

**Declaration of Covenants, Conditions and Restrictions for the  
Crofton Village, Section 12 Homeowners Association, Inc.**

THIS DECLARATION, made this \_\_\_\_\_ day of \_\_\_\_\_, 2001 by The Richards Group of Washington, a New York limited partnership, hereinafter sometimes called the "Declarant".

WITNESSETH:

WHEREAS, the Declarant is the owner of the real property described in Exhibit A of this Declaration attached hereto and by reference made a part hereof and desires to create thereon a residential community with permanent common areas; and

WHEREAS, the Declarant desires to provide for the preservation and enhancement of property values, amenities, and opportunities in said community contributing to the personal and general health, safety, and welfare of the residents and for the maintenance of the land and any improvements subsequently erected thereon, and to this end desires to subject the real property described in Exhibit A, to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is and are for the benefit of said property and each owner 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 any facilities which may subsequently be erected thereon, including the portions of the Crofton Village Trail System which falls on this section, 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) Crofton Village Section 12 Homeowners Association, Inc., as a non-profit, non-stock corporation under the laws of the State of Maryland for the purposes of carrying out the powers and duties aforesaid.

NOW, THEREFORE, the Declarant declares that the real property described in Exhibit A is and are and shall be held, transferred, sold, conveyed, and occupied subject to the covenants, restrictions, easements, charges, and liens hereinafter set forth, and further that Declarant hereby delegates and assigns to the Crofton Village Section 12 Homeowners Association the

power of owning, maintaining, and administering the Common Areas and facilities which may be erected thereon, administering and enforcing the covenants and restrictions, collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety, and welfare of the residents. This Declaration 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 or entity acquiring or owning an interest in said property and improvements.

## ARTICLE I

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

(a) "Approval" shall mean and refer to the issuance by any public agency of written approval, or any written waiver of approval rights, or a letter of "no objection".

(b) "Association" shall mean and refer to the Crofton Village Section 12 Homeowners Association, Inc., and its successors or assigns.

(c) "Building" shall mean and refer to a group of dwellings with each dwelling having at least one common wall with another dwelling in the group.

(d) "Common Area" shall mean and refer to all real property and improvements thereon owned or leased by the Association or over which the Association has an easement for maintenance, for the use and enjoyment of its Members.

(e) "Declaration" shall mean and refer to the covenants, conditions, and restrictions and all other provisions herein set forth in the entire document, as they may be from time to time amended.

(f) "Developer" shall mean and refer to the Declarant, its successors and assigns; provided, however, that no successor or assign of the developer shall have any rights or obligations of the developer hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment or unless such rights and obligations pass by operation of the law.

(g) "Development Plan" shall mean and general scheme of intended use of the approved by Anne Arundel County, Maryland, refer to the total land and property as depicted on the approved Preliminary Plan of Subdivision, for that project known as

Crofton Village Section 12.

(h) "Lot" shall mean a parcel of land, occupied or to be occupied, by a dwelling and its accessory structures together with such open spaces required under the provisions of the Anne Arundel County Code (the "Code") having at least the minimum area required by the Code for a lot in the zone in which same is situated; and having its principal frontage on a public street or way or on a private right-of-way or easement. The term "Record Lot" means the land designated as a separate and distinct parcel of land on a legally recorded deed filed among the Land Records of Anne Arundel County.

(i) "Member" shall mean and refer to the members of the Association, which shall consist of all owners, and to every person or entity who holds any class of membership in the Association.

(j) "Notice" shall mean and refer to (1) written notice delivered personally or mailed to the last known address of the intended recipient, or (2) notice published at least once each week for two consecutive weeks in a newspaper having a general circulation in Anne Arundel County.

(k) "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, which is subjected to this Declaration from time to time, including contract sellers, other than Declarant, but excluding those having such interest solely as security for the performance of an obligation.

(l) "Project" and "Community", as used in the Declaration, shall mean and refer to that certain community being developed by the Declarant in Anne Arundel County, Maryland, known as Crofton Village Section 12.

(m) "Property" shall mean that real property described in Exhibit A attached hereto.

(n) "Quorum of Members" shall mean and refer to the representation by presence or proxy of Members who hold 30% of the outstanding votes of each voting class.

## ARTICLE II

Section 1. Property Subject to the 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 Anne Arundel County, Maryland, and is more particularly described in "Exhibit A",

attached hereto and made by this reference 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 assent of the Class A members of the Association, if any. 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 hereinbefore 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 Anne Arundel County, Maryland, which Supplementary Declaration shall extend the scheme of the within Declaration of Covenants and Restriction to such annexed property. Such Supplementary Declaration may contain such complementary additions and modifications to the covenants and restrictions set forth in the within Declaration as may be necessary to reflect the different character or use, if any, of such annexed property.

Section 3. Future Improvements. In the event additional property is annexed pursuant to the foregoing Section 2, any improvements to such additional property shall be consistent with the initial improvements relative to quality of construction and compatibility of design.

### ARTICLE III

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

(a) Class A Memberships. There is authorized a number of Class A Memberships that equals the total number of Recorded Lots located in the property described in Exhibit "A", and such Lots as may be annexed to the Declaration from time to time. Except for the Declarant, its successors and assigns, every person or entity, who is an Owner of a fee interest in any lot which is part of the Property described in 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 or 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 owned.

(b) Class B Memberships. The Class B member shall be the Declarant, its successors or assigns, provided that such successors or assigns hold the fee interest only for the purposes of holding the property for development or developing the property and/or erecting improvements thereon, and shall include every person or entity, who shall obtain any Class B Membership by specific assignment or as a result of any legal proceeding or other assignment of asset or other legal assignment of asset 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 a Class A Membership. Each Class B Member shall be entitled to three (3) votes for each lot in which such Member holds the interest otherwise required for a Class B Membership. Each Class B Member shall lapse and become a nullity on the first to happen of the following events:

(i) if the total authorized, issued and outstanding Class A Memberships equal the total authorized, issued and outstanding Class B Memberships multiplied by three (3) for 90 consecutive days; or

(ii) on January 1, 2008 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 Class B Memberships as provided for in this Article, the Declarant, its successors or assigns shall thereafter become and remain a Class A member of the Association as to each and every lot in which the Declarant then holds the interest otherwise required for Class A Membership.

The Members of rights, as such Association that except as may be the Association shall have no pre-emptive Members, to acquire any Memberships of this may at any time be issued by the Association specifically provided in this Article.

#### ARTICLE IV

Section 1. Member's Right of Enjoyment. Every member shall have a right and easement of enjoyment in and to the common areas and any community facilities that may be erected thereon and such easement shall be appurtenant to and shall pass with the fee simple 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 present at a duly constituted meeting, voting separately, to borrow money for the purpose of improving the common areas and erecting 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, acting by and through its Board of Directors, to levy reasonable admission and other fees for the use of any community facilities situated upon the property by the Members of the Association and their families, tenants and guests; provided, however, that any such fee shall be charged on a uniform basis for each Member and, provided further, that in no event shall the Association levy any fee for the use of any streets, roadways or parking areas which are situated upon the property; and

(c) 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

(d) the right of the Association to adopt reasonable rules respecting use of the common areas and community facilities that may be erected thereon to reasonably limit the number of guests of Members to the use of any facilities which are developed upon the property; and

(e) the right of the Association to suspend the voting rights and the rights to use the common areas and community facilities (except for rights to the use of streets, roadways and parking areas, which shall not be subject to suspension for any reason) 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

(f) 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 present at a duly constituted

meeting consent to such dedication, transfer, purpose and conditions, at any special meeting of the Members duly called for such purpose.

(g) 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, sediment control and/or storm water management facilities, whether public or private, to any 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; and

(h) the right of the Association, acting by and through its Board of Directors, to open the common areas and community facilities, or any portions thereof, to a wider public, all for such purposes and on such basis as the Board of Directors may from time to time consider appropriate.

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 and guests, all subject to such reasonable rules and regulations which the Association may adopt and uniformly apply and enforce.

Section 3. Management Agreement. The Association shall have the power to enter into management agreements provided that such agreements shall not exceed one (1) year in term and shall provide for termination by either party, with or without cause, and without penalty, upon giving of ninety (90) days notice.

Section 4. Contracts and Leases. The Declarant may not bind the Association to contracts or leases unless such contract or lease gives the Association a right of termination, with or without cause, and without penalty, upon giving ninety (90) days notice.

Section 5. Books and Records. Any Member, or its mortgagee, shall have the right to inspect, and the Association shall make available for inspection, the books and records of the Association at the offices of the Association during the normal business hours of the Association.

## ARTICLE V

Section 1. Annual Maintenance Assessments - Class A Members.  
Each person or entity who becomes a fee owner of a lot within the property, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance excepting those persons or entities who hold Class "B" memberships with respect to such fee ownership, shall be deemed to covenant and agree to pay the Association, in advance, a monthly sum (herein sometimes referred to as "maintenance assessments") equal to one-twelfth (1/12th) of the Member's proportionate share of the sum required by the 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 fire and extended liability insurance on the common areas and community facilities and the cost of such other insurance as the Association may affect with respect to the common areas; and

(e) the cost of maintaining, replacing, repairing and landscaping the common areas including the repair and/or maintenance of the stormwater management pond on an "as needed" basis; and

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

(g) membership in any pool association or associations that may be established in Crofton Village P.U.D.

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, semiannual 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 common areas and community facilities. 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 such date or period and shall, at that time, prepare a roster of the lots and the annual maintenance assessment 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 be thereupon sent to the 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 Member from the provisions of this Article or a release of any 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 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.

Except as may be specifically provided for herein, 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, neat and sanitary condition at all times.

Section 2. Special Maintenance Assessments. In addition to the regular 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, inordinate repair or replacement of a described capital improvement located upon, or

forming a part of the common areas, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate; provided that any such assessment shall have the assent of the Members representing two-thirds (2/3) of each class of the then Members of the Association present at a duly constituted meeting. A meeting of the Members shall be duly called for this purpose.

Any special assessment levied by the Association for any lot held by Class B Members of the Association shall be in an amount equal to twenty-five percent (25%) of the assessment levied by the Association against lots held by the Class A Members of the Association.

Section 3. Initial Fee For Annual Maintenance Assessments - Class A Members. The initial maximum annual maintenance assessment for each of the lots to which Class A Membership is appurtenant shall not exceed the sum of Five Hundred Dollars (\$500.00) per annum. The annual maintenance assessment shall be levied at a uniform rate for each lot to which Class A Membership is appurtenant.

Section 4. Increase in Maximum Annual Maintenance Assessment.

(a) From and after January 1, 2002, 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 real estate taxes and assessments and other insurance premiums payable by the Association have increased over the amounts payable for the same or similar items for the previous year.

(b) From and after January 1, 2002, the maximum annual maintenance assessment for all Class A Memberships may be increased above that established by the preceding paragraph by a vote of the Members, as hereinafter provided, for the next succeeding year. Any change made pursuant to this paragraph shall have the assent of two-thirds (2/3) of the then Class A Members of the Association and two-thirds (2/3) of the then Class B Members of the Association present at a duly constituted meeting. A meeting of the Members shall be called for this purpose.

Section 5. Annual Maintenance Assessments - Class B Members. Each Class B member of the Association shall pay the Association a monthly maintenance assessment equal to twenty-five percent (25%) of the monthly maintenance assessment charged Class A

Members of the Association. The Declarant shall cause the Homeowners Association to adequately maintain the common area. If they should fail to maintain the common area, for any reason, the Declarant agrees to perform said work and retains the right to charge the Association for any expenses incurred as a result of performing this work.

Section 6. Deficits in Annual Maintenance Costs. In any calendar year in which there continues to be Class B Members of the Association, such Class B Members shall pay to, or for, the Association any current deficit which shall exist as a result of actual maintenance costs exceeding revenues from the annual maintenance assessments. The Class B Members shall fund such deficit on a pro rata basis based on the number of votes which they hold.

Section 7. Reserves for Replacements. The Association must establish and maintain reserve funds for replacements of the common areas and community facilities by the allocation of any payment semi-annually 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 in 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, 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 and 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 or otherwise separated from the lot to which it appertains and shall be deemed to be transferred with such lot.

Section 8. Working Capital Assessment. Each person or entity who becomes an Owner of a lot within the property which is the subject of this Declaration and who becomes a Class A member of the Association, by acceptance of a deed therefore, 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 at the time of conveyance an initial fee equal to two (2) times the monthly maintenance assessment in effect at the time of the conveyance. This fee will be used to establish a Working Capital Fund pursuant to Article V, Section 12, and this fee will not be considered advance payment of any other assessments allowed to be levied by the Association and is not refundable.

Section 9. Working Capital Fund. The Association shall establish an account for working capital funds. Such funds are to be used to cover the start-up costs for the Association. This account shall be closed no later than 10 years from the date of this Declaration, but in any event no earlier than 5 years from the date of this declaration as deemed appropriate by the Association's Board of Directors, and any amounts remaining in the account, and any future working capital assessments collected under Article V, Section 8 after the close of this account shall be transferred to the Association's other accounts as deemed appropriate by the Association's Board of Directors.

## 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, shall bear interest at a rate of ten percent (10%) per annum. 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 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 or 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.

The Association shall notify the holder of a 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. An Owner shall advise the Association of the name of the holder of its first mortgage upon request of the Association.

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 certificates shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed Thirty Dollars (\$30.00) may be levied in advance by the Association for each certificate so delivered.

Section 3. Priority of Lien. The lien established by this Declaration shall have preference over any other assessment, liens, judgments or charges of whatever nature, except the following:

- (a) general and special taxes and assessments on the Lot; and
- (b) the liens of any deeds of trust, mortgage instruments or encumbrances duly recorded on the Lot prior to the assessment thereon of the lien 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 said lien were current as of the date of recordation of said deed of trust, mortgage instrument or encumbrance.

Notwithstanding any other provision of this Declaration to the contrary, the lien of any assessment levied pursuant to this

Declaration upon any Lot, 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. Such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not, however, relieve the mortgagee in possession or 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 shall have the same effect and be enforced in the same manner as provided therein.

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 (or the indebtedness secured thereby) not otherwise entitled thereto.

Section 4. Commencement of Annual Assessments - Class A Members.

The annual maintenance assessment for each Class A Membership shall commence on the date a deed for the Lot to which such Membership is appurtenant is delivered by the Declarant to the purchaser of the Lot. The first monthly installment of each such annual assessment shall be made for the balance of the period during which a deed for the Lot is delivered to the purchaser and shall become due and payable and a lien on the date a deed

for the Lot is delivered to the purchaser. Except as herein provided, the monthly installments of each such annual assessment for any Lot for any period after the first period shall become due and payable and a lien on the first day of each successive month.

Section 5. Commencement of Annual Assessments - Class B Members. Such monthly maintenance assessments shall commence for each Building as set forth on the final plats of subdivision for Crofton Village Section 12, recorded in the land records for Anne Arundel County, Maryland, upon conveyance of legal title to the first Lot in each Building to an individual(s) or entity which by reason of such conveyance becomes a Class A Member of the Association and shall cease as to each individual Lot upon conveyance of the lot to a person or entity which, by reason of such conveyance, becomes a Class A member of the Association.

Section 6. 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 Control 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, its successor or assigns, concurrently with said construction and development, and except for purposes of proper maintenance and repair, no building, fence or wall or other improvements or structures shall be commenced, directed, placed, moved, altered 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 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 Control 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 Control 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 lighting, shades, screens, awnings, patio covers, decorations,

fences, wall aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks curbs, gutters, patios, balconies, porches, driveways, walls, or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any improvements constructed upon any lot or upon any of the common areas, or to remove or alter any windows or exterior doors of any dwelling or to make any change or alteration within the dwelling which will alter the structural integrity of the building or otherwise affect the property, interest, or welfare or any other lot owner, materially increase the cost of operating or insuring any of the common areas or impair any easement, 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 Control Committee) shall have been submitted to and approved in writing as to the 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 Control Committee designated by the Board of Directors.

Section 2. Architectural and Environmental Control Committee Operation. The Board of Directors shall appoint an Architectural and Environmental Control Committee. The Architectural and Environmental Control Committee shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors of the Association and such persons shall serve at the pleasure of the Board of Directors. The affirmative vote of a majority of the Members of the Architectural and Environmental Control 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. APPROVALS SHALL BE ONLY FOR THE PURPOSE HEREIN SET FORTH AND SHALL NOT BE CONSTRUED AS APPROVAL FOR ANY OTHER APPLICABLE FEDERAL, STATE, OR LOCAL ORDINANCE, RULE OR REGULATION. Upon approval by the Architectural and Environmental Control 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 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 Control 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 of alterations in accordance with plans and specifications approved by the Architectural and Environmental Control Committee pursuant to the provisions of the 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 deviation from the plans and specifications approved by the Committee without the prior consent, in writing, of this 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 accordance with plans and specifications approved by the Architectural and Environmental Control Committee in accordance with the provisions of this Article, the Architectural and Environmental Control Committee in accordance with the provisions of this Article, shall, at the request of the owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alterations or other improvements referenced in such certificate have been approved by the Architectural and Environmental Control Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of this Declaration as may be applicable.

Section 6. Rules and Regulations, etc. The Architectural and Environmental Control 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, colors, set-backs, materials or other matters relative to architectural control and 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 Control 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 Control 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 Control 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, its successors or assigns, during the construction or development of the community, or except with the prior written approval of the Architectural and Environmental Control 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 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.

(b) The maintaining, 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 Control Committee, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other Members, and such determination shall be conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the common areas unless they are accompanied by an adult 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) 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. Garbage, trash and other refuse shall be placed in covered containers.

(e) 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. No portion of any dwelling (other than the entire dwelling) shall be leased.

The provisions of this subsection shall not apply to the Declarant, its successors and assigns, 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.

(f) Except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, television cable or similar transmission line shall be installed or maintained on any Lot above the surface of the ground.

(g) No Lot shall be used for the purpose of boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth.

(h) No sound hardwood trees measuring in excess of six (6) inches in diameter two (2) feet above the ground shall be removed

from any Lot without written approval of the Association acting through the Architectural and Environmental Control Committee or duly appointed subcommittee. The Architectural and Environmental Control Committee may from time to time adopt and promulgate such additional rules and regulations regarding the preservation of trees and other natural resources and wildlife as it may consider appropriate.

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

(j) 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 sign not exceeding two (2) square feet in area and not illuminated may be attached to a dwelling where a professional office (as set forth in Section 8 herein) is maintained, and provided further, that one temporary real estate sign not exceeding six (6) square feet in area, may be erected upon any Lot or attached to any dwelling placed upon the market for sale or rent. Any such temporary real estate sign shall be removed promptly within the time limits specified by ordinance or statute following the sale or rental of such dwelling. The provisions and limitations of this subsection shall not apply to any institutional first mortgagee of any Lot who comes into possession of the Lot by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure.

(k) Fences shall be erected only in the rear yard of any Lot and shall not extend beyond the rear property line of any dwelling. No Fences may be erected on any corner Lot without the express permission of the Architectural and Environmental Control Committee.

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

(m) No outside television or radio aerial or antenna, or other aerial or antenna or similar device, for reception or

transmission, shall be erected or maintained upon the exterior of any dwelling unless approved in writing by the Architectural and Environmental Control Committee.

(n) 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 other than the Association, nor shall any member other than the Association Board members and designees of the Board, direct, supervise or in any manner attempt to assert control over any employee of the Association.

(o) No junk vehicle (vehicle on which current registration is not displayed), trailer, truck (except for 1/2 ton and smaller pick-up trucks), motor home, recreational vehicle, camper, camp truck, house trailer, boat or the like shall be kept upon any part of the property, nor (except for bona fide emergencies) shall the repair or maintenance of automobiles or other vehicles be carried out on any part of the Property. Pick-up trucks are permitted provided that they are 1/2 ton or smaller and are for personal use.

Section 8. Residential Use - Leasing. All dwellings shall be used for private residential purposes exclusively, except that a professional office may be maintained in a dwelling, provided that such maintenance and use is limited to the person actually residing in the dwelling and, provided further, that such maintenance and use is in strict conformity with the provisions of any applicable zoning law, ordinance or regulation. As used in this Section the term "professional office" shall mean rooms used for office purposes by a member of any recognized profession, including doctors, dentists, lawyers, architects and the like, but not including medical or dental clinics. Nothing contained in this Article or elsewhere in this Declaration, shall be construed to prohibit the Declarant, its successors or assigns, from the use of any Lot or dwelling for promotional or display purposes, or as "model homes", a sales office, or the like.

No portion of any Lot or dwelling (other than the entire lot or dwelling) shall be leased for any period. Any owner of any Lot or dwelling who shall lease such Lot or dwelling shall promptly following the execution of any such lease and upon the request in writing of the Board of Directors, forward a confirmed copy of such lease to the Board of Directors. All such 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 premises which are the subject matter of the lease shall be

subject and subordinate in all respects to the provision of this Declaration and to the by-laws of the Association and to such other reasonable rules and regulations relating to the use of the common elements and community facilities or other "house rules" that the Board of Directors may from time to time promulgate, and any such lease shall provide, further, that any failure by the tenant to comply with the provisions of such documents shall be a default under the lease. The provisions of this subsection shall not apply to any institutional first mortgagee of any Lot or dwelling who comes into possession of the Lot or dwelling 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.

Nothing herein contained shall be construed to prohibit the Declarant, its successors or assigns, from applying for permission to have constructed an institutional day care center under the zoning ordinance for Anne Arundel County.

Section 9. Easements. The common areas and community facilities shall be subject to easements to the benefit of the Association and the owners of the adjoining and abutting lots and dwellings for maintenance and for the unobstructed and uninterrupted use of any and all pipes, conduits, cables and wire outlets and utility lines of any kind, to easements for the maintenance of adjoining and abutting dwellings, and to easements for the leadwalks and sidewalks serving adjoining and abutting dwellings. Such easements shall not be subject to suspension for any reason. An easement is hereby granted to the Council of Unit Owners of Crofton Village Section 13 Condominium, Inc., for access to the storm drain pipe located in Turnbridge Court.

Section 10. House Rules, etc. There shall be no violation of any rules for the use of the common areas and community facilities or "house rules" or other community rules and regulation 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. 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 and 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 Control Committee required herein, and, upon written notice from the Architectural and Environmental Control 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 Control 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 VI 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.

Section 12. Parking. Non-garage units shall be assigned two (2) street parking spaces. Garage units shall not have assigned street parking spaces. Garage units shall have the garage and the apron in front of the garage as assigned off-street parking spaces. Non-assigned street parking spaces shall be for the use of visitors and Owners on a first-come/ first-serve basis with a maximum time limit of twenty-four (24) hours.

#### ARTICLE VIII

Section 1. Reservation of Easement Rights by Declarant. 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 installation, construction, maintenance, reconstruction and repair of sanitary sewer lines, water lines, CATV cables, storm drains, sediment controls, storm water management facilities, and appurtenances to any of the same, and for all other purposes reasonably related to the completion of construction and the provisions of utility services, whether public or private, to the community and to other property adjacent to, or in the vicinity of, the community. Any and all instruments of conveyance made by the Declarant, its successors or assigns to the Association with respect to any of the common areas and community facilities shall be conclusively deemed to incorporate this reservation, whether or not specifically set forth in such instruments. At the request in writing of the Declarant, its successors or assigns, the Association shall from time to time execute, acknowledge and deliver to the Declarant, its successors or assigns, 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, electrical cables, telephone cables, gas lines, storm drains, CATV cables, underground conduits and such other purposes related to the provisions of utility services to the community as may be considered necessary and appropriate by the Board of Directors 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 owners of the Lots of the Declarant, its successors or assigns.

Any and all streets, walkways, roadways, sidewalks and the like which are owned by the Association shall be subject to non-exclusive easements for ingress, egress and regress for the benefit of all Members of the Association, the Declarant, their respective heirs, personal representatives and assigns and all other persons or other parties claiming under any of them.

#### ARTICLE IX

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 sixty-seven percent (67%) of all votes cast by the Class A members (if any) and the Class B



members of the Association combined, present at a duly constituted meeting, which instrument shall be recorded among the Land Records for Anne Arundel County, Maryland. 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 sixty-seven percent (67%) of the Class A members of the Association present at a duly constituted meeting, which instrument shall be recorded among the Land Records for Anne Arundel County, Maryland. 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, or 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 covenant or restrictions, 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, including, again without limitation, any person, firm, corporation or other legal entity who has any right to the

use of any of the streets or roadways 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, its successors or assigns, hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant, its successors or assigns, 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, postage prepaid, to the last known address of the person who appears as a 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; provided, however that the foregoing shall not be construed to prohibit dedication of street rights-of-way to public use and maintenance, by plat recordation by the Declarant.

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 by Lenders. Any other provision of the Declaration, the by-laws or the Articles of Incorporation 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 all of the holders of the first mortgages of record on the Lots:

(a) abandon, partition, alienate, release, hypothecate, dedicate, subdivide, encumber, sell or transfer any of the Common Areas or community facilities directly or indirectly owned by the Association; 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 or the condemnation by government of Common areas or community facilities 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 substantive provision of the Declaration, or of these by-laws or of the Articles of Incorporation of the Association; or

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

(e) substantially modify the method of determining and collecting assessments against an Owner or his Lot as provided in the Declaration; or

(f) waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of building or structures on the lots, the exterior maintenance of the Common Area party walks or common fences and driveways, or the upkeep of the lawns and plantings within the Property; or

(g) fail to maintain fire and extended coverage to the extent such coverage is reasonably obtainable on insurable Association Common Area or property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

(h) use hazard insurance proceeds for losses to any Association Common Area or property for other than the repair, replacement or reconstruction of such Common Area or property.

Any first mortgagee on any Lot may pay any taxes, utility charges or other charges 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 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 10. FHA-VA Approvals. Provided that any Lot subject to the Declaration 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 the act or omission take any of the following actions without the prior written consent or approval of the Federal Housing Administration and the Veterans Administration, as the circumstances may require:

- (a) make any annexation or additions; or
- (b) abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Common Areas or community facilities directly or indirectly owned by the Association; 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 or the condemnation by government of Common Areas or community facilities shall not be considered a transfer within the meaning of this Section; or
- (c) abandon or terminate the Declaration; or
- (d) modify or amend any provision of the Declaration, the by-laws or the Articles of Incorporation of the Association; or
- (e) merge or consolidate the Association with any other entity or sell, lease, exchange or otherwise transfer all or substantially all of the assets of the Association to any other entity.

Section 11. 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.

IN WITNESS WHEREOF the said Declarant has caused these presents to be executed and delivered.

WITNESS: THE RICHARDS GROUP OF WASHINGTON,  
a New York limited partnership  
By: ENTERPRISE WASHINGTON CORPORATION, a  
Delaware Corporation, General Partner

By: \_\_\_\_\_  
Stephen Wasserman,  
Attorney-in-Fact

STATE OF MARYLAND )  
 ) SS:  
COUNTY OF \_\_\_\_\_ )

I HEREBY CERTIFY that on this \_\_\_\_ day of \_\_\_\_\_, 2001, before me, the subscriber, a Notary Public in and for the jurisdiction aforesaid, personally appeared in said jurisdiction Stephen Wasserman, Attorney-in-Fact for Enterprise Washington Corporation, personally well known to me (or satisfactorily proven) to be the person who executed the foregoing instrument on behalf of The Richards Group of Washington, and by virtue of the authority vested in him by said instrument, and otherwise having the authority so to do, acknowledged the foregoing instrument to be the act and deed of said The Richards Group of Washington, and acknowledged that the same was executed for the purposes therein contained.

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

\_\_\_\_\_  
Notary Public

My Commission expires:\_\_\_\_\_.