenance assessment levied by the Association, without premium or penalty.

The Board of Directors shall prepare, or cause the preparation of an annual operating budget for the Association which shall provide, without limitation, for the management, operation and maintenance of the common areas. The Board of Directors of the Association shall make reasonable efforts to fix the amount of the annual maintenance 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 maintenance assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner upon reasonable notice to the Board. Written notice of the annual maintenance assessments shall thereupon be sent to the Class A members. The omission by the Board of Directors, before the expiration of any assessment period, to fix the amount of the annual maintenance 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 Class A member from the obligation to pay the annual maintenance assessment, or any installment thereof, for that or any subsequent assessment period; but the annual maintenance assessment fixed for the preceding period shall continue until a new maintenance assessment is fixed. No Class A member may exempt himself from liability for maintenance assessments by abandonment of any lot belonging to him or by the abandonment of his right to the use and enjoyment of the common areas and community facilities.

This Declaration does not contemplate that the Association shall have any responsibility for the maintenance or repair of the dwellings or their appurtenances and the responsibility of duties of the Association for maintenance and repairs shall be limited to the common areas and community facilities. The owner of any lot shall, at his own expense, maintain his lot and dwelling, and any and all appurtenances thereto, in good order, condition and repair and in a clean, sightly and sanitary condition at all times.

Section 2. Special Maintenance Assessments. In addition to the regular annual maintenance assessments authorized by this Article, the Association may levy in any assessment year a special maintenance assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, extraordinary repair or replacement of a described capital improvement located upon, or forming a part of the common areas and community facilities including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate; provided, however, that any such assessment shall have the assent of the members representing a majority of the then Class A members of the Association and two-thirds (2/3) of the then Class B members of the Association. A meeting of the members shall be duly called for this purpose.

Section 3. Reserves for Replacements. The Association may establish and maintain a reserve fund for repairs and replacements of the common areas and community facilities by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such funds shall be conclusively deemed to be a common expense of the Association and may be deposited with any banking institution, the accounts of which are insured by any State or by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America.

The reserve for replacement of the common areas and community facilities may be expended only for the purpose of affecting the replacement of the common areas and community facilities, major repairs, equipment replacement, and for start-up expenses and operating contingencies of a non-recurring nature relating to the common areas and community facilities. The Association may establish such other reserves for such other purposes as the Board of Directors may from time to time consider to be necessary or appropriate. The proportional interest of any member in any such reserves shall be considered an appurtenance of his lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the lot to which it appertains and shall be deemed to be transferred with such lot.

Section 4. Maximum Annual Maintenance Assessments. The initial maximum annual maintenance assessment for each of the lots to which Class A membership is appurtenant shall not exceed the sum of THREE

HUNDRED SIXTY AND * * * NO/100 DOLLARS (\$360.00) per annum. Except as provided for in Section 7 of Article VI of this Declaration, the annual maintenance assessment shall be levied at a uniform rate for each lot to which Class A membership is appurtenant.

Section 5. Increase in Maximum Annual Maintenance Assessment.

(a) from and after January 1, 1985, the maximum annual maintenance assessment for all Class A memberships hereinabove provided for, may be increased by the Board of Directors of the Association, without a vote of the Class A membership, by an amount equal to ten percent (10%) of the maximum annual assessment for the preceding year plus the amount by which any *ad valorem* real estate taxes and casualty and other insurance premiums payable by the Association have increased above amounts payable by the Association for the same or similar items for the previous year.

(b) from and after January 1, 1985, the maximum annual maintenance assessments for all Class A memberships hereinabove provided for may be increased above that established by the preceding paragraph by a vote of the members, as hereinafter provided, for the next succeeding year and, thereafter, at the end of such year, for each succeeding year. Any change made pursuant to this paragraph shall have the assent of a majority of the then Class A members of the Association and two-thirds (2/3) of the then Class B members of the Association. A meeting of the members shall be duly called for this purpose.

Section 6. Initial Working Capital Contributions. Each person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, to whom a Class A membership in the Association is originally issued, by acceptance of a deed for a lot from the Declarant and whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association, simultaneously with the acceptance of such deed or other conveyance, the sum of ONE HUNDRED AND * * * NO/100 DOLLARS (\$100.00) as a non-refundable contribution to the initial working capital and reserves of the Association, such contribution to be in addition to, and not in lieu of, any other assessment levied by the Association pursuant to this Declaration.

ARTICLE VI

Section 1. Non-Payment of Assessments. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the lot or lots belonging to the member against whom such assessment is levied and shall bind such lot or lots in the hands of the then owners, his heirs, devisees, personal representatives and assigns. The personal obligation of

the member to pay such assessment shall, in addition, remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any assessment levied pursuant to this Declaration, or any installment thereof, may be maintained without foreclosing or waiving the lien herein created to secure the same.

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and may, by resolution of the Board of Directors, subject the member obligated to pay the same to the payment of such penalty or "late charge" as the Board may fix, and the Association may bring an action at law against the member personally obligated to pay the same, or foreclose on the lien against the lot or lots then belonging to said member in the manner now or hereafter provided for the foreclosure of mortgages, deeds of trust or other liens on real property in the State of Maryland containing a power of sale and consent to a decree, and subject to the same requirements, both substantive and procedural, or as may otherwise from time to time be provided by law, in either of which events interest, costs and reasonable attorneys' fees of not less than twenty percent (20%) of the sum claimed shall be added to the amount of each assessment.

To the extent requested in writing so to do by any such mortgagee, the Association shall notify the holder of the first mortgage on any lot for which any assessment levied pursuant to this Declaration becomes delinquent for a period in excess of sixty (60) days and in any other case where the owner of such lot is in default with respect to the performance of any other obligation hereunder for a period in excess of sixty (60) days; but any failure to give such notice shall not affect the validity of the lien for any assessment levied pursuant to this Declaration, nor shall any such failure affect any of the priorities established in this Article.

The Board of Directors may post a list of members who are delinquent in the payment of any assessments or other fees which may be due the Association, including any installment thereof, which becomes delinquent, in any prominent location upon the Property.

Section 2. Assessment Certificates. The Association shall upon demand at any time furnish to any member liable for any assessment levied pursuant to this Declaration (or any other party legitimately interested in the same) a certificate in writing signed by an officer of the Association, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed Ten Dollars (\$10.00) may be levied in advance by the Association for each certificate so delivered.

Section 3. Acceleration of Installments. Upon default in the payment of any one or more monthly in-

stallments of any assessment levied pursuant to this Declaration, or any other installment thereof, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 4. Priority of Lien. The lien established by this Declaration shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

(a) general and special assessments for *ad valorem* real estate taxes on the lot; and

(b) the liens of any deeds of trust, mortgages or other encumbrances duly recorded on the lot prior to the assessment thereon of the annual maintenance assessments provided for in this Declaration or duly recorded on said lot after receipt of a written statement from the Board of Directors reflecting that payments on account of any such assessments were current as of the date of recordation of said deed of trust, mortgage or other encumbrance.

Notwithstanding any other provision of this Declaration to the contrary, the line of any assessment levied pursuant to this Declaration upon any lot, as in this Article provided, shall be subordinate to the lien of any deed of trust, mortgage or other encumbrance duly recorded on such lot and made in good faith and for value received and shall in no way affect the rights of the holder of any such deed of trust, mortgage or other encumbrance; provided, however, that such subordination shall apply only to assessments, and installments thereof, which have become due and payable prior to a sale or transfer of the lot pursuant to a foreclosure of such deed of trust, mortgage or other encumbrance, or any deed, assignment or other proceeding or arrangement in lieu of foreclosure. Any holder of any deed of trust, mortgage or other encumbrance duly recorded on the lot and made in good faith and for value received who comes into possession of the lot pursuant to a foreclosure of such deed of trust, mortgage or other encumbrance, or any deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any other purchaser at a foreclosure sale, shall take the lot free of any claims for unpaid maintenance assessments levied against the lot which accrue prior to the time such holder comes into possession of the lot or prior to the foreclosure sale, except for claims for a proportionate share of such unpaid maintenance assessments resulting from a reallocation of such unpaid maintenance assessments among the lots upon The Property. Such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not, however, relieve the purchaser at any foreclosure sale from any liability for any maintenance assessments thereafter becoming due, or from the lien herein created to secure the payment of such maintenance assessments, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

No amendment to this Section shall affect the rights of the holder of any first mortgage on any lot (or the indebtedness secured thereby) recorded prior to recorda-

tion of such amendment unless the holder thereof (or the indebtedness secured thereby) shall join in the execution of such amendment.

The Board of Directors may, in its sole and absolute discretion, extend the provisions of this Section to the holders of mortgages not otherwise entitled thereto.

Section 5. Additional Default. Any recorded first mortgage secured on a lot in The Property shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to this Declaration, or any installment thereof, shall likewise be a default in such mortgage (or the indebtedness secured thereby); but failure to include such a provision in any such mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such mortgage (or the indebtedness secured thereby) by reason of Section 4 of this Article shall not be altered, modified or diminished by reason of such failure.

Section 6. Commencement of Annual Assessments. Except as may be otherwise resolved by the Board of Directors of the Association, the annual maintenance assessment for each Class A membership shall commence on the date a deed for the lot to which such Class A membership is appurtenant is delivered by the Declarant to the member. The first monthly installment of each such annual maintenance assessment shall be made for the balance of the month during which a deed for the lot is delivered to the member and shall become due and payable and a lien on the date a deed for the lot is delivered to the member. Except as hereinelsewhere provided, the monthly installments of each such annual maintenance assessment for any lot for any month after the first month shall become due and payable and a lien on the first day of each successive month.

Section 7. Assessment of Declarant. Anything in this Declaration to the contrary notwithstanding, any regular or special assessment levied by the Association for any lot held by the Declarant or by the maker of any Supplementary Declaration made pursuant to Section 2 of Article II of this Declaration shall be in an amount equivalent to twenty-five percent (25%) of the assessment levied by the Association against other lots held by the Class A members; provided, however, that the Declarant agrees to fund all current operating deficits of the Association until the date upon which the Class B memberships have been surrendered by the Declarant or lapse pursuant to the provisions of Section 1(b) of Article III of this declaration or until the Declarant elects to terminate the benefit of the preference provided for in this Section 7 by notice in writing to the Association, whichever date shall first occur; and, provided further, that the exemption and preference provided for in this Section 7 shall not apply with respect to any lot upon which a completed dwelling is situate if that dwelling is occupied for residential purposes.

Section 8. Exempt Property. No portion of the common areas or community facilities shall be subject to assessment of any kind by the Association.

Section 1. Architectural and Environmental Review Committee. Except for construction or development by, for or under contract with the Declarant, and except for any improvements to any lot or to the common areas accomplished by the Declarant concurrently with said construction and development, and except for purposes of proper maintenance and repair, no building, fence, wall or other improvements or structures shall be commenced, erected, placed, moved, altered, planted or maintained upon the Property, nor shall any exterior addition to or change (including any change of color) or other alteration thereupon be made until the complete plans and specifications showing the location, nature, shape, height, material, color, type of construction and any other proposed form of change (including, without limitation, any other information specified by the Architectural and Environmental Review Committee) shall have been submitted to and approved in writing as to safety, harmony of external design, color and location in relation to surrounding structures and topography and conformity with the design concept for the community by an Architectural and Environmental Review Committee designated by the Board of Directors.

Subject to the same limitations as hereinabove provided for, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any exterior lighting, shades, screens, awnings, patio covers, fences, wall, slabs, sidewalks, curbs, gutters, patios, balconies, porches, decks, greenhouses or greenhouse windows, platers, bird baths, security bars, ornaments, storm doors or storm windows, driveways, or to make any change or otherwise alter (including any alteration in color and including any comprehensive landscape plan) in any manner whatsoever the exterior of any improvements constructed upon any lot or upon any of the common areas, or to combine or otherwise join two or more dwellings, or to partition the same after combination, or to remove or alter any windows or exterior doors of any dwelling, until the complete plans and specifications, showing the location, nature, shape, height, material color, type of construction and any other proposed form of change (including, without limitation, any other information specified by the Architectural and Environmental Review committee) shall have been submitted to and approved in writing as to safety, harmony of external design, color and location in relation to surrounding structures and topography and conformity with the design concept for the community by the Architectural and Environmental Review Committee designated by the Board of Directors.

Section 2. Architectural and Environmental Review committee—Operation. The Board of Directors shall appoint an Architectural and Environmental Review Committee. The Architectural and Environmental Review Committee shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors. The affirmative vote of a majority of the members of the Architectural and Environmental Review Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding,

determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 3. Approvals, etc. Upon approval by the Architectural and Environmental Review Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and information required by the Architectural and Environmental Review Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

Section 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural and Environmental Review Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this Article provided), and shall be substantially completed within twelve (12) months following the date of commencement, or within such other period as the 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 Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required.

There shall be no material deviation from the plans and specifications approved by the Committee without the prior consent in writing of the Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 5. Certificate of Compliance. Upon the completion of any construction or alterations or other improvements or structure in substantial accordance with plans and specifications approved by the Architectural and Environmental Review Committee in accordance with the provisions of this Article, the Architectural and Environmental Review Committee shall, at the request of the owners thereof, issue a certificate of compliance which shall be *prima facie* evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Architectural and Environmental Review Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of the Declaration as may be applicable.

Section 6. Rules and Regulations, etc. The Architectural and Environmental Review Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish and record such statements of policy, standards, guidelines and establish such criteria relative to architectural styles or details, fences, colors, set-backs, materials or other matters relative to architectural control and the protection of the environment, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of this Declaration. The Architectural and Environmental Review Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decisions of the Architectural and Environmental Review Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Committee (or by any policy, standards or guidelines established by the Committee) may appeal the decision of the Architectural and Environmental Review Committee to the Board of Directors and, upon the request of such member, shall be entitled to a hearing before the Board of Directors of the Association.

Section 7. Prohibited Uses and Nuisances. Except for the activities of the Declarant during the construction or development of the community, or except with the prior written approval of the Board of Directors of the Association or the Architectural and Environmental Review Committee, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the common areas:

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

(b) The maintenance, keeping, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited on any lot or within any dwelling, except that this shall not prohibit the keeping of dogs, cats or caged birds as domestic pets provided they are not kept, bred or maintained for commercial purposes and, provided further, that such domestic pets are not a source of annoyance or nuisance to the neighborhood or other members. The Board of Directors or, upon resolution of the Board of Directors, the Architectural and Environmental Review Committee, shall have the right to adopt such additional rules and regulations regarding pets as it may from time to time consider necessary or appropriate.

(c) No burning of any trash and no accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, new or used building materials, or trash of any other kind shall be permitted on any lot.

(d) Except for parking within garages, and except as hereinelsewhere provided, no junk vehicle, unlicensed or inoperable motor vehicle, motor vehicle with a commercial display, trailer, camp truck, house trailer, boat or other similar machinery or equipment of any kind or character (except for such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and except for such equipment and machinery as the Association may require in connection with the maintenance and operation of the common areas and community facilities) shall be kept upon the Property nor (except for *bona fide* emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. The Association may, in the discretion of the Architectural and Environmental Review Committee, provide and maintain a suitable area designated for the parking of such vehicles or the like.

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

(f) No lot shall be divided or subdivided and no portion of any lot (other than the entire lot) shall be transferred or conveyed for any purpose. The provisions of this subsection shall not apply to the Declarant and, further, the provisions hereof shall not be construed to prohibit the granting of any easement or right-of-way to any municipality, political subdivision, public utility or other public body or authority, or to the Association, the Declarant or any other person for any purpose.

(g) No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on public streets or on the Private Streets and Roadways. Firewood shall be neatly stacked along fence lines.

(h) No structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes dryer, shed or other buildings shall be erected, used or maintained on any lot at any time.

(i) Except for entrance signs, directional signs, signs for traffic control or safety, community, "theme areas" and such promotional sign or signs as may be maintained by the Declarant or the Association, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any lot or dwelling, provided, however, that one temporary real estate sign not exceeding six (6) square feet in area, may be erected upon any lot or attached to any dwelling placed upon the market for sale. Any such temporary real estate sign shall be removed promptly following the sale of such dwelling. The provisions and limitations of this subsection shall not apply to any institutional first mortgagee of any lot who comes into possession of the lot by reason of any

remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure.

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

(k) No outside television aerial or radio antenna, or other aerial or antenna for either reception or transmission, shall be maintained upon the Property except that such aerials or antennae may be erected and maintained within the dwellings located upon the Property.

(l) No member shall make any private or exclusive or proprietary use of any of the common areas except with the specific approval of the Architectural and Environmental Review Committee and then only on a temporary basis and no member shall engage or direct any employee of the Association on any private business of the member during the hours such employee is employed by the Association, nor shall any member direct, supervise or in any manner attempt to assert control over any employee of the Association.

Section 8. Residential Use—Leasing. All dwellings shall be used for private residential purposes exclusively. No portion of any dwelling (other than the entire dwelling) shall be leased for any period. Any Class A member who shall lease his dwelling shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Board of Directors of the Association. All leases shall be in writing. Any such lease shall contain a provision to the effect that the rights of tenant to use and occupy the dwelling shall be subject and subordinate in all respects to the provisions of this Declaration and shall provide, further, that any failure by the tenant to comply with the provisions of this Declaration shall be a default under the lease. No dwelling shall be rented for transient or hotel purposes. Nothing contained in this Article, or elsewhere in this Declaration, shall be construed to prohibit the Declarant from the use of any lot or dwelling for promotional or display purposes, or as "model homes," a sales office, or the like.

Section 9. Fences. Any fence constructed upon the Property shall be vertical board-on-board and shall not extend beyond the front building line of the dwelling on the lot upon which any such fence is erected or the front building line of the dwellings on all immediately adjacent lots. No fence shall be more than six (6) feet in height. Chain link and other wire fencing is specifically prohibited. The erection of all fences shall be subject to the other provisions of this Article.

Section 10. House Rules, etc. There shall be no violation of any reasonable rules for the use of the common areas and community facilities or "house rules" or other community rules and regulations not inconsistent with the provisions of this declaration which may from

time to time be adopted by the Board of Directors of the Association and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in this Declaration authorized to adopt such rules.

Section 11. Duty to Maintain. Each member shall, at his own expense, keep each lot owned by him, together with any and all improvements thereon constructed, in good order, condition and repair, and in a clean and sanitary condition, and shall do and perform all maintenance and the like which may at any time be necessary to maintain the good appearance of his lot and dwelling.

Section 12. Enforcement — Right to Remove or Correct Violations. In the event any violation or attempted violation of any of the covenants or restrictions contained in this Article shall occur or be maintained upon any lot, or in the event of any other conduct in violation of any of the provisions or requirements of this Article, then the same shall be considered to have been undertaken in violation of this Article and without the approval of the Architectural and Environmental Review Committee required herein, and, upon written notice from the Architectural and Environmental Review Committee, such violation shall be promptly removed or abated. In the event the same is not removed, or the violation is not otherwise terminated or abated, within fifteen (15) days (or such shorter period as may be required in any such notice) after notice of such violation is delivered to the owner of the lot upon which such violation exists, or to the member responsible for such violation if the same shall be committed or attempted on premises other than the lot owned by such member, then the Association shall have the right, through its agents and employees (but only after a resolution of the Architectural and Environmental Review Committee) to enter upon such lot and to take such steps as may be necessary to remove or otherwise terminate or abate such violation and the cost thereof may be assessed against the lot upon which such violation occurred and when so assessed, a statement for the amount thereof shall be rendered to the owner of said lot at which time the assessment shall become due and payable and a continuing lien upon such lot, and a binding personal obligation of the owner of such lot, in all respects (and subject to the same limitations) as provided in Article V of this Declaration. The Association shall have the further right, through its agents, employees or committees, to enter upon and inspect any lot at any reasonable time for the purpose of ascertaining whether any violation of the provisions of this Article or any of the other provisions or requirements of this declaration exist on such lot; and neither the Association nor any such agent or employee shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

ARTICLE VIII

Section 1. Party Walls. Each wall which is built as part of the original construction of the dwellings upon the Property and placed on the dividing line between lots or partly on one lot and partly on another shall constitute a party wall, and to the extent not inconsistent with the

provisions of this Article, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply thereto.

Section 2. Repairs and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in equal shares. Nothing shall be done by any Owner which impairs the structural integrity of any party wall or which diminishes the fire protection afforded by any party wall. No Owner shall use any party wall for any purpose which creates a hazard or nuisance for any other Owner who makes use of the party wall.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use; without prejudice, however, of the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, any Owner who by his negligent or willful act causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Encroachments. If any portion of a party wall shall encroach upon any adjoining lot, or upon the common areas or community facilities, by reason of reconstruction, settlement or shifting of any building, or otherwise, a valid easement for the encroachment and for the maintenance of the same as long as the building stands, shall exist.

Section 7. Limitations — Exceptions. The provisions of this Article shall not apply in the case of condominium units created pursuant to the provisions of Title 11, Real Property Article, *Annotated Code of Maryland* (1981 Repl. Vol.), as from time to time amended.

ARTICLE IX

Section 1. Joint Driveways. Any driveway which is built or installed as part of the original construction upon the Property and which is situated on the dividing line between lots or partly on one lot and partly on another lot or other lots, shall constitute a joint driveway for the equal and common use and benefit of the Owners of any lots or other portions of The Property which it is reasonably designed to serve, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding joint driveways and of liability for property damage due to negligent or willful acts or omissions regarding the same shall apply thereto.

Section 2. Repair and Maintenance. The cost of reasonable repair and maintenance of any joint driveways shall be shared by the Owners who make use of the same, in equal shares.

Section 3. Damage and Destruction. In the event any joint driveway is destroyed or damaged, any Owner who has used the same may restore it, and if the other Owners thereafter make use of the same, they shall contribute to the cost of restoration thereof in equal proportions; without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Easements. There shall be a perpetual and non-exclusive easement in, through and over any such joint driveway reserved to the Owners of any lot or lots upon which the same has been built or installed or which the same has reasonably been designed to serve and no person shall in any way interfere with the free and unobstructed use thereof by said Owners.

Section 5. Right to Contribution runs with land. The right of any Owner to contribute from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE X

Section 1. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. The Management Agent shall perform such duties and services as the Board of Directors shall authorize in writing, including, without limitation:

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

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

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

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

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

Any management agreement entered into by the Association shall provide, *inter alia*, that such agreement may be terminated, with or without cause and without the payment of any termination fee, by either party upon thirty (30) days' written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

Section 2. Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the common areas or community facilities, or from any wire, pipe, drain, conduit or the like. The Association shall not be liable to any member for loss or damage, by theft or otherwise, of articles which may be stored upon the common areas or community facilities. No diminution or abatement of assessments, as hereinelsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common areas or community facilities, or from any action taken by the Association to comply with any of the provisions of this Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE XI

Section 1. Reservation of Easement Rights by the Declarant.

(a) The Declarant hereby reserves a non-exclusive easement and right-of-way in, through, over and across the common areas and community facilities for the purpose of the storage of building supplies and materials, the installation, construction, maintenance, reconstruction and repair of sanitary sewer lines, water lines, cables, "master" antenna systems, CATV, storm water detention ponds and similar facilities, storm drains and appurtenances to any of the same, and for all other purposes reasonably related to the completion of construction and development of the project and the provisions of utility services, and related services and facilities, whether public or private, to the land and premises described on "EXHIBIT B" attached hereto.

(b) The Declarant hereby reserves the absolute right to grant easements and rights-of-way, both temporary and permanent, over the common areas and community facilities to any and all governmental or quasi-governmental authorities and to any and all public utilities including, without limitation, Montgomery County, Maryland, the City of Gaithersburg, Maryland, the Washington Suburban Sanitary Commission, the

Potomac Electric Power Company, the Washington Gas Light Company and the Chesapeake & Potomac Telephone Company of Maryland.

(c) The Declarant hereby reserves a non-exclusive easement and right-of-way in, through, over and across the common areas and community facilities for any and all purposes reasonably related to the performance by the Declarant of any duties or obligations it may have or assume with respect to the correction of any defects in workmanship or materials performed or used in connection with the development of the property and the construction of any improvements thereon.

(d) The Declarant hereby reserves a non-exclusive easement and right-of-way in, through, over and across the common areas and community facilities and in, through, over and across the lots for any and all purposes reasonably related to the maintenance and correction of conditions associated with the drainage of surface water and in order to maintain reasonable standards of health, safety and appearance, which easement shall include, but not be limited to, the right to cut or remove any trees or shrubs located upon the property and the right to make any grading changes upon the property; provided, however, that the Declarant shall make every reasonable effort to restore the property to its original condition as nearly as practicable following the completion of any such work and, provided further, that except in cases involving emergencies or manifest danger to safety of person or property, no such work shall be undertaken without reasonable written notice to the owner of the lot or lots affected.

Any and all grants made by the Declarant to the Association with respect to any of the common areas and community facilities and any and all grants made by the Declarant to any owner shall be conclusively deemed to incorporate these reservations, whether or not specifically set forth in such instruments. At the request in writing of the Declarant, the Association and any owner shall from time to time execute, acknowledge and deliver to the declarant such further assurances of this reservation as may be necessary.

Section 2. Easements for Utilities and Related Purposes. The Association is authorized and empowered to grant (and shall from time to time grant) such other licenses, easements and rights-of-way over the common areas and community facilities for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm water detention ponds and similar facilities, storm drains, cables, underground conduits and such other purposes related to the provision of utility and similar services to the land and premises described on "EXHIBIT C" attached to this Declaration as may be considered necessary and appropriate by the Board of Directors of the Association or by the declarant for the orderly maintenance, preservation and enjoyment of the common areas and community facilities and for the preservation of the health, safety, convenience and welfare of the members of the Association or the declarant.

Section 3. Easement to Montgomery County, Maryland, and to the City of Gaithersburg, Maryland. The Declarant hereby grants to Montgomery County, Maryland, a municipal body corporate, and to the City of Gaithersburg, Maryland, a municipal body corporate, and to their respective agents and contractors, a non-exclusive easement and right-of-way in, through, over and across the common areas and community facilities for all purposes reasonably associated with the inspection, operation, installation, construction, reconstruction, maintenance or repair of any stormwater management facilities for all purposes reasonably associated with the inspection, operation, installation, construction, reconstruction, maintenance or repair of any stormwater management facilities constructed upon the Property; and in the event that, after reasonable notice to the Association by either Montgomery County, Maryland, or the City of Gaithersburg, Maryland, the Association shall fail to maintain any storm water management facility constructed upon the Property in accordance with applicable law and regulations, then either Montgomery County, Maryland, or the City of Gaithersburg, Maryland, may do and perform all necessary repair maintenance work and may assess the Association for the cost of the work and any applicable penalties. The Association shall indemnify and save Montgomery County, Maryland, and the City of Gaithersburg, Maryland, harmless from any and all claims or damages to persons or property arising in connection with the installation, construction, maintenance, repair, operation or use of any stormwater management facility or drainage system constructed upon the Property.

Section 4. Parking and Sidewalk Easements. There is hereby established for the benefit of the owners of the several lots a perpetual and non-exclusive easement and right-of-way for pedestrian and vehicular ingress, egress and regress, and for the parking of motor vehicles, in, through, over and across the Private Streets and Roadways and in, through, over and across any sidewalks and leadwalks constructed upon the common areas and community facilities or the lots. Any grant of a lot made by the declarant shall be conclusively deemed to incorporate this easement and right-of-way, whether or not specifically set forth in such grant. At the request in writing of either the declarant or the owner of any lot, the Association shall, from time to time, execute, acknowledge and deliver such other and further assurances of this easement and right-of-way as may be reasonably necessary.

Section 5. Other Easements. There is hereby established for the benefit of the owners of the several lots a perpetual and non-exclusive easement to permit the uninterrupted encroachment upon or over the common areas and community facilities of any roofs, gutters, downspouts, fireplace structures and the like which are or may be appurtenant to any dwelling constructed upon any lot and which may overhang or otherwise encroach upon the common areas and community facilities. Any grant of a lot made by the Declarant shall be conclusively deemed to incorporate this easement, whether or not specifically set forth in such grant. At the request in writing of either the Declarant or the owner of any lot, the Association shall, from time to time, execute, acknowledge and deliver

such other and further assurances of this easement as may be reasonably necessary.

ARTICLE XII

Section 1. Amendment. Subject to the other limitations set forth in this Declaration, prior to the lapse of all of the Class B memberships in the Association as in Article III provided, this Declaration may be amended only by an instrument executed and acknowledged by two-thirds (2/3) of the Class A members of the Association, if any, and by the Declarant, which instrument shall be recorded among the Land Records for the jurisdiction in which this Declaration is recorded. Subject to the other limitations set forth in this Declaration, following the lapse of all of the Class B memberships in the Association as in Article III provided, this declaration may be amended by an instrument executed and acknowledged by a majority of the Class A members of the Association, which instrument shall be recorded among the Land Records for the jurisdiction in which this Declaration is recorded. Unless a later date is specified in any such instrument, any amendment to this Declaration shall become effective on the date of recording.

Section 2. Duration. Unless amended in accordance with the provisions of Section 1 of this Article and the other requirements of this Declaration, and except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner of any lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date of recordation of this Declaration, after which the said covenants shall be automatically extended for successive periods of ten (10) years each.

Section 3. Construction and Enforcement. The provisions hereof shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the community. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenants or restriction, either to restrain or enjoin violation or to recover damages or both, and against any lot to enforce the line created hereby; and the failure or forbearance by the Association or the owner of any lot to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The provisions hereof may be enforced, without limitation, by the Association, by any owner or any mortgagee of any lot which becomes subject to the provisions hereof and by any other person, firm, corporation or other legal entity who has any right to the use of any of the common areas and community facilities owned by the Association.

There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of

the within covenants or restrictions cannot be adequately remedied by action at law or exclusively by recovery of damages.

Section 4. Successors of Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant by instrument in writing, with or without notice to the Association.

Section 5. Incorporation by Reference on Resale. In the event any owner sells or otherwise transfers any lot, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this declaration.

Section 6. 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, postpaid, to the last known address of the person who appears as member or owner on the records of the Association at the time of such mailing.

Section 7. 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 or community facility 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 or community facilities.

Section 8. 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.

Section 9. Consents. Any other provision of this declaration to the contrary notwithstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of the holders of at least two-thirds (2/3) of the first mortgages of record on the lots:

(a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the common areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate this Declaration; or

(c) modify the method of determining and collecting common expense assessments or other assessments as provided for in this declaration; or

(d) resolve to use the proceeds of casualty insur-

ance for any purpose other than the repair, replacement or reconstruction of the common areas and community facilities; or

(e) modify or amend any material or substantive provision of this Declaration or the By-Laws of the Association.

Section 10. Consent of Veterans Administration.

Provided that any lot in the project is then encumbered by a deed of trust or mortgage which is guaranteed by the Veterans Administration and, provided further, that there are then Class B memberships of the Association outstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of the Veterans Administration:

(a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the common areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate this Declaration; or

(c) modify or amend any material or substantive provision of this Declaration or the By-Laws of the Association.

Section 11. Additional Rights of Mortgagees—

Notice. No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to this Declaration except after ten (10) days' written notice to the holder of the first mortgage on the lot which is the subject matter of such suit or proceeding.

Any institutional first mortgagee of any lot upon The Property may pay any taxes, utility charges or other charge levied against the common areas and community facilities which are in default and which may or have become a charge or lien against any of the common areas and community facilities and any such institutional first mortgagee may pay any overdue premiums on any hazard insurance policy or secure new hazard insurance coverage on the lapse of any policy, with respect to the common areas and community facilities. Any first mortgagee who advances any such payment shall be due immediate reimbursement of the amount so advanced from the Association.

Section 12. Casualty Losses. In the event of substantial damage or destruction to any of the common areas or community facilities, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the holders of all first mortgages of record on the lots. No provision of this Declaration or the By-Laws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his lot with respect to the distribution to such member of any insurance proceeds paid or payable

on account of any damage or destruction of any of the common areas or community facilities.

Section 13. Condemnation or Eminent Domain.

In the event any part of the common areas and community facilities is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the holders of all first mortgages of record on the lots. No provision of this declaration or the By-Laws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his lot with respect to the distribution to such member of the proceeds of any condemnation or settlement relating to a taking of any of the common areas and community facilities.

Section 14. Captions and Gender.

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

IN WITNESS WHEREOF, the said THE MILTON COMPANY, a corporation organized and existing under the laws of the Commonwealth of Virginia, has caused these presents to be executed in its corporate name by GEORGE POULSON, its Vice President, and its corporate seal to be hereunto affixed, on the year and day first above written.

THE MILTON COMPANY

/s/ George Poulson
George Poulson, Vice President

STATE OF MARYLAND)
) ss:
COUNTY OF MONTGOMERY)

I HEREBY CERTIFY that on the 15th day of June, 1984, before me, the subscriber, a Notary Public in and for the jurisdiction aforesaid, personally appeared in said jurisdiction GEORGE POULSON, personally well known to me (or satisfactorily proven) to be the Vice President of THE MILTON COMPANY, a corporation organized and existing under the laws of the Commonwealth of Virginia, and to be the person who executed the foregoing instrument in its name and on its behalf, and acknowledged that, having authority so to do, he executed the same as the act and deed of said corporation for the purposes therein contained and delivered the same as such.

WITNESS my hand and Notarial Seal the year and day first above written.

/s/ Barry M. Fitzpatrick
Barry M. Fitzpatrick, Notary Public

My Commission expires: July 1, 1986

This is to certify that the undersigned is a member in good standing of the Bar of the Court of Appeals of Maryland and that the within instrument was prepared by him or under his supervision.

/s/ Barry M. Fitzpatrick
Barry M. Fitzpatrick

Pursuant to the provisions of Section 3-501 of Subtitle 5, Real Property Article, *Annotated Code of Maryland* (1981 Repl. Vol.) the following additional information is declared to be contained within this instrument:

- (a) The address of the Declarant:
1951 Kidwell Drive—Suite 200
Vienna, Virginia 22180
- (b) The name of any title insurer insuring this instrument or otherwise involved in the transaction in which this instrument is relevant:
NONE
- (c) The street address of the land and premises described in this instrument:
NONE—Not yet assigned.
- (d) The Parcel Identifier:
Parts of 9-201-2271207 and 9-201-2271195

"EXHIBIT A"

Lots 191 through 220, both inclusive, and Lots 247 through 251, both inclusive, in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 121 at plat 14351, among the Land Records for Montgomery County, Maryland.

COMMON AREA: Parcels "A" and "B" in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 121 at plat 14351, among the Land Records for Montgomery County, Maryland.

Lots 1 through 13, both inclusive, in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 121 at plat 14352, among the Land Records for Montgomery County, Maryland.

COMMON AREA: Parcels "C," "D," "E" and "F" in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 121 at plat 14352 among the Land Records for Montgomery County, Maryland.

Lots 14 through 36, both inclusive, in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14598, among the Land Records for Montgomery County, Maryland.

COMMON AREA: Parcels "G," "H" and "I" in the subdivision recorded in Plat Book 125 at plat 14598 among the Land Records for Montgomery County, Maryland.

Lots 171 through 190, both inclusive, and Lots 221 through 246, both inclusive, in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14599, among the Land Records for Montgomery County, Maryland.

COMMON AREA: Parcels "J," "L" and "M" in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14599, among the Land Records for Montgomery County, Maryland.

Lots 126 through 170, both inclusive, in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14600, among the Land Records for Montgomery County, Maryland

COMMON AREA: Parcel "K" in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14600, among the Land Records for Montgomery County, Maryland.

"EXHIBIT B"

Loiderman Associates, Inc.
June 7, 1982
Project No. 5-80-03

**DESCRIPTION OF PART OF THE PROPERTY OF
HARRY KOENICK, ET AL
LIBER 3462—FOLIO 136
47.99039 ACRES**

All of that piece or parcel of land situate, lying and being in the Ninth Election District of Montgomery County, MD and being part of a conveyance from Muddy Branch Corporation, a Maryland Corporation, to Harry Koenick, Sarah B. Cohen and Allen M. Rice, joint tenants, by deed dated January 20, 1966, and recorded among the Land Records of the aforesaid county in Liber 3462 at Folio 136, and being more particularly described as follows:

Beginning for the same at the end of the sixteenth or North 89°40'00" West, 1,359.48 foot line of the aforesaid conveyance, 749.90 feet from the beginning thereof, and running thence with the outlines of a conveyance from

Harry Koenick, et al, to the Town of Gaithersburg by deed dated September 15, 1967, and recorded among the aforesaid Land Records in Liber 3700 at Folio 83, as now surveyed by Loiderman Associates, Inc.

- 1) South $23^{\circ}27'25''$ East, 169.56 feet to a point; thence
- 2) North $73^{\circ}12'06''$ East, 280.00 feet to a point; thence
- 3) 486.16 feet along the arc of a curve to the left having a radius of 500.00 feet and a chord of South $44^{\circ}39'13''$ East, 467.24 feet to a point; thence
- 4) South $17^{\circ}29'29''$ West, 280.00 feet to a point; thence
- 5) South $58^{\circ}31'27''$ East, 129.14 feet to a point on the fourth or south $17^{\circ}29'07''$ West, 1,326.69 foot line of a conveyance from Harry Koenick, et al, to the Town of Gaithersburg by deed dated September 15, 1967 and recorded among the aforesaid Land Records in Liber 3700 at Folio 79; thence running with part of said fourth deed line, as now surveyed
- 6) leaving said fourth deed line and running with and along the fourth or North $57^{\circ}23'37''$ West, 2,050.34 foot line of a conveyance from Harry Koenick, et al, to the Town of Gaithersburg, by deed dated September 15, 1967 and recorded among the aforesaid Land Records in Liber 3700 at Folio 81, as now surveyed
- 7) North $57^{\circ}23'15''$ West, 2,051.91 feet to a point on the fifth or South $01^{\circ}36'11''$ East, 878.20 foot line of a conveyance from Harry Koenick, et al, to Eig Enterprises, Inc. by deed dated April 27, 1971 and recorded among the aforesaid Land Records in Liber 4063 at Folio 196, 558.26 feet from the beginning thereof and running thence
- 8) North $01^{\circ}27'24''$ West, 558.26 feet to a point on the eighteenth or North $89^{\circ}40'00''$ West, 1433.07 foot line of the aforesaid conveyance recorded in Liber 3462 at Folio 136; thence with the outlines thereof
- 9) South $89^{\circ}32'00''$ East, 1,339.89 feet to the place of beginning, containing 47.99039 Acres of Land.

VETERANS ADMINISTRATION INFORMATION BROCHURE

THE AMBERFIELD HOMEOWNERS ASSOCIATION, INC.

The Amberfield Homeowners Association, Inc. (the "Association") is a not-for-profit corporation organized or to be organized under the laws of the State of Maryland, without capital stock. The Class A members of the Association will consist of all homeowners in the community being developed by The Milton Company in the City of Gaithersburg, Montgomery County, Maryland, known as "AMBERFIELD."

Each home in the community will be entitled to cast one (1) vote in governing the affairs of the Association; however, until not later than January 1, 1990, the Developer of the community will be entitled to cast at least three (3) votes for each of the lots which it continues to own within the community. This device will effectively permit the Developer of the community to control the affairs of the Association until the earlier to occur of January 1, 1990, or the transfer of title to the first three hundred and three (303) homes in the community. Notwithstanding the fact that the Developer will retain effective control of the Association for the period stated above, the Developer intends to involve the homeowners in the direction and management of the affairs of the Association from its inception.

The Association has been or will be created by the filing of Articles of Incorporation with the State Department of Assessments and Taxation of Maryland and by the recordation of a Declaration of Covenants, Conditions and Restrictions among the Land Records for Montgomery County, Maryland. That Declaration will initially affect only the first phases scheduled for development in the community; however, the Developer has retained the right, so long as it holds one or more of the lots within the community, to expand the Association so that the Declaration will affect additional land within the community. If any homeowner has financed his purchase through a loan guaranteed by the Veterans Administration or the Federal Housing Administration, however, such expansion can only be accomplished with the approval of the Veterans Administration or the Federal Housing Administration, as the circumstances may from time to time require. In addition, no merger, dissolution or substantive amendment of the organizational documents relating to the Association can be accomplished without the approval of the Veterans Administration or the Federal Housing Administration, as the circumstances may from time to time require.

The initial maximum annual maintenance assessment for each home in the community will be \$360.00; however, this is only a maximum and the Developer intends to provide for an initial assessment for each lot in the community at the rate of \$25.00 per lot per month.

After January 1, 1985, the maximum annual maintenance assessment may be increased by the Board of

Directors of the Association, without a vote of the homeowners, by an amount equal to 10% of the maximum annual maintenance assessment for the preceding year. After January 1, 1985, the maximum annual maintenance assessment can be increased above the 10% limitation only if a majority of the Class A members and two-thirds (2/3) of the Class B members consent to such an increase. Any such change in the maximum annual maintenance assessment must be accomplished at a meeting of the members duly called to consider that change.

The Declaration provides to the Association the right to impose a lien or charge upon the title of any member who fails to pay any assessment levied by the Association when it is due. A continued default in the payment of assessments levied by the Association could result in an action by the Association to foreclose its lien or charge in order to enforce payment of the assessment then due. In addition, the Association has the right to file suit against any member for nonpayment of any assessment levied by the Association and to secure a judgment and to execute on that judgment, including the possibility of the attachment of wages and other personal property.

It is not contemplated that the Association will charge "user fees" or the like to any member; rather, the expenses of the Association are to be met by assessments levied against the members by the Association pursuant to the Declaration.

The common property within the community is to be owned by the Association and title to the property is to be transferred to the Association by the Developer free and clear of all contractual liens and encumbrances. The common property is to consist of certain "open" spaces, certain private streets and roadways, certain sidewalks, leadwalks, and a variety of recreational facilities intended for both adults and juveniles. Services to be provided by the Association include the maintenance of the common property. The Association will not assume any responsibility to provide exterior maintenance on any home in the community and exterior maintenance will be the sole responsibility of the homeowners.

Article VII of the Declaration contains certain restrictions on the use, maintenance and improvement of homes within the community. Before making any exterior improvements to his home, the homeowner should review Article VII of the Declaration with care.

The Declaration, the Articles of Incorporation and the By-Laws are attached for your review, convenience and benefit. These documents set forth in detail the substance of what has been outlined above and should be studied and referred to from time to time for a further explanation of the affairs of the Association and the rights and obligations of its members.

DISC: AMBER
File No. 10003-107

THIS DECLARATION, made this 15th day of June, 1984, by and between THE MILTON COMPANY, a corporation organized and existing under the laws of the Commonwealth of Virginia, hereinafter sometimes called the "Declarant",

WITNESSETH:

WHEREAS, the Declarant is the owner of the real property described in Article II hereof and desires to create and develop thereon a residential community with permanent common areas and community facilities for the benefit of said community; and

WHEREAS, the Declarant desires to provide for the preservation of the values and amenities in said community and for the maintenance of said common areas and community facilities; and to this end, desires to subject the real property described in Article II hereof to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which are for the benefit of said property and the subsequent owners thereof; and

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an association to which should be delegated and assigned the powers and duties of maintaining and administering the common areas and community facilities, administering and enforcing the within covenants and restrictions and disbursing the charges and assessments hereinafter created; and

WHEREAS, the Declarant has formed (or intends to form) The Amberfield Homeowners Association, Inc., as a non-profit corporation without capital stock under the Laws of the State of Maryland for the purposes of carrying out the powers and duties aforesaid.

NOW, THEREFORE, the Declarant hereby declares that the real property described in Article II hereof is and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens (hereinafter sometimes referred to as "covenants and restrictions") hereinafter set forth, all of which are declared and agreed to be in aid of a plan for improvement of said property, and shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant, its successors and assigns, and any person acquiring or owning an interest in said property and improvements, including, without limitation, any person, group of persons, corporation, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation:

ARTICLE I

Section 1. Definitions. The following words, when used in this Declaration, shall have the following meanings:

- (a) "Association" shall mean and refer to The Amberfield Homeowners Association, Inc., and its successors and assigns.

Verified By: [Signature]

1984 JUN 15 PM 1:54
CLERK'S OFFICE
HARRISBURG COUNTY, MD

LAW OFFICES
MILES & STOCKBRIDGE
242 HUNGERFORD COURT
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(301) 788-1600

1115.00

(b) The "Property" shall mean and refer to all real property described in Article II hereof and such additions thereto as may hereafter be made pursuant to the provisions of Article II.

(c) "Lot" shall mean and refer to all subdivided parcels or property (exclusive of the common areas) which are part of the Property and shall include (without limiting the generality of the foregoing) condominium units created pursuant to the provisions of Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol.) as from time to time amended.

(d) "Common Areas" and "Community Facilities" shall mean and refer to all real property owned or leased by the Association or otherwise available to the Association for the benefit, use and enjoyment of its members.

(e) "Dwelling" shall mean and refer to any building or portion of a building situated upon the Property and designed and intended for use and occupancy as a residence by a single person or family.

(f) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot situated on the Property, including contract sellers, but excluding those having such interest solely as security for the performance of an obligation.

(g) "Declarant" or "Developer" or "Grantor" shall mean and refer to the Declarant hereinabove identified in the preamble to this Declaration, and its successors and assigns to the extent that any of the rights, easements and privileges of the Declarant are specifically assigned by the Declarant to any such successors and assigns by instrument in writing; provided, however, that the rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant shall not inure to the benefit of or burden the successors and assigns of the Declarant except to the extent that any of the rights, reservations, easements, interests, exemptions, privileges or powers of the Declarant are specifically assigned or transferred to any such successor or assign by instrument in writing.

(h) "Mortgagee", as used herein, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the lots. "Mortgage", as used herein, shall include deed of trust. "First Mortgage", as used herein, shall mean a mortgage with priority over other mortgages. As used in this Declaration, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Declaration, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government. As used in this Declaration the terms "holder" and "mortgagee" shall include the parties secured by any deed of trust or any beneficiary thereof.

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In the event any mortgage is insured by the Federal Housing Administration ("FHA") or guaranteed by the Veterans Administration ("VA"), then as to such mortgage the expressions "mortgagee" and "institutional mortgagee" include the FHA or the VA, as the circumstances may require, acting, respectively, through the Federal Housing Commissioner and the Commissioner of Veterans Benefits or through other duly authorized agents.

(i) "Member" shall mean and refer to every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who holds any class of membership in the Association.

(j) The "Project" and the "Community", as used in this Declaration, means that certain community being developed by the Declarant in Montgomery County, Maryland, known as "AMBERFIELD".

(k) The "Private Streets and Roadways" shall mean and refer to all streets, roadways, sidewalks, curbs, gutters and parking areas which are part of the Common Areas and Community Facilities; provided, however, that any area dedicated to public use shall not be a part of the Private Streets and Roadways.

Whenever in this Declaration any action is required to be taken by a specified percentage of "each class of the then members" of the Association, then such action shall be required to be taken separately by the specified percentage of the then outstanding Class A members of the Association and by the specified percentage of the then outstanding Class B members of the Association. Whenever in this Declaration any action is required to be taken by a specified percentage of the "then members" of the Association, then such action shall be required to be taken by the specified percentage of the then outstanding cumulative membership of the Association.

ARTICLE II

Section 1. Property Subject to Declaration. The real property which is, and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to this Declaration is located in Montgomery County, State of Maryland, and is more particularly described on "EXHIBIT A" attached hereto and by this reference made a part hereof.

Section 2. Additions. So long as there are Class B members of the Association, additional property may be annexed to the above-described property without the consent of the Class A members of the Association, if any. Following the lapse or surrender of the Class B memberships as provided for in Article III of this Declaration, additional property may be annexed to the above-described property without the consent of the Class A members of the Association, if any, so long as such additional property is part of the property described on "EXHIBIT B" attached to this Declaration and incorporated herein by this reference. The scheme of the within Covenants and Restrictions shall not, however, be extended to include any such additional property unless and until the same is annexed to the real property described on "EXHIBIT A" as hereinafter provided.

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Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration of Covenants and Restrictions among the Land Records for Montgomery County, Maryland, which Supplementary Declaration shall extend the scheme of the within Declaration of Covenants and Restrictions to such annexed property. Such annexations need not be made by the Declarant; provided, however, that any such annexation accomplished by persons other than the Declarant shall have the written consent of the Declarant.

So long as any lot is encumbered by a deed of trust or mortgage which is guaranteed by the Veterans Administration, no annexation shall be made pursuant to this Article, or otherwise, except following a determination by the Veterans Administration that the annexation conforms to a general plan for the development of the community previously approved by the Veterans Administration or, if no such general plan was approved by the Veterans Administration, except following the prior written approval of the Veterans Administration.

Any Supplementary Declaration of Covenants and Restrictions made pursuant to the provisions of this Article may contain such complementary or supplemental additions and modifications to the covenants and restrictions set forth in the within Declaration as may be considered necessary by the maker of such Supplementary Declaration of Covenants and Restrictions to reflect the different character or use, if any, of the annexed property.

ARTICLE III

Membership

Section 1. Membership. The Association shall have two classes of voting membership which shall be known as "Class A" and "Class B":

(a) There shall be 403 Class A memberships in the Association. Every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any lot which is part of the premises described in Article II of this Declaration, or which otherwise becomes subject by the covenants set forth in this Declaration to assessment by the Association, shall be a Class A member of the Association; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a Class A member solely on account of such interest. Each Class A member shall be entitled to one (1) vote for each lot in which such member holds the interest required for Class A membership.

(b) There shall be 403 Class B memberships in the Association. The Class B member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment from the Declarant. Each Class B member shall be entitled to three (3) votes for each Class B membership which it holds. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

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- (i) thirty (30) days following the date on which the total authorized, issued and outstanding Class A memberships equal 303; or
- (ii) on January 1, 1990; or
- (iii) upon the surrender of said Class B memberships by the then holder thereof for cancellation on the books of the Association.

Upon the lapse or surrender of any of the Class B memberships as provided for in this Article, the Declarant shall thereafter remain a Class A member of the Association as to each and every lot from time to time subject to the terms and provisions of this Declaration in which the Declarant then holds the interest otherwise required for Class A membership.

The members of the Association shall have no preemptive rights, as such members, to acquire any memberships of this Association that may at any time be issued by the Association except as may be specifically provided in this Article.

ARTICLE IV

Section 1. Member's Right of Enjoyment. Every member shall have a non-exclusive right and easement of enjoyment, in common with others, in and to the common areas and community facilities and such non-exclusive right and easement shall be appurtenant to and shall pass with the fee title to every lot subject to the following:

(a) the right of the Association, in accordance with its Articles of Incorporation and By-Laws, and with the consent of two-thirds (2/3) of each class of the then members of the Association, voting separately, to borrow money for the purpose of improving the common areas and community facilities in a manner designed to promote the enjoyment and welfare of the members and in aid thereof to mortgage any of the common areas and community facilities; and

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

(c) the right of the Association to adopt reasonable rules respecting use of the common areas and community facilities to reasonably limit the number of guests of members to the use of any facilities which are developed upon the Property; and

(d) the right of the Association to suspend the voting rights and the rights to use of the common areas and community facilities for any period during which any assessment remains unpaid and for any period not to exceed thirty (30) days for any infraction of any of the published rules and regulations of the Association; and

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(e) the right of the Association to dedicate or transfer all or any part of the common areas or community facilities 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; provided, however, that no such dedication or transfer or determination as to the purposes or as to the conditions thereof, shall be effective unless two-thirds (2/3) of each class of the then members of the Association consent to such dedication, transfer, purpose and conditions, at any special meeting of the members duly called for such purpose; and, provided further, that any such dedication or transfer shall also be subject to the limitations provided for in Sections 9 and 10 of Article XII of this Declaration; and

(f) the right of the Association, acting by and through its Board of Directors, 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 licenses, rights-of-way or easements shall be unreasonably and permanently inconsistent with the rights of the members to the use and enjoyment of the common areas and community facilities.

Section 2. Delegation of Right of Use. Any member of the Association may delegate his rights to the use and enjoyment of the common areas and community facilities to the members of his family who reside permanently with him and to his tenants, contract-purchasers, invitees and guests, all subject to such reasonable rules and regulations which the Association may adopt and uniformly apply and enforce.

Section 3. Limitations.

(a) Any other provision of this Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any member of the Association to use the Private Streets and Roadways for both vehicular and pedestrian ingress and egress to and from his lot and for parking.

(b) Any other provision of this Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any member of the Association to use the common areas and community facilities for necessary, ordinary and reasonable pedestrian ingress and egress to and from his lot or to suspend any easement over the common areas and community facilities for stormwater drainage, electrical energy, water, sanitary sewer, natural gas, CATV service, telephone service or similar utilities and services to the lots.

ARTICLE V

Section 1. Annual Maintenance Assessments. Except as assessment of the Declarant may be limited by the provisions of Article VII of this Declaration, each person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who becomes a fee owner of a lot within the Property, (i.e., each Class A member of the Association), by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay the Association, in advance, a monthly sum (hereinafter sometimes referred to as "maintenance assessments") equal to one-twelfth (1/12) of the member's proportionate share of the sum required by the Association, as estimated by its Board of Directors, to meet its annual expenses, including but in no way limited to the following:

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(a) the cost of all operating expenses of the common areas and community facilities and the services furnished to or in connection with the common areas and community facilities, including charges by the Association for any services furnished by it; and

(b) the cost of necessary management and administration of the common areas and community facilities, including fees paid to any Management Agent; and

(c) the amount of all taxes and assessments levied against the common areas and community facilities; and

(d) the cost of liability insurance on the common areas and community facilities and the cost of such other insurance as the Association may effect with respect to the common areas; and

(e) the cost of utilities and other services which may be provided by the Association, whether for the common areas and community facilities or for the lots, or both; and

(f) the cost of maintaining, replacing and repairing the Private Streets and Roadways, in whole or in part and including, without limiting the generality of the foregoing, the cost of snow removal, parking area striping, sweeping and washing, specialty signing and the like and the cost of maintenance of driveway aprons and drives and walks within or upon the common areas; and

(g) the cost of maintaining, replacing, repairing, and landscaping the common areas, including, without limitation, maintenance of any stormwater detention basins and drainage systems or the like located upon the common areas and the cost of the maintenance of all entrance walls and other entrance features, signs, pathways, jogging and walking trails, exercise areas, bike paths and the like upon the common areas, together with such equipment as the Board of Directors shall determine to be necessary and proper in connection therewith; and

(h) the cost of funding all reserves established by the Association, including, when appropriate, a general operating reserve and a reserve for replacements.

The Board of Directors shall determine the amount of the maintenance assessment annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors, installments of annual assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on the monthly basis hereinabove provided for. Any Class A member may prepay one or more installments on any annual maintenance assessment levied by the Association, without premium or penalty.

The Board of Directors shall prepare, or cause the preparation of an annual operating budget for the Association which shall provide, without limitation, for the management, operation and maintenance of the common areas. The Board of Directors of the Association shall make reasonable efforts to fix the amount of the annual maintenance 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 maintenance assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner upon reasonable notice to the Board. Written notice of the annual maintenance assessments shall thereupon be sent to the Class A

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members. The omission by the Board of Directors, before the expiration of any assessment period, to fix the amount of the annual maintenance 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 Class A member from the obligation to pay the annual maintenance assessment, or any installment thereof, for that or any subsequent assessment period; but the annual maintenance assessment fixed for the preceding period shall continue until a new maintenance assessment is fixed. No Class A member may exempt himself from liability for maintenance assessments by abandonment of any lot belonging to him or by the abandonment of his right to the use and enjoyment of the common areas and community facilities.

This Declaration does not contemplate that the Association shall have any responsibility for the maintenance or repair of the dwellings or their appurtenances and the responsibility and duties of the Association for maintenance and repairs shall be limited to the common areas and community facilities. The owner of any lot shall, at his own expense, maintain his lot and dwelling, and any and all appurtenances thereto, in good order, condition and repair and in a clean, sightly and sanitary condition at all times.

Section 2. Special Maintenance Assessments. In addition to the regular annual maintenance assessments authorized by this Article, the Association may levy in any assessment year a special maintenance assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, extraordinary repair or replacement of a described capital improvement located upon, or forming a part of the common areas and community facilities, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate; provided, however, that any such assessment shall have the assent of the members representing a majority of the then Class A members of the Association and two-thirds (2/3) of the then Class B members of the Association. A meeting of the members shall be duly called for this purpose.

Section 3. Reserves for Replacements. The Association may establish and maintain a reserve fund for repairs and replacements of the common areas and community facilities by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such fund shall be conclusively deemed to be a common expense of the Association and may be deposited with any banking institution, the accounts of which are insured by any State or by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America.

The reserve for replacement of the common areas and community facilities may be expended only for the purpose of affecting the replacement of the common areas and community facilities, major repairs, equipment replacement, and for start-up expenses and operating contingencies of a non-recurring nature relating to the common areas and community facilities. The Association may establish such other reserves for such other purposes as the Board of Directors may from time to time consider to be necessary or appropriate. The proportional interest of any member in any such reserves shall be considered an appurtenance of his lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the lot to which it appertains and shall be deemed to be transferred with such lot.

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Section 4. Maximum Annual Maintenance Assessments. The initial maximum annual maintenance assessment for each of the lots to which Class A membership is appurtenant shall not exceed the sum of THREE HUNDRED SIXTY AND * * * NO/100 DOLLARS (\$360.00) per annum. Except as provided for in Section 7 of Article VI of this Declaration, the annual maintenance assessment shall be levied at a uniform rate for each lot to which Class A membership is appurtenant.

Section 5. Increase in Maximum Annual Maintenance Assessment.

(a) from and after January 1, 1985, the maximum annual maintenance assessment for all Class A memberships hereinabove provided for, may be increased by the Board of Directors of the Association, without a vote of the Class A membership, by an amount equal to ten percent (10%) of the maximum annual assessment for the preceding year plus the amount by which any ad valorem real estate taxes and casualty and other insurance premiums payable by the Association have increased over amounts payable for the same or similar items for the previous year.

(b) from and after January 1, 1985, the maximum annual maintenance assessments for all Class A memberships hereinabove provided for may be increased above that established by the preceding paragraph by a vote of the members, as hereinafter provided, for the next succeeding year and, thereafter, at the end of such year, for each succeeding year. Any change made pursuant to this paragraph shall have the assent of a majority of the then Class A members of the Association and two-thirds (2/3) of the then Class B members of the Association. A meeting of the members shall be duly called for this purpose.

Section 6. Initial Working Capital Contributions. Each person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, to whom a Class A membership in the Association is originally issued, by acceptance of a deed for a lot from the Declarant and whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association, simultaneously with the acceptance of such deed or other conveyance, the sum of ONE HUNDRED AND * * * NO/100 DOLLARS (\$100.00) as a non-refundable contribution to the initial working capital and reserves of the Association, such contribution to be in addition to, and not in lieu of, any other assessment levied by the Association pursuant to this Declaration.

ARTICLE VI

Section 1. Non-Payment of Assessments. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the lot or lots belonging to the member against whom such assessment is levied and shall bind such lot or lots in the hands of the then owners, his heirs, devisees, personal representatives and assigns. The personal obligation of the member to pay such assessment shall, in addition, remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any assessment levied pursuant to this Declaration, or any installment thereof, may be maintained without foreclosing or waiving the lien herein created to secure the same.

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Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and may, by resolution of the Board of Directors, subject the member obligated to pay the same to the payment of such penalty or "late charge" as the Board may fix, and the Association may bring an action at law against the member personally obligated to pay the same, or foreclose on the lien against the lot or lots then belonging to said member in the manner now or hereafter provided for the foreclosure of mortgages, deeds of trust or other liens on real property in the State of Maryland containing a power of sale and consent to a decree, and subject to the same requirements, both substantive and procedural, or as may otherwise from time to time be provided by law, in either of which events interest, costs and reasonable attorneys' fees of not less than twenty percent (20%) of the sum claimed shall be added to the amount of each assessment.

To the extent requested in writing so to do by any such mortgagee, the Association shall notify the holder of the first mortgage on any lot for which any assessment levied pursuant to this Declaration becomes delinquent for a period in excess of sixty (60) days and in any other case where the owner of such lot is in default with respect to the performance of any other obligation hereunder for a period in excess of sixty (60) days, but any failure to give such notice shall not affect the validity of the lien for any assessment levied pursuant to this Declaration, nor shall any such failure affect any of the priorities established in this Article.

The Board of Directors may post a list of members who are delinquent in the payment of any assessments or other fees which may be due the Association, including any installment thereof, which becomes delinquent, in any prominent location upon the Property.

Section 2. Assessment Certificates. The Association shall upon demand at any time furnish to any member liable for any assessment levied pursuant to this Declaration (or any other party legitimately interested in the same) a certificate in writing signed by an officer of the Association, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed Ten Dollars (\$10.00) may be levied in advance by the Association for each certificate so delivered.

Section 3. Acceleration of Installments. Upon default in the payment of any one or more monthly installments of any assessment levied pursuant to this Declaration, or any other installment thereof, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 4. Priority of Lien. The lien established by this Declaration shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

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(a) general and special assessments for ad valorem real estate taxes on the lot; and

(b) the liens of any deeds of trust, mortgages or other encumbrances duly recorded on the lot prior to the assessment thereon of the annual maintenance assessments provided for in this Declaration or duly recorded on said lot after receipt of a written statement from the Board of Directors reflecting that payments on account of any such assessments were current as of the date of recordation of said deed of trust, mortgage or other encumbrance.

Notwithstanding any other provision of this Declaration to the contrary, the lien of any assessment levied pursuant to this Declaration upon any lot, as in this Article provided, shall be subordinate to the lien of any deed of trust, mortgage or other encumbrance duly recorded on such lot and made in good faith and for value received and shall in no way affect the rights of the holder of any such deed of trust, mortgage or other encumbrance; provided, however, that such subordination shall apply only to assessments, and installments thereof, which have become due and payable prior to a sale or transfer of the lot pursuant to a foreclosure of such deed of trust, mortgage or other encumbrance, or any deed, assignment or other proceeding or arrangement in lieu of foreclosure. Any holder of any deed of trust, mortgage or other encumbrance duly recorded on the lot and made in good faith and for value received who comes into possession of the lot pursuant to a foreclosure of such deed of trust, mortgage or other encumbrance, or any deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any other purchaser at a foreclosure sale, shall take the lot free of any claims for unpaid maintenance assessments levied against the lot which accrue prior to the time such holder comes into possession of the lot or prior to the foreclosure sale, except for claims for a proportionate share of such unpaid maintenance assessments resulting from a reallocation of such unpaid maintenance assessments among the lots upon The Property. Such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not, however, relieve the purchaser at any foreclosure sale from any liability for any maintenance assessments thereafter becoming due, or from the lien herein created to secure the payment of such maintenance assessments, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

No amendment to this Section shall affect the rights of the holder of any first mortgage on any lot (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or the indebtedness secured thereby) shall join in the execution of such amendment.

The Board of Directors may, in its sole and absolute discretion, extend the provisions of this Section to the holders of mortgages not otherwise entitled thereto.

Section 5. Additional Default. Any recorded first mortgage secured on a lot in The Property shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to this Declaration, or any installment thereof, shall likewise be a default in such mortgage (or the indebtedness secured thereby); but failure to include such a provision in any such mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such mortgage (or the indebtedness secured thereby) by reason of Section 4 of this Article shall not be altered, modified or diminished by reason of such failure.

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Section 6. Commencement of Annual Assessments. Except as may be otherwise resolved by the Board of Directors of the Association, the annual maintenance assessment for each Class A membership shall commence on the date a deed for the lot to which such Class A membership is appurtenant is delivered by the Declarant to the member. The first monthly installment of each such annual maintenance assessment shall be made for the balance of the month during which a deed for the lot is delivered to the member and shall become due and payable and a lien on the date a deed for the lot is delivered to the member. Except as hereinafter provided, the monthly installments of each such annual maintenance assessment for any lot for any month after the first month shall become due and payable and a lien on the first day of each successive month.

Section 7. Assessment of Declarant. Anything in this Declaration to the contrary notwithstanding, any regular or special assessment levied by the Association for any lot held by the Declarant or by the maker of any Supplementary Declaration made pursuant to Section 2 of Article II of this Declaration shall be in an amount equivalent to twenty-five percent (25%) of the assessment levied by the Association against other lots held by the Class A members; provided, however, that the Declarant agrees to fund all current operating deficits of the Association until the date upon which the Class B memberships have been surrendered by the Declarant or lapse pursuant to the provisions of Section 1(b) of Article III of this Declaration or until the Declarant elects to terminate the benefit of the preference provided for in this Section 7 by notice in writing to the Association, whichever date shall first occur; and, provided further, that the exemption and preference provided for in this Section 7 shall not apply with respect to any lot upon which a completed dwelling is situate if that dwelling is occupied for residential purposes.

Section 8. Exempt Property. No portion of the common areas or community facilities shall be subject to assessment of any kind by the Association.

ARTICLE VII

Section 1. Architectural and Environmental Review Committee. Except for construction or development by, for or under contract with the Declarant, and except for any improvements to any lot or to the common areas accomplished by the Declarant concurrently with said construction and development, and except for purposes of proper maintenance and repair, no building, fence, wall or other improvements or structures shall be commenced, erected, placed, moved, altered, planted or maintained upon the Property, nor shall any exterior addition to or change (including any change of color) or other alteration thereupon be made until the complete plans and specifications showing the location, nature, shape, height, material, color, type of construction and any other proposed form of change (including, without limitation, any other information specified by the Architectural and Environmental Review Committee) shall have been submitted to and approved in writing as to safety, harmony of external design, color and location in relation to surrounding structures and topography and conformity with the design concept for the community by an Architectural and Environmental Review Committee designated by the Board of Directors.

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Subject to the same limitations as hereinabove provided for, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any exterior lighting, shades, screens, awnings, patio covers, fences, wall, slabs, sidewalks, curbs, gutters, patios, balconies, porches, decks, greenhouses or greenhouse windows, platers, bird baths, security bars, ornaments, storm doors or storm windows, driveways, or to make any change or otherwise alter (including any alteration in color and including any comprehensive landscape plan) in any manner whatsoever the exterior of any improvements constructed upon any lot or upon any of the common areas, or to combine or otherwise join two or more dwellings, or to partition the same after combination, or to remove or alter any windows or exterior doors of any dwelling, until the complete plans and specifications, showing the location, nature, shape, height, material color, type of construction and any other proposed form of change (including, without limitation, any other information specified by the Architectural and Environmental Review Committee) shall have been submitted to and approved in writing as to safety, harmony of external design, color and location in relation to surrounding structures and topography and conformity with the design concept for the community by the Architectural and Environmental Review Committee designated by the Board of Directors.

Section 2. Architectural and Environmental Review Committee - Operation. The Board of Directors shall appoint an Architectural and Environmental Review Committee. The Architectural and Environmental Review Committee shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors. The affirmative vote of a majority of the members of the Architectural and Environmental Review Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 3. Approvals, etc. Upon approval by the Architectural and Environmental Review Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and information required by the Architectural and Environmental Review Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

Section 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural and Environmental Review Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this Article provided), and shall be substantially completed within twelve (12) months following the date of commencement, or within such other period as the 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 Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required.

There shall be no material deviation from the plans and specifications approved by the Committee without the prior consent in writing of the Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 5. Certificate of Compliance. Upon the completion of any construction or alterations or other improvements or structure in substantial accordance with plans and specifications approved by the Architectural and Environmental Review Committee in accordance with the provisions of this Article, the Architectural and Environmental Review Committee shall, at the request of the owners thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Architectural and Environmental Review Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of the Declaration as may be applicable.

Section 6. Rules and Regulations, etc. The Architectural and Environmental Review Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish and record such statements of policy, standards, guidelines and establish such criteria relative to architectural styles or details, fences, colors, set-backs, materials or other matters relative to architectural control and the protection of the environment, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of this Declaration. The Architectural and Environmental Review Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decisions of the Architectural and Environmental Review Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Committee (or by any policy, standards or guidelines established by the Committee) may appeal the decision of the Architectural and Environmental Review Committee to the Board of Directors and, upon the request of such member, shall be entitled to a hearing before the Board of Directors of the Association.

Section 7. Prohibited Uses and Nuisances. Except for the activities of the Declarant during the construction or development of the community, or except with the prior written approval of the Board of Directors of the Association or the Architectural and Environmental Review Committee, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the common areas:

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

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(b) The maintenance, keeping, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited on any lot or within any dwelling, except that this shall not prohibit the keeping of dogs, cats or caged birds as domestic pets provided they are not kept, bred or maintained for commercial purposes and, provided further, that such domestic pets are not a source of annoyance or nuisance to the neighborhood or other members. The Board of Directors or, upon resolution of the Board of Directors, the Architectural and Environmental Review Committee, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other members, and such determination shall be conclusive. Dogs shall be curbed. Pets shall be attended at all times and shall be registered, licensed and innoculated as may from time to time be required by law. Pets shall not be permitted upon the common areas unless accompanied by a responsible person and unless they are carried or leashed. The Board of Directors shall have the right to adopt such additional rules and regulations regarding pets as it may from time to time consider necessary or appropriate.

(c) No burning of any trash and no accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, new or used building materials, or trash of any other kind shall be permitted on any lot.

(d) Except for parking within garages, and except as hereinelsewhere provided, no junk vehicle, unlicensed or inoperable motor vehicle, motor vehicle with a commercial display, trailer, camp truck, house trailer, boat or other similar machinery or equipment of any kind or character (except for such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and except for such equipment and machinery as the Association may require in connection with the maintenance and operation of the common areas and community facilities) shall be kept upon the Property nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. The Association may, in the discretion of the Architectural and Environmental Review Committee, provide and maintain a suitable area designated for the parking of such vehicles or the like.

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

(f) No lot shall be divided or subdivided and no portion of any lot (other than the entire lot) shall be transferred or conveyed for any purpose. The provisions of this subsection shall not apply to the Declarant and, further, the provisions hereof shall not be construed to prohibit the granting of any easement or right-of-way to any municipality, political subdivision, public utility or other public body or authority, or to the Association, the Declarant or any other person for any purpose.

(g) No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on public streets or on the Private Streets and Roadways. Firewood shall be neatly stacked along fence lines.

(h) No structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes dryer, shed or other buildings shall be erected, used or maintained on any lot at any time.

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

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

(k) No outside television aerial or radio antenna, or other aerial or antenna for either reception or transmission, shall be maintained upon the Property except that such aeriels or antennae may be erected and maintained within the dwellings located upon the Property.

(l) No member shall make any private or exclusive or proprietary use of any of the common areas except with the specific approval of the Architectural and Environmental Review Committee and then only on a temporary basis and no member shall engage or direct any employee of the Association on any private business of the member during the hours such employee is employed by the Association, nor shall any member direct, supervise or in any manner attempt to assert control over any employee of the Association.

Section 8. Residential Use - Leasing. All dwellings shall be used for private residential purposes exclusively. No portion of any dwelling (other than the entire dwelling) shall be leased for any period. Any Class A member who shall lease his dwelling shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Board of Directors of the Association. All leases shall be in writing. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the dwelling shall be subject and subordinate in all respects to the provisions of this Declaration and shall provide, further, that any failure by the tenant to comply with the provisions of this Declaration shall be a default under the lease. No dwelling shall be rented for transient or hotel purposes. Nothing contained in this Article, or elsewhere in this Declaration, shall be construed to prohibit the Declarant from the use of any lot or dwelling for promotional or display purposes, or as "model homes", a sales office, or the like.

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Section 9. Fences. Any fence constructed upon the Property shall be vertical board-on-board and shall not extend beyond the front building line of the dwelling on the lot upon which any such fence is erected or the front building line of the dwellings on all immediately adjacent lots. No fence shall be more than six (6) feet in height. Chain link and other wire fencing is specifically prohibited. The erection of all fences shall be subject to the other provisions of this Article.

Section 10. House Rules, etc. There shall be no violation of any reasonable rules for the use of the common areas and community facilities or "house rules" or other community rules and regulations not inconsistent with the provisions of this Declaration which may from time to time be adopted by the Board of Directors of the Association and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in this Declaration authorized to adopt such rules.

Section 11. Duty to Maintain. Each member shall, at his own expense, keep each lot owned by him, together with any and all improvements thereon constructed, in good order, condition and repair, and in a clean and sanitary condition, and shall do and perform all maintenance and the like which may at any time be necessary to maintain the good appearance of his lot and dwelling.

Section 12. Enforcement - Right to Remove or Correct Violations. In the event any violation or attempted violation of any of the covenants or restrictions contained in this Article shall occur or be maintained upon any lot, or in the event of any other conduct in violation of any of the provisions or requirements of this Article, then the same shall be considered to have been undertaken in violation of this Article and without the approval of the Architectural and Environmental Review Committee required herein, and, upon written notice from the Architectural and Environmental Review Committee, such violation shall be promptly removed or abated. In the event the same is not removed, or the violation is not otherwise terminated or abated, within fifteen (15) days (or such shorter period as may be required in any such notice) after notice of such violation is delivered to the owner of the lot upon which such violation exists, or to the member responsible for such violation if the same shall be committed or attempted on premises other than the lot owned by such member, then the Association shall have the right, through its agents and employees (but only after a resolution of the Architectural and Environmental Review Committee) to enter upon such lot and to take such steps as may be necessary to remove or otherwise terminate or abate such violation and the cost thereof may be assessed against the lot upon which such violation occurred and when so assessed, a statement for the amount thereof shall be rendered to the owner of said lot at which time the assessment shall become due and payable and a continuing lien upon such lot, and a binding personal obligation of the owner of such lot, in all respects (and subject to the same limitations) as provided in Article V of this Declaration. The Association shall have the further right, through its agents, employees or committees, to enter upon and inspect any lot at any reasonable time for the purpose of ascertaining whether any violation of the provisions of this Article or any of the other provisions or requirements of this Declaration exist on such lot; and neither the Association nor any such agent or employee shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

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ARTICLE VIII

Section 1. Party Walls. Each wall which is built as part of the original construction of the dwellings upon the Property and placed on the dividing line between lots or partly on one lot and partly on another shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply thereto.

Section 2. Repairs and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in equal shares. Nothing shall be done by any Owner which impairs the structural integrity of any party wall or which diminishes the fire protection afforded by any party wall. No Owner shall use any party wall for any purpose which creates a hazard or nuisance for any other Owner who makes use of the party wall.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use; without prejudice, however, of the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, any Owner who by his negligent or willful act causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Encroachments. If any portion of a party wall shall encroach upon any adjoining lot, or upon the common areas or community facilities, by reason of reconstruction, settlement or shifting of any building, or otherwise, a valid easement for the encroachment and for the maintenance of the same as long as the building stands, shall exist.

Section 7. Limitations - Exceptions. The provisions of this Article shall not apply in the case of condominium units created pursuant to the provisions of Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol.), as from time to time amended.

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ARTICLE IX

Section 1. Joint Driveways. Any driveway which is built or installed as part of the original construction upon the Property and which is situated on the dividing line between lots or partly on one lot and partly on another lot or other lots, shall constitute a joint driveway for the equal and common use and benefit of the Owners of any lots or other portions of The Property which it is reasonably designed to serve, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding joint driveways and of liability for property damage due to negligent or willful acts or omissions regarding the same shall apply thereto.

Section 2. Repair and Maintenance. The cost of reasonable repair and maintenance of any joint driveways shall be shared by the Owners who make use of the same, in equal shares.

Section 3. Damage and Destruction. In the event any joint driveway is destroyed or damaged, any Owner who has used the same may restore it, and if the other Owners thereafter make use of the same, they shall contribute to the cost of restoration thereof in equal proportions; without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Easements. There shall be a perpetual and non-exclusive easement in, through and over any such joint driveway reserved to the Owners of any lot or lots upon which the same has been built or installed or which the same has reasonably been designed to serve and no person shall in any way interfere with the free and unobstructed use thereof by said Owners.

Section 5. Right to Contribution runs with Land. The right of any Owner to contribute from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE X

Section 1. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. The Management Agent shall perform such duties and services as the Board of Directors shall authorize in writing, including, without limitation:

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

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

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

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

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

Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated, with or without cause and without the payment of any termination fee, by either party upon thirty (30) days' written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

Section 2. Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the common areas or community facilities, or from any wire, pipe, drain, conduit or the like. The Association shall not be liable to any member for loss or damage, by theft or otherwise, of articles which may be stored upon the common areas or community facilities. No diminution or abatement of assessments, as hereinafter provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common areas or community facilities, or from any action taken by the Association to comply with any of the provisions of this Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE XI

Section 1. Reservation of Easement Rights by the Declarant.

(a) The Declarant hereby reserves a non-exclusive easement and right-of-way in, through, over and across the common areas and community facilities for the purpose of the storage of building supplies and materials, the installation, construction, maintenance, reconstruction and repair of sanitary sewer lines, water lines, cables, "master" antenna systems, CATV, storm water detention ponds and similar facilities, storm drains and appurtenances to any of the same, and for all other purposes reasonably related to the completion of construction and development of the project and the provisions of utility services, and related services and facilities, whether public or private, to the land and premises described on "EXHIBIT B" attached hereto.

(b) The Declarant hereby reserves the absolute right to grant easements and rights-of-way, both temporary and permanent, over the common areas and community facilities to any and all governmental or quasi-governmental authorities and to any and all public utilities including, without limitation, Montgomery County, Maryland, the City of Gaithersburg, Maryland, the Washington Suburban Sanitary Commission, the Potomac Electric Power Company, the Washington Gas Light Company and the Chesapeake & Potomac Telephone Company of Maryland.

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(c) The Declarant hereby reserves a non-exclusive easement and right-of-way in, through, over and across the common areas and community facilities for any and all purposes reasonably related to the performance by the Declarant of any duties or obligations it may have or assume with respect to the correction of any defects in workmanship or materials performed or used in connection with the development of the property and the construction of any improvements thereon.

(d) The Declarant hereby reserves a non-exclusive easement and right-of-way in, through, over and across the common areas and community facilities and in, through, over and across the lots for any and all purposes reasonably related to the maintenance and correction of conditions associated with the drainage of surface water and in order to maintain reasonable standards of health, safety and appearance, which easement shall include, but not be limited to, the right to cut or remove any trees or shrubs located upon the property and the right to make any grading changes upon the property; provided, however, that the Declarant shall make every reasonable effort to restore the property to its original condition as nearly as practicable following the completion of any such work and, provided further, that except in cases involving emergencies or manifest danger to safety of person or property, no such work shall be undertaken without reasonable written notice to the owner of the lot or lots affected.

Any and all grants made by the Declarant to the Association with respect to any of the common areas and community facilities and any and all grants made by the Declarant to any owner shall be conclusively deemed to incorporate these reservations, whether or not specifically set forth in such instruments. At the request in writing of the Declarant, the Association and any owner shall from time to time execute, acknowledge and deliver to the Declarant such further assurances of this reservation as may be necessary.

Section 2. Easements for Utilities and Related Purposes. The Association is authorized and empowered to grant (and shall from time to time grant) such other licenses, easements and rights-of-way over the common areas and community facilities for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm water detention ponds and similar facilities, storm drains, cables, underground conduits and such other purposes related to the provision of utility and similar services to the land and premises described on "EXHIBIT C" attached to this Declaration as may be considered necessary and appropriate by the Board of Directors of the Association or by the Declarant for the orderly maintenance, preservation and enjoyment of the common areas and community facilities and for the preservation of the health, safety, convenience and welfare of the members of the Association or the Declarant.

Section 3. Easement to Montgomery County, Maryland, and to the City of Gaithersburg, Maryland. The Declarant hereby grants to Montgomery County, Maryland, a municipal body corporate, and to the City of Gaithersburg, Maryland, a municipal body corporate, and to their respective agents and contractors, a non-exclusive easement and right-of-way in, through, over and across the common areas and community facilities for all purposes reasonably associated with the inspection, operation, installation, construction, reconstruction, maintenance or repair of any stormwater management facilities constructed upon the Property; and in the event that, after reasonable notice to the

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Association by either Montgomery County, Maryland, or the City of Gaithersburg, Maryland, the Association shall fail to maintain any storm water management facility constructed upon the Property in accordance with applicable law and regulations, then either Montgomery County, Maryland, or the City of Gaithersburg, Maryland, may do and perform all necessary repair maintenance work and may assess the Association for the cost of the work and any applicable penalties. The Association shall indemnify and save Montgomery County, Maryland, and the City of Gaithersburg, Maryland, harmless from any and all claims or damages to persons or property arising in connection with the installation, construction, maintenance, repair, operation or use of any stormwater management facility or drainage system constructed upon the Property.

Section 4. Parking and Sidewalk Easements. There is hereby established for the benefit of the owners of the several lots a perpetual and non-exclusive easement and right-of-way for pedestrian and vehicular ingress, egress and regress, and for the parking of motor vehicles, in, through, over and across the Private Streets and Roadways and in, through, over and across any sidewalks and leadwalks constructed upon the common areas and community facilities or the lots. Any grant of a lot made by the Declarant shall be conclusively deemed to incorporate this easement and right-of-way, whether or not specifically set forth in such grant. At the request in writing of either the Declarant or the owner of any lot, the Association shall, from time to time, execute, acknowledge and deliver such other and further assurances of this easement and right-of-way as may be reasonably necessary.

Section 5. Other Easements. There is hereby established for the benefit of the owners of the several lots a perpetual and non-exclusive easement to permit the uninterrupted encroachment upon or over the common areas and community facilities of any roofs, gutters, downspouts, fireplace structures and the like which are or may be appurtenant to any dwelling constructed upon any lot and which may overhang or otherwise encroach upon the common areas and community facilities. Any grant of a lot made by the Declarant shall be conclusively deemed to incorporate this easement, whether or not specifically set forth in such grant. At the request in writing of either the Declarant or the owner of any lot, the Association shall, from time to time, execute, acknowledge and deliver such other and further assurances of this easement as may be reasonably necessary.

ARTICLE XII

Section 1. Amendment. Subject to the other limitations set forth in this Declaration, prior to the lapse of all of the Class B memberships in the Association as in Article III provided, this Declaration may be amended only by an instrument executed and acknowledged by two-thirds (2/3) of the Class A members of the Association, if any, and by the Declarant, which instrument shall be recorded among the Land Records for the jurisdiction in which this Declaration is recorded. Subject to the other limitations set forth in this Declaration, following the lapse of all of the Class B memberships in the Association as in Article III provided, this Declaration may be amended by an instrument executed and acknowledged by a majority of the Class A members of the Association, which instrument shall be recorded among the Land Records for the jurisdiction in which this Declaration is recorded. Unless a later date is specified in any such instrument, any amendment to this Declaration shall become effective on the date of recording.

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Section 2. Duration. Unless amended in accordance with the provisions of Section 1 of this Article and the other requirements of this Declaration, and except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner of any lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date of recordation of this Declaration, after which the said covenants shall be automatically extended for successive periods of ten (10) years each.

Section 3. Construction and Enforcement. The provisions hereof shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the community. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenants or restriction, either to restrain or enjoin violation or to recover damages or both, and against any lot to enforce the lien created hereby; and the failure or forbearance by the Association or the owner of any lot to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The provisions hereof may be enforced, without limitation, by the Association, by any owner or any mortgagee of any lot which becomes subject to the provisions hereof and by any other person, firm, corporation or other legal entity who has any right to the use of any of the common areas and community facilities owned by the Association.

There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the within covenants or restrictions cannot be adequately remedied by action at law or exclusively by recovery of damages.

Section 4. Successors of Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant by instrument in writing, with or without notice to the Association.

Section 5. Incorporation by Reference on Resale. In the event any owner sells or otherwise transfers any lot, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this Declaration.

Section 6. 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, postpaid, to the last known address of the person who appears as member or owner on the records of the Association at the time of such mailing.

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Section 7. 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 or community facility 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 or community facilities.

Section 8. 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.

Section 9. Consents. Any other provision of this Declaration to the contrary notwithstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of the holders of at least two-thirds (2/3) of the first mortgages of record on the lots:

(a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the common areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate this Declaration; or

(c) modify the method of determining and collecting common expense assessments or other assessments as provided for in this Declaration; or

(d) resolve to use the proceeds of casualty insurance for any purpose other than the repair, replacement or reconstruction of the common areas and community facilities; or

(e) modify or amend any material or substantive provision of this Declaration or the By-Laws of the Association.

Section 10. Consent of Veterans Administration. Provided that any lot in the project is then encumbered by a deed of trust or mortgage which is guaranteed by the Veterans Administration and, provided further, that there are then Class B memberships of the Association outstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of the Veterans Administration:

(a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the common areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate this Declaration; or

(c) modify or amend any material or substantive provision of this Declaration or the By-Laws of the Association.

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Section 11. Additional Rights of Mortgagees - Notice. No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to this Declaration except after ten (10) days' written notice to the holder of the first mortgage on the lot which is the subject matter of such suit or proceeding.

Any institutional first mortgagee of any lot upon The Property may pay any taxes, utility charges or other charge levied against the common areas and community facilities which are in default and which may or have become a charge or lien against any of the common areas and community facilities and any such institutional first mortgagee may pay any overdue premiums on any hazard insurance policy or secure new hazard insurance coverage on the lapse of any policy, with respect to the common areas and community facilities. Any first mortgagee who advances any such payment shall be due immediate reimbursement of the amount so advanced from the Association.

Section 12. Casualty Losses. In the event of substantial damage or destruction to any of the common areas or community facilities, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the holders of all first mortgages of record on the lots. No provision of this Declaration or the By-Laws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his lot with respect to the distribution to such member of any insurance proceeds paid or payable on account of any damage or destruction of any of the common areas or community facilities.

Section 13. Condemnation or Eminent Domain. In the event any part of the common areas and community facilities is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the holders of all first mortgages of record on the lots. No provision of this Declaration or the By-Laws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his lot with respect to the distribution to such member of the proceeds of any condemnation or settlement relating to a taking of any of the common areas and community facilities.

Section 14. Captions and Gender. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

IN WITNESS WHEREOF, the said THE MILTON COMPANY, a corporation organized and existing under the laws of the Commonwealth of Virginia, has caused these presents to be executed in its corporate name by GEORGE POULSON, its Vice President, and its corporate seal to be hereunto affixed, on the year and day first above written.

THE MILTON COMPANY

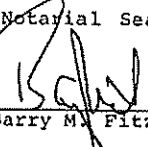
By: 
George Poulson, Vice President

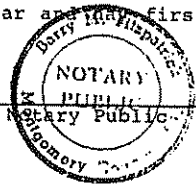
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STATE OF MARYLAND)
COUNTY OF MONTGOMERY) ss:

I HEREBY CERTIFY that on the 15th day of June, 1984, before me, the subscriber, a Notary Public in and for the jurisdiction aforesaid, personally appeared in said jurisdiction GEORGE POULSON, personally well known to me (or satisfactorily proven) to be the Vice President of THE MILTON COMPANY, a corporation organized and existing under the laws of the Commonwealth of Virginia, and to be the person who executed the foregoing instrument in its name and on its behalf, and acknowledged that, having authority so to do, he executed the same as the act and deed of said corporation for the purposes therein contained and delivered the same as such.

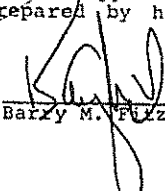
WITNESS my hand and Notarial Seal the year and day first above written.


Barry M. Fitzpatrick, Notary Public



My Commission expires: July 1, 1986

This is to certify that the undersigned is a member in good standing of the Bar of the Court of Appeals of Maryland and that the within instrument was prepared by him or under his supervision.


Barry M. Fitzpatrick

Pursuant to the provisions of Section 3-501 of Subtitle 5, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol.) the following additional information is declared to be contained within this instrument:

- (a) The address of the Declarant:
1951 Kidwell Drive - Suite 200
Vienna, Virginia 22180
- (b) The name of any title insurer insuring this instrument or otherwise involved in the transaction in which this instrument is relevant:
NONE
- (c) The street address of the land and premises described in this instrument:
NONE - Not yet assigned.
- (d) The Parcel Identifier:
Parts of 9-201-2271207 and 9-201-2271195

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DISC: AMBER
File No. 10003-107

"EXHIBIT A"

Lots 191 through 220, both inclusive, and Lots 247 through 251, both inclusive, in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 121 at plat 14351, among the Land Records for Montgomery County, Maryland.

COMMON AREA: Parcels "A" and "B" in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 121 at plat 14351, among the Land Records for Montgomery County, Maryland.

Lots 1 through 13, both inclusive, in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 121 at plat 14352, among the Land Records for Montgomery County, Maryland.

COMMON AREA: Parcels "C", "D", "E" and "F" in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 121 at plat 14352 among the Land Records for Montgomery County, Maryland.

Lots 14 through 36, both inclusive, in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14598, among the Land Records for Montgomery County, Maryland.

COMMON AREA: Parcels "G", "H" and "I" in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14598 among the Land Records for Montgomery County, Maryland.

Lots 171 through 190, both inclusive, and Lots 221 through 246, both inclusive, in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14599, among the Land Records for Montgomery County, Maryland.

COMMON AREA: Parcels "J", "L" and "M" in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14599, among the Land Records for Montgomery County, Maryland.

Lots 126 through 170, both inclusive, in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14600, among the Land Records for Montgomery County, Maryland.

COMMON AREA: Parcel "K" in the subdivision known as "AMBERFIELD" per plat of said subdivision recorded in Plat Book 125 at plat 14600, among the Land Records for Montgomery County, Maryland.

LIBER 6428 FOLIO 418

"EXHIBIT B"

Loiederman Associates, Inc.
June 7, 1982
Project No. 3-80-03

DESCRIPTION OF PART OF THE PROPERTY OF
HARRY KOENICK, ET AL
LIBER 3462 - FOLIO 136
47.99039 ACRES

All of that piece or parcel of land situate, lying and being in the Ninth Election District of Montgomery County, MD and being part of a conveyance from Muddy Branch Corporation, a Maryland Corporation, to Harry Koenick, Sarah B. Cohen and Allan M. Rice, joint tenants, by deed dated January 20, 1966, and recorded among the Land Records of the aforesaid county in Liber 3462 at Folio 136, and being more particularly described as follows:

Beginning for the same at the end of the sixteenth or North $89^{\circ}40'00''$ West, 1,359.46 foot line of the aforesaid conveyance, 749.90 feet from the beginning thereof, and running thence with the outlines of a conveyance from Harry Koenick, et al, to the Town of Galthersburg by deed dated September 15, 1967, and recorded among the aforesaid Land Records in Liber 3700 at Folio 83, as now surveyed by Loiederman Associates, Inc.

- 1) South $23^{\circ}27'25''$ East, 169.56 feet to a point; thence
- 2) North $73^{\circ}12'06''$ East, 280.00 feet to a point; thence
- 3) 486.16 feet along the arc of a curve to the left having a radius of 500.00 feet and a chord of South $44^{\circ}39'13''$ East, 467.24 feet to a point; thence
- 4) South $17^{\circ}29'29''$ West, 280.00 feet to a point; thence
- 5) South $58^{\circ}31'27''$ East, 129.14 feet to a point on the fourth or South $17^{\circ}29'07''$ West, 1,326.69 foot line of a conveyance from Harry Koenick, et al, to the Town of Galthersburg by deed dated September 15, 1967 and recorded among the aforesaid Land Records in Liber 3700 at Folio 79; thence running with part of said fourth deed line, as now surveyed
- 6) South $17^{\circ}29'10''$ West, 955.73 feet to a point; thence leaving said fourth deed line and running with and along the fourth or North $57^{\circ}23'37''$ West, 2,050.34 foot line of a conveyance from Harry Koenick, et al, to the Town of Galthersburg, by deed dated September 15, 1967 and recorded among the aforesaid Land Records in Liber 3700 at Folio 81, as now surveyed
- 7) North $57^{\circ}23'15''$ West, 2,051.91 feet to a point on the fifth or South $01^{\circ}36'11''$ East, 878.20 foot line of a conveyance from Harry Koenick, et al, to Elg Enterprises, Inc. by deed dated April 27, 1971 and recorded among the aforesaid Land Records in Liber 4063 at Folio 196, 558.26 feet from the beginning thereof and running thence
- 8) North $01^{\circ}27'24''$ West, 558.26 feet to a point on the eighteenth or North $89^{\circ}40'00''$ West, 1,433.07 foot line of the aforesaid conveyance recorded in Liber 3462 at Folio 136; thence with the outlines thereof
- 9) South $89^{\circ}32'00''$ East, 1,339.89 feet to the place of beginning, containing 47.99039 Acres of Land.