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POTOMAC GLEN
COMMUNITY CONSTITUTION

(Declaration of Covenants, Conditions and Restrictions)

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EXHIBITS

"A" - Description of Property Subject to Developer's
Unilateral Right to Annex

APPENDICES

- One Definitions of Significant Terms Utilized in Founding Documents
- Two Developer Reserved Rights, Easements and Privileges
- Three Secondary Mortgage Market and Other Special Requirements and Provisions

**POTOMAC GLEN
COMMUNITY CONSTITUTION**

(Declaration of Covenants, Conditions and Restrictions)

PINEY MEETINGHOUSE LIMITED PARTNERSHIP, a Maryland limited partnership (the "Developer") hereby affirms, adopts and subscribes to the purposes and provisions of this Community Constitution and declares that the covenants, conditions, restrictions and easements contained herein, as well as any subsequent covenants, conditions, restrictions and easements which are promulgated or adopted in accordance with, or which become a part of, the Governing Documents shall be binding upon and applicable to all real property subjected to this Community Constitution by one or more Declarations of Annexation as provided herein.

**ARTICLE 1
PREAMBLE**

WHEREAS, the Developer desires to provide for the preservation and enhancement of property values within the Community; and

WHEREAS, the Developer desires to adopt and implement a common scheme of development intended to provide for and maintain a high quality of life for the Owners and Residents of the Community in ways which minimize adverse environmental impacts and that otherwise serve to protect and enhance the human and natural ecosystems within the Community including, without limitation, the stream valleys and wooded areas therein; and

WHEREAS, it is the intention of the Developer to provide opportunities to the Residents of the Community to enjoy a social environment that enriches personal and family life, that fosters neighborhood congeniality and that engenders an overall spirit that establishes the Community as a rewarding place to live and grow; and

WHEREAS, the Developer believes that for the Community to offer unique opportunities to its Residents, its Residents must necessarily make special efforts to contribute to the well being of the Community; and

WHEREAS, the Developer intends to develop the Property in a manner that combines business and social objectives; and

WHEREAS, to accomplish these objectives the Developer believes that it is in the best interests of the Community for the Developer to maintain a significant and influential role in the implementation of the Community Plan and the Developer has therefore retained numerous rights

and will exercise significant control and influence over the Property until the development process has been completed.

NOW, THEREFORE, in consideration of the foregoing Preamble, the provisions of which are a substantive part of this Community Constitution, and other good and valuable consideration, the Developer hereby declares that, upon recordation of one or more Declarations of Annexation in accordance with this Community Constitution, all or any portion of the real property described on Exhibit "A" hereto, and any other real property annexed within the jurisdiction of the Association in accordance with Article 2 hereof, shall thereafter be held, conveyed, hypothecated, encumbered, sold, leased, rented, used, occupied and improved subject to the covenants, conditions, restrictions and easements set forth in the Governing Documents, all of which shall run with the real property subjected to the Governing Documents and which shall be binding on all parties having any right, title or interest in all or any portion of the Community, their respective heirs, personal representatives, successors, transferees and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE 2 PROPERTY SUBJECT TO GOVERNING DOCUMENTS

Section 2.1. Property To Be Subjected to the Governing Documents. The real property which shall be held, conveyed, hypothecated, encumbered, sold, leased, rented, used, occupied and improved subject to the Governing Documents shall be as described in one or more Declarations of Annexation recorded among the Land Records of Montgomery County, Maryland. As set forth more fully in Appendix Two hereof, all or any portion of the real property described on Exhibit "A" hereto may be annexed within the jurisdiction of the Association unilaterally by the Developer, regardless of the ownership of such real property at the time of annexation.

Section 2.2. Annexations. The real property described on Exhibit "A" hereto, any real property shown on the Development Plan and any real property contiguous to or in the vicinity of the Community, may be annexed within the jurisdiction of the Association by or with the consent of the Developer, without the consent of the Class A Members of the Association or any other party, for a period of twenty (20) years from the date of the recordation of this Community Constitution. Except for annexations of real property by or with the consent of the Developer, all annexations of real property shall require the consent of two-thirds (2/3) of the each class of Members. The scheme of the Governing Documents shall not, however, be extended to include any such real property unless and until the same has been annexed within the jurisdiction of the Association by a Declaration of Annexation as provided below.

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Declaration of Annexation among the Land Records for Montgomery County, Maryland, which Declaration of Annexation shall extend the scheme of the Governing Documents to such annexed property. Any Declaration of Annexation made pursuant to the provisions of

this Article, or otherwise, may contain such complementary or supplemental additions and modifications to the covenants, conditions, restrictions and easements set forth in the Governing Documents as may be considered necessary or desirable by the maker of such Declaration of Annexation.

Section 2.3. Deannexation. So long as there are any Class B Members, the Developer may deannex any property annexed within the jurisdiction of the Association pursuant to Section 2.2 above for a period of twenty (20) years from the date of recordation of this Community Constitution. Such deannexed property shall no longer be subject to the covenants and restrictions of the Governing Documents except for (i) any easements, rights, reservations, exemptions, powers or privileges reserved to the Developer pursuant to the Governing Documents which affect the deannexed property and (ii) any other easements, rights, reservations, exemptions, powers or privileges which are expressly reserved to the Developer in the instrument effectuating such deannexation. Such deannexation shall be made by recording a written instrument among the Land Records of Montgomery County, Maryland, withdrawing the effect of the covenants, conditions, restrictions and easements of the Governing Documents from the deannexed property.

Section 2.4. Community Property. The Community Property shall be annexed within the Association by the Developer in strict accordance with all regulatory approvals, including any preliminary plan, site plan or project plan, as amended, and as approved by the Planning Board, and shall otherwise be in accordance with that certain Site Plan Enforcement Agreement for the Property dated as of July 23rd, 1994, as may be amended, by and between the Developer and the Planning Board, and in accordance with Article 2, Section 2.2 hereof. The Developer, if joined in an application by all necessary parties in interest, reserves the right to seek an amendment to any regulatory approval for the purpose of modifying the location and amount of real property comprising the Community Property, and for the purpose of modifying the improvements to be constructed on such Community Property, including but not limited to an amendment whereby such improvements are no longer required to be constructed, which amendment shall be reviewed by the Planning Board in accordance with applicable law. Such amendment shall be effective only if approved by the Planning Board.

ARTICLE 3 PROPERTY RIGHTS

Section 3.1. Owner's Easements of Enjoyment. Every Owner and Resident shall have a non-exclusive right and easement of enjoyment in and to the Community Property, including an easement for the use and enjoyment of the private streets, parking lots and walkways within the Community Property, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable and uniform admission and other fees for the use of the Community Property and any facility situated upon the Community Property;

(b) the right of the Association to suspend an Owner's voting rights and an Owner's and/or Resident's right to use the Community Property and/or any facilities situated thereon for (i) any period during which any assessment against such Owner's or Resident's Lot remains unpaid, and (ii) for a period not to exceed sixty (60) days for any infraction of the Governing Documents, provided that such Owner or Resident is given reasonable notice of the violation and an opportunity for a hearing;

(c) the right of the Association to dedicate or transfer all or any part of the Community Property to any public agency, authority, or utility for such purposes as are consistent with the purposes of the Governing Documents and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless two-thirds (2/3) of each class of Members consent to such dedication or transfer, and unless the Maryland-National Capital Park and Planning Commission, or its successors or assigns, has given its prior written approval thereof, which approval shall not be unreasonably delayed or denied;

(d) the right of the Association to limit the number of guests of Owners and Residents that may utilize the Community Property and any facilities situated thereon;

(e) the right of the Association to establish Administrative Resolutions and Equity Resolutions pertaining to the use of the Community Property and any facilities situated thereon;

(f) the right of the Association to provide for the exclusive use by Owners and Residents of certain designated parking spaces within the Community Property;

(g) the right of the Association, the Developer, utility companies and Owners with respect to the easements established by or created pursuant to the Governing Documents;

(h) the right of the Association, in accordance with the Governing Documents, and with the consent of two-thirds (2/3) of each class of Members, to borrow money for the

purpose of improving the Community Property and any facilities situated thereon in a manner designed to promote the enjoyment and welfare of the Residents and in aid thereof to mortgage any of the Community Property and facilities situated thereon;

(i) the right of the Association to take such actions as are reasonably necessary to protect the Community Property against mortgage default and foreclosures; provided, however, that such actions are in conformity with the other provisions of the Governing Documents;

(j) the rights of the Developer, as more fully set forth in Article 11 and Appendix Two of this Community Constitution, to grant easements, to utilize reserved rights and easements, and to otherwise utilize the Community Property as it deems appropriate in connection with the development of the Community;

(k) the right of the Association, acting by and through its Board of Directors, to grant easements, licenses or other rights of use of the Community Property and any facilities situated thereon to Owners, Residents and to persons or entities who are not Owners or Residents for such consideration and on such terms and conditions as the Board of Directors may from time to time consider appropriate; provided, however, that no such easements, licenses or other rights of use shall be unreasonably and permanently inconsistent with the rights of the Owners and Residents to the use and enjoyment of the Community Property and any facilities situated thereon;

(l) the right of the Association to fine Owners and Residents for violating the provisions of the Governing Documents;

(m) the right of the Association to limit the use of portions of the Community Property to some but not all Owners and/or Residents of the Association; and

(n) such other rights of the Association as are not inconsistent with the Governing Documents.

Section 3.2. Limitations.

(a) Any other provision of this Community Constitution to the contrary notwithstanding, the Association shall have no right to suspend the right of any Owner or Resident to use any private streets or roadways located within the Community Property for both vehicular and pedestrian ingress and egress to and from such Owner's or Resident's Lot or Living Unit and for parking; provided, however, that the Association shall have the right to restrict the use of parking spaces within the Community Property to those Owners and Residents who live adjacent to such parking areas.

(b) Any other provision of this Community Constitution to the contrary notwithstanding, the Association shall have no right to suspend the right of any Owner or Resident to use the Community Property for necessary, ordinary and reasonable pedestrian ingress and egress to and from such Owner's or Resident's Lot or Living Unit or to suspend any easement over the Community Property or any facilities situated thereon for storm water drainage, electrical energy, water, sanitary sewer, natural gas, cable television, telephone service or similar utilities and services to the Lots or Living Units.

ARTICLE 4 OWNERSHIP AND VOTING RIGHTS

Section 4.1. Ownership. Every Owner shall be a Member of the Association. With the exception of the Developer, no Owner, whether one or more persons or entities, shall have more than one (1) membership for each Lot owned. Membership in the Association shall be appurtenant to and may not be severed from ownership of any Lot.

Section 4.2. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. With the exception of the Developer (until expiration of the Class B memberships as provided below), every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is an Owner of any Lot containing a Living Unit which is part of the Community shall be a Class A Member of the Association; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a Class A Member solely on account of such interest. Ownership of a Lot shall entitle each Owner holding the interest required for Class A membership to cast one (1) vote; provided, however, that if more than one (1) person or entity are the Owners of a Lot, the vote for such Lot shall be exercised as those persons or entities themselves determine and advise the Secretary, but in no event shall more than one (1) vote be cast with respect to any Lot. No Owner, other than the Developer, shall have more than ten (10) votes, regardless of the number of Class A memberships held by such Owner. Any Owner that leases a Lot may, in the lease or other written instrument, assign the voting right appurtenant to such Lot to the Owner's lessee, provided that a copy of such instrument is furnished to the Association.

Class B. There shall initially be Two Thousand One Hundred (2,100) Class B memberships in the Association. This number shall be increased by three (3) memberships for each Lot which is annexed within the jurisdiction of the Association in accordance with Article 2 of this Community Constitution in excess of Six Hundred Sixty (660) and shall be decreased by three (3) memberships for each Lot conveyed to a Class A Member by the Developer (excluding any Lot conveyed to a Participating Builder). The Class B Member shall be the Developer, 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 in writing from the Developer. The Class B Member shall be entitled to one (1) vote 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 votes of the Class A Members (excluding any Participating Builder) equals Six Hundred Thirty (630); or

(ii) twenty (20) years from the date of recordation of this Community Constitution; provided, however, that if the Developer is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Developer's control, then the aforesaid twenty (20) year period shall be extended by a period of time equal to the length of the delays or an additional twenty (20) years, whichever is less; 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 Developer 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 Community Constitution in which the Developer then holds the interest otherwise required for Class A membership.

ARTICLE 5

COVENANT FOR ASSESSMENTS

Section 5.1. Creation of Lien and Personal Obligation for Assessments. Each Owner of a Lot by acceptance of a deed therefor, whether or not expressly stated in such deed, shall be deemed to covenant and agree to pay the Association all Annual Assessments, Special Assessments and Local Assessments as may be levied by the Association in accordance with the Governing Documents. Each Assessment, together with interest, costs, late fees and reasonable attorneys' fees, shall be a charge on the Lot (including all improvements thereon), and shall be a continuing lien upon the property against which each such Assessment is made, provided the requirements of the Maryland Contract Lien Act, if applicable, have been fulfilled. Each Assessment, together with interest, costs, late fees and reasonable attorneys' fees shall also be the personal obligation of the Owner of the Lot at the time the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to a prior Owner's successors in title unless expressly assumed by such successors. No Owner shall be exempt from liability for Assessments by abandonment of such Owner's Lot or by the abandonment of such Owner's right to the use and enjoyment of the Community Property.

Section 5.2. Purpose of Assessments. Assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of the Owners and Residents of the Community and for any lawful purpose relating to the proper conduct of Association activities, including, without limitation, the following:

- (a) improvement, maintenance, repair and replacement of the Community Property, including, without limitation, all recreational facilities, stream valleys and wooded areas therein and any facilities situated thereon, and the improvement, maintenance, repair and replacement of rights-of-way, sidewalks, entry strips, signs and entrance features or improvements located within the Community, or which are appurtenant to and serve or benefit the Community;
- (b) improvement, maintenance, repair and replacement of all storm water management facilities (including, without limitation, ponds, basins, storm drainage pipes, inlets, oil grit separators, drainage areas and underground facilities, if any) located within the Community, or which are designed to benefit or serve any portion of the Community, or which are otherwise required or intended to be maintained by the Association pursuant to any easement, agreement or the direction of any governmental authority or agency;
- (c) improvement, maintenance, repair, replacement and landscaping of the Lawn and Garden Areas, if the Association elects to assume responsibility for such areas pursuant to the Governing Documents;
- (d) payment of charges or expenses accruing with respect to off-site facilities that serve or benefit the Community, which the Association elects to maintain or which are otherwise required or intended to be maintained by the Association pursuant to any easement, agreement or the direction of any governmental authority or agency.
- (e) payment of all taxes, charges and assessments levied against the Community Property and any facilities situated thereon;
- (f) payment for services provided to the Association for the benefit of the Community Property, any facilities situated thereon, the Lots and/or Residents;
- (g) payment of management fees, utility charges and operating expenses relating to the Community Property and any facilities situated thereon;
- (h) payment of insurance premiums for liability and property insurance on the Community Property and any facilities situated thereon, and for such other insurance as the Association may obtain with respect to the Community Property, any facilities situated thereon and/or the Living Units within the Community;
- (i) payment of fees associated the management and administration of the Association's affairs, including fees paid to the Management Agent, if any;

(j) funding all reserves established by the Association, including, without limitation, general operating reserves and reserves for replacements and/or contingencies; and

(k) payment of all other costs and expenses incurred by the Association in the proper conduct of its activities or as may be deemed by the Board of Directors to be related to the well being of the Community and its Residents.

Section 5.3. Annual and Local Assessments. Until January 1 of the year immediately following the first conveyance of a Lot to a Class A Member, the applicable Annual Assessment and Local Assessment, if any, shall be the amount established by the Developer in its sole discretion. Thereafter, the Board of Directors shall from time to time set the Annual Assessment and Local Assessments at an amount sufficient to meet the Common Expenses of the Association. The Board of Directors shall determine the amount of the Annual Assessment and Local Assessments before the beginning of each fiscal year in connection with preparation of the Association's annual budget, and may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors, installments of Annual Assessments and Local Assessments may be levied and collected on a monthly, quarterly, semi-annual or annual basis. Any Class A Member may prepay one or more installments of any Annual or Local Assessment levied by the Association without premium or penalty.

Section 5.4. Adoption of Budget. The Board of Directors shall make a reasonable effort to prepare a budget at least thirty (30) days before the beginning of the fiscal year. The budget shall include the estimated costs of operating the Association during the coming year and shall also include an amount sufficient to fund all reserves established by the Association in accordance with Section 5.11 hereof. The Board of Directors shall cause a copy of the budget, and the amount of the Annual and Local Assessments to be levied against each Lot for the following year, to be delivered to each Owner at least fourteen (14) days prior to the commencement date of the new Annual and Local Assessments. The budget and the Annual and Local Assessments shall become effective unless a special meeting of the Association is duly held and at such special meeting the budget and the Annual and Local Assessments are disapproved by a vote of greater than a majority of each class of the then Members of the Association. In the event the membership disapproves the budget or the Board of Directors fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Section 5.5. Special Assessments. In addition to the Annual and Local Assessments authorized by this Article, the Association may levy in any assessment year a Special Assessment or Special Assessments, applicable in that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, extraordinary repair or replacement of capital improvements located upon or forming a part of the Community Property or any facilities situated thereon, including the any fixtures or personal property related thereto, or for such other purposes as the Board of Directors may consider appropriate in its discretion; provided, however, that any

such Special Assessment shall have the assent of two-thirds (2/3rds) of each class of the then Members who are voting, in person or by proxy, at a meeting duly called for this purpose. The Association may also levy a Special Assessment against any Owner to reimburse the Association for costs incurred in bringing the Owner and/or such Owner's Lot into compliance with the Governing Documents; provided, that such Special Assessment may only be levied upon the affirmative vote of the Board of Directors, after notice and an opportunity for a hearing has been provided to the Owner.

Section 5.6. Notice and Quorum. Written notice of any meeting called for the purpose establishing a Special Assessment in accordance with Section 5.5 hereof, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of such meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership of the Association (Class A and Class B) shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.7. Exemption From Assessments. Any provision of the Governing Documents to the contrary notwithstanding, Lots owned by the Developer shall not at any time be subject to any Assessment levied by the Association and the Developer shall have no obligation to pay such Assessments. Lots owned by the Developer shall cease to be exempt from Assessments upon transfer or conveyance of any such Lot to any other Owner, including Participating Builders. In addition, Lots owned by Participating Builders shall be subject to Assessments in an amount determined from time to time by the Board of Directors, which amount shall not exceed fifty percent (50%) of the rate applicable to Lots owned by Class A Members; provided, however, that Participating Builders shall pay full Assessments for any Lots owned by the Participating Builder upon which Living Unit has been completed and occupied by a party other than a Participating Builder. In determining the Assessment of Participating Builders, the Board of Directors may take into consideration factors such as the level of services and benefits being provided by the Association to the Lots owned by the Participating Builders, as well as any "in-kind" contributions made by the Participating Builders for the benefit of the Association, such as the furnishing of landscaping and snow removal services.

Section 5.8. Commencement of Assessments. Unless an earlier commencement date is established by the Board of Directors, Assessments shall commence as to all Lots simultaneously with the conveyance of the first Lot to a Class A Member, or on the first day of the month following the first conveyance of Community Property to the Association by the Developer, whichever occurs later. Whenever additional Lots are annexed within the jurisdiction of the Association by a Declaration of Annexation or otherwise subjected to the Assessments levied by the Association, Assessments against such added Lots shall be calculated in the same manner and due in the same number of installments as the Assessments for the remainder of the fiscal year against Lots already a part of the Community or already subject to assessment, except

as Assessments against the Developer are limited by this Article. No Lot shall be subject to assessment by the Association prior to annexation.

Section 5.9. Exempt Property. No portion of the Community Property or the facilities situated thereon shall be subject to assessment of any kind by the Association.

Section 5.10. Working Capital Contribution. The Developer may establish a working capital fund for the initial operation of the Association. Such working capital fund may be funded by a one time assessment of up to three (3) months of Annual Assessments and Local Assessments applicable to a Lot and shall be payable, if established, by the initial non-Developer, non-Participating Builder purchaser of each Lot upon the earlier of settlement or occupancy of a completed Living Unit on such Lot.

Section 5.11. Reserves. The Association shall establish and maintain a reserve fund for the repair and replacement of the Community Property and any facilities situated thereon, including, without limitation, storm water management facilities, which require substantial periodic maintenance and/or replacement. Such reserve fund may also be established for the repair and replacement of any property, improvements or facilities otherwise required or intended to be maintained by the Association pursuant to any easement, agreement or the direction of any governmental authority or agency. The Board of Directors shall set the required reserve fund contribution, if any, annually, in an amount sufficient to meet the projected reserve needs of the Association. The reserve fund contribution shall be included as part of the Association's annual budget, and shall be payable as part of the (i) Annual Assessment applicable to all Lots to the extent such reserve fund will be utilized to replace assets which are determined by the Board of Directors to benefit substantially all Owners, and (ii) Local Assessments to the extent such reserve fund will be utilized to replace assets which are determined by the Board of Directors to primarily benefit the Owners of the Lots subject to such Local Assessment. The Association may establish such other reserve funds as the Board of Directors may from time to time consider necessary or desirable, including, without limitation, a general operating reserve. The proportional interest of an Owner in any reserve fund established by the Association shall be considered an appurtenance of such Owner's Lot and shall not be separately withdrawn, assigned, transferred or otherwise separated from the Lot to which it appertains, and shall be deemed to be transferred with such Lot.

ARTICLE 6

REMEDIES OF ASSOCIATION FOR NON-PAYMENT OF ASSESSMENTS

Section 6.1. Non-Payment of Assessments. Any Assessment levied by the Association pursuant to the Governing Documents which is not paid within ten (10) days after the due date established for such Assessment by the Board of Directors, may, upon resolution of the Board, bear interest from the due date until paid at the rate of interest established by the Board, not to exceed the maximum, if any, rate of interest permitted under the laws of the State of Maryland.

The Board of Directors may also impose a reasonable late fee against any Owner (and such Owner's Lot) for failure to pay any Assessment within ten (10) days after the due date for such Assessment. The Association may bring an action at law against the Owner personally obligated to pay the delinquent Assessment, and/or foreclose on the lien against such Owner's Lot in the manner now or hereafter provided under the Maryland Contract Lien Act, or as may otherwise be provided under applicable law. The Owner personally obligated to pay the delinquent Assessment shall also be obligated to pay all attorneys' fees, court costs and administrative costs incurred by the Association in connection with the collection of such Assessment.

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

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

Section 6.4. Priority of Lien. The lien for Assessments under the Governing Documents shall be subordinate to the lien of any first mortgage or deed of trust recorded against a Lot. Sale or transfer of any Lot shall not affect the Assessment lien; provided, however, that the sale or transfer of any Lot pursuant to mortgage or deed of trust foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to installments which became due prior to such sale or transfer. No sale or transfer of a Lot shall exempt such Lot or the Owner thereof from liability for any Assessments thereafter coming due or from the lien thereof. No amendment to this Section shall affect the rights of the holder of any first mortgage on a Lot (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or of the indebtedness secured thereby) shall join in the execution of such amendment.

ARTICLE 7

DESIGN REVIEW AND ARCHITECTURAL CONTROL

Section 7.1. Architectural Control. No construction or development activities, including, without limitation, staking, clearing, excavation, grading or other site work, shall be commenced or maintained on any Lot or the Community Property, no building, structure or other improvement of any kind, including, without limitation, fences, walls, mailboxes and decks, shall be commenced, erected or maintained within the Property, and no exterior addition, change or

alteration of any nature to the Lots, Living Units or other existing improvements within the Property, including, without limitation, changes in color, changes or additions to driveway or walkway surfaces and landscaping modifications, shall be made until plans and specifications showing the nature, kind, shape, height, materials, location and color of the same (hereinafter collectively referred to as "Improvements and/or Alterations") shall have been submitted to and approved in writing by the Design Review Board, or its duly constituted committee, pursuant to this Article.

Section 7.2. Design Review Board. The Design Review Board shall have the power to review applications for all Improvements and/or Alterations within the Property and shall and shall otherwise assist the Board of Directors in preserving and enhancing the visual integrity of the Community. The Design Review Board shall have such powers as may be reasonably necessary to fulfill its duties under the Governing Documents, including, without limitation the power to:

(a) Accept, review, approve, modify and/or reject written applications from Owners for Improvements and/or Alterations based upon such criteria as the Design Review Board shall, in its discretion, deem appropriate, including, without limitation, applicable provisions of the Design Guidelines and Standards, harmony of external design and location in relation to surrounding structures and topography, preservation of the natural beauty of the Community, prevention of haphazard and inharmonious improvement of Lots, maintenance of adequate setbacks from streets, wooded areas and stream valleys, maintenance of adequate open spaces between Living Units, and in general to provide for the construction and maintenance of a high quality of improvements within the Property.

(b) Propose design guidelines, rules and regulations, and amendments thereto, for adoption by the Board of Directors (the "Design Guidelines and Standards"), which shall establish criteria for the review of applications for Improvements and/or Alterations including, without limitation, guidelines for the architectural design and placement of buildings, structures and other improvements within the Property, and permissible color schemes, materials, exterior finishes and similar features; provided, however, that the Design Guidelines and Standards shall not contravene any specific standards or use restrictions established by this Community Constitution. Such Design Guidelines and Standards, and amendments thereto, may also be proposed and approved by the Board of Directors acting alone, without action by the Design Review Board. The Design Guidelines and Standards shall constitute a part of the Governing Documents.

(c) Propose procedures and requirements for the submission of applications to the Design Review Board, and amendments thereto, for adoption by the Board of Directors, including, without limitation, the number of copies, the content, scale and detail of the plans and specifications to be included with such applications and identification of any required supporting materials. Such procedures and requirements, and amendments thereto, may also be proposed and approved by the Board of Directors acting alone, without action by the Design Review

Board. No such procedures or requirements shall be construed as a waiver of the provisions of this Article or any other provision or requirement of the Governing Documents.

(d) Retain and confer with such consultants and experts as the Design Review Board may deem necessary or desirable in connection with its review of applications for Improvements and/or Alterations.

(e) Impose reasonable application fees as well as fees to cover the costs of reports, analyses, or consultants required in connection with the review of plans and specifications submitted by any Owner, subject to the approval of the Board of Directors; provided that the amount of such fees shall be disclosed in advance to the applicant Owner.

(f) Assist the Covenants Committee in monitoring Lots and Living Units for compliance with the Design Guidelines and Standards as well as any approved plans and specification for Improvements and/or Alterations to such Lots and Living Units.

Section 7.3. Design Review Board Structure. For so long as Developer's Rights and Obligations are in effect, the Design Review Board shall be composed of the New Construction Committee and the Modifications Committee. Thereafter, the Design Review Board shall function as a single entity.

(a) The New Construction Committee shall have the powers and duties of the Design Review Board with respect to the original construction of improvements within the Property, and in particular shall have exclusive jurisdiction over all Improvements and/or Alterations to Lots prior to initial conveyance of the Living Unit situated thereon to an Owner other than the Developer or a Participating Builder. The number, qualifications and tenure of all members of the New Construction Committee shall be as determined by the Developer in its sole discretion. The Developer shall have the right to appoint and remove, without cause, all members of the New Construction Committee.

(b) The Modifications Committee shall have the rights, powers and duties of the Design Review Board with respect to Lots that contain Living Units that have been conveyed to Owners other than the Developer or a Participating Builder. The Modifications Committee shall consist of not less than three (3) or more than five (5) persons. The Developer shall appoint a majority of the members of the Modifications Committee, and the balance of the committee shall be appointed by the Board of Directors. Members of the Modifications Committee appointed by the Developer shall serve at the pleasure of and may be removed, without cause, by the Developer. Members of the Modifications Committee appointed by the Board of Directors shall serve at the pleasure of and may be removed, without cause, by the Board. Modifications Committee members need not be Owners.

(c) Upon expiration of the Developer's Rights and Obligations period, or earlier upon written notice from the Developer to the Association, the New Construction

Committee and the Modifications Committee shall be dissolved and the Design Review Board shall be a single entity. Thereafter, the number, qualifications, tenure, and manner by which members of the Design Review Board are to be chosen shall be as determined from time to time by the Board of Directors, in the Board's sole discretion.

(d) The Board of Directors may adopt Administrative Resolutions further defining the powers and duties of the Design Review Board, provided that such Administrative Resolutions are not inconsistent with the express provisions of this Article.

(e) All references in the Governing Documents to the Design Review Board shall, as appropriate, be deemed to include the New Construction Committee and the Modifications Committee.

Section 7.4. Community Architect. A Community Architect may be appointed in accordance with this Section. The Community Architect shall be an individual with demonstrable experience in a recognized design profession, and may, but is not required to be, an Owner or Resident of the Community. If appointed, the Community Architect shall be charged with assisting the Design Review Board in the review of applications for Improvements and/or Alterations and in otherwise maintaining the visual integrity of the Community. The specific powers and responsibilities of the Community Architect may be further established by the Board of Directors in an Administrative Resolution, provided that all actions of the Community Architect shall be subject to review by the Design Review Board or the Board of Directors, as appropriate. The Community Architect shall be appointed and serve at the pleasure of the Developer during the Developer's Rights and Obligations period, and thereafter at the pleasure of the Board of Directors. The Community Architect may be paid a reasonable compensation by the Association, as determined by the Board of Directors.

Section 7.5. Action by Design Review Board. The Design Review Board shall have forty-five (45) days from its actual receipt of a complete application, including payment of all applicable fees and receipt of all additional material which the Design Review Board may request, in which to approve, disapprove, modify or reject the plans and specifications for Improvements and/or Alterations within the Property. Failure to respond within this time frame shall be deemed automatic approval of the plans and specifications by the Design Review Board. The Design Review Board shall make a reasonable effort to advise applicants of the basis for any partial or total rejection of an application. A majority of the members of the Design Review Board shall constitute a quorum for purposes of acting under this Article, and all actions of the Design Review Board shall require the affirmative vote of at least a majority of such quorum. Approval of any particular plans and specifications shall not be construed as a waiver of the right of the Design Review Board to reject such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 7.6. Appeal. Subject to such procedures as may be established by the Board of Directors, any applicant may appeal an adverse Design Review Board decision to the Board of Directors. The Board of Directors may uphold, modify or reverse the Design Review Board's decision.

Section 7.7. Conditions to Approval. The Design Review Board may condition its approval of any application upon the Owner's compliance with such limitations or conditions as the Design Review Board may deem appropriate, including, without limitation, the condition that any proposed Improvement and/or Alteration be commenced and/or completed within a reasonable period of time from the date of approval by the Design Review Board. There shall be no deviations from approved plans and specifications without the prior consent in writing of the Design Review Board.

Section 7.8. Non-liability for Approval of Plans and Specifications. The Design Review Board is responsible for reviewing and deciding on applications for Improvements and/or Alterations within the Property on the basis of criteria and requirements set forth in the Governing Documents. The members of the Design Review Board shall not be presumed to be experts in, nor shall they be held responsible for, integrity of engineering or architectural design, quality of construction, or compliance with local zoning ordinances, governmental guidelines or restrictions. Therefore, neither the Design Review Board, the Board of Directors, the Association, the Owners, or the Developer shall be responsible or liable for any architectural, engineering or construction defect, public code violation or the consequences of such defects or violations with regard to any Improvement and/or Alteration made by an Owner. Approval by the Design Review Board or the Board of Directors shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability of water flow or drainage, location of utilities, or other qualities of the Improvement and/or Alteration being reviewed, nor shall such approval be substituted in lieu of applicable governmental approvals and permits or be deemed to constitute a determination as to compliance with local zoning ordinances, governmental guidelines or restrictions.

Section 7.9. Relaxation of Restrictions. The Design Review Board shall have the power to permit an Owner to deviate from the standards or restrictions contained in the Governing Documents, except for specific standards or use restrictions established by this Community Constitution. However, the Design Review Board must provide, in writing as part of its decision, the basis of and rationale for allowing such deviation. Generally, but not exclusively, this Section is intended to enable the Design Review Board to appropriately respond to creative and beneficial design solutions that are consistent with the overall design character of the Community and the objectives of this Community Constitution, but which were not specifically anticipated in the Governing Documents. This provision is not intended to encourage or support arbitrary or capricious decisions by the Design Review Board.

Section 7.10. Jurisdiction of Design Review Board. Any provision hereof to the contrary notwithstanding, the Design Review Board shall have no jurisdiction over or right to

approve, modify or reject any Improvements and/or Alterations to Lots, Living Units or Community Property undertaken by the Developer, and the New Construction Committee shall have the exclusive jurisdiction over and right to approve, modify or reject any Improvements and/or Alterations to Lots, Living Units or Community Property undertaken by the Participating Builders. All costs, if any, incurred by the New Construction Committee prior to its dissolution under this Article and in connection with its review of applications for Improvements and/or Alterations to Lots, Living Units or Community Property submitted by the Participating Builders shall be paid by the Developer.

ARTICLE 8

COVENANTS COMMITTEE

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

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

(h) Such additional powers as may be granted by the Board of Directors to enable the Covenants Committee to fulfill its duties under the Governing Documents

Section 8.2. Selection of Covenants Committee. The Covenants Committee shall consist of not less than three (3) or more than seven (7) persons. For so long as Developer's Rights and Obligations are in effect, the Developer shall appoint a majority of the members of the Covenants Committee, and the balance of the committee shall be appointed by the Board of Directors. Members of the Covenants Committee appointed by the Developer shall serve at the pleasure of and may be removed, without cause, by the Developer. Members of the Covenants Committee appointed by the Board of Directors shall serve at the pleasure of and may be removed, without cause, by the Board. Upon expiration of the Developer's Rights and Obligations period, or earlier upon written notice from the Developer to the Association, the number, qualifications, tenure, and manner by which members of the Covenants Committee are to be chosen shall be as determined from time to time by the Board of Directors, in the Board's sole discretion. For so long as Developer's Rights and Obligations are in effect, Covenants Committee members need not be Owners.

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

Section 8.4. Jurisdiction of Covenants Committee. Any provision hereof to the contrary notwithstanding, the Covenants Committee shall have no jurisdiction over the Developer or any Participating Builder. The Board of Directors may from time to time, in its sole discretion, curtail the jurisdiction or authority of the Covenants Committee, either generally or on a case-by-case basis.

ARTICLE 9

LOCAL COMMITTEES

Section 9.1. Function. Owners and Residents may serve on Local Committees, established in accordance with this Article and any Administrative Resolution adopted by the Board of Directors. Local Committees shall serve in an advisory capacity with respect to issues and matters that relate to or are of particular concern to the Owners or Residents of that area of the Community represented by such Local Committees.

Section 9.2. Establishment. The Board of Directors may, by Administrative Resolution, designate the areas within the Community to be served by a Local Committee. Designation of Local Committee areas shall be based on such factors as are deemed appropriate by the Board, including, without limitation, the location and proximity of the Lots and Living Units to be represented, any special features or amenities within or serving the Lots or Living

Units to be represented, any special services provided to or requested by the Owners and/or Residents of the Lots and Living Units to be represented, and the input of interested Owners and Residents.

Section 9.3. Local Committee Operations. Each Local Committee shall be responsible for establishing the rules and procedures applicable to its activities, provided that the right of all Owners and Residents within the Local Committee area to meaningful participation in the Local Committee shall not be abridged. Local Committees shall provide all Owners and Residents within the Local Committee area and the Board of Directors with reasonable prior notice of all committee meetings and all Local Committee meetings shall be open to all Owners and Residents, their guests and any representative of the news media in accordance with Maryland State and County law. Each Local Committee shall designate one of its members as spokesperson for purposes of all meetings of the Board of Directors, Covenants Committee, Design Review Board, Community Architect and other Association committee meetings attended by the Local Committee. The designated spokesperson shall be the only member of the Local Committee entitled to express the committee's views at any such meeting.

Section 9.4. Local Committee Authority. Local Committees shall generally be provided with a reasonable prior opportunity to comment, either in person or in writing, on proposed actions by the Board of Directors, Covenants Committee, Design Review Board, Community Architect and all other Association committees. Local Committees shall serve as an advisory committee to the Board of Directors with respect to issues and matters of particular concern to the Owners and Residents of the Local Committee area, including, but not limited to, the amount of the Assessments and the manner of the maintenance and repair of the Lots and Community Property within the Local Committee area. Local Committees shall serve as an advisory committee to the Covenants Committee with respect to the interpretation and enforcement of the Governing Documents within the Local Committee area. Local Committees shall also serve as an advisory committee to the Design Review Board and the Community Architect with respect to the review and approval or disapproval of applications for Improvements and/or Alterations within the Local Committee area. The recommendations of a Local Committee shall not be binding on the Board of Directors, the Covenants Committee, the Design Review Board, the Community Architect or any Association committee; provided, however, that the Board of Directors, the Design Review Board, the Community Architect and any Association committee shall make a reasonable effort to implement such recommendations unless to do so would not be in the best interests of the Community as determined by the Board of Directors, the Design Review Board, the Community Architect or applicable Association committee, in their sole discretion.

Section 9.5. Further Local Committee Provisions. The Board of Directors may adopt Administrative Resolutions further defining the authority of Local Committees, as well as Administrative Resolutions establishing further rules and procedures to be followed by the Local Committees in connection with the exercise of such authority.

ARTICLE 10 USE RESTRICTIONS

In addition to all other covenants contained herein and in addition to other use restrictions as may be adopted by Equity Resolutions, the use of all property within the Community shall be subject to the following:

Section 10.1. Permitted Uses. The Lots shall be used for residential purposes exclusively, and no building shall be erected, altered, placed or permitted to remain on any such Lot other than one used as a single-family dwelling, except that a professional office may be maintained and used within a Living Unit, provided that such maintenance and use is limited to the person actually residing in the Living Unit and, provided, further, that such maintenance and use is in strict conformity with the provisions of any applicable zoning law, ordinance or regulation (and other applicable County laws) and the Governing Documents. 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 the Governing Documents, shall be construed to prohibit the Developer or its designees from the use of any Lot, Living Unit, Community Property, or improvement thereon, for promotional or display purposes, or as "model homes", a sales, leasing, management and/or construction office, or the like, and the Developer shall have an easement for access to all such facilities. The right of the Developer to maintain and carry on such activities shall include specifically the right to utilize the Community Property and any facilities situated thereon as model and sales offices for as long as the Developer is conducting marketing and sales activities.

Section 10.2. Prohibited Uses and Nuisances. Except for the activities of the Developer during the construction or development of the Community, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any Living Unit or the Community Property:

(a) No noxious or offensive trade or activity shall be allowed on any Lot or within any Living Unit or any other part of the Community, nor shall anything be done therein or thereon which may be or become an annoyance or nuisance to the neighborhood or other Residents. 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 Living Unit, or other part of the Community, except that this shall not prohibit the keeping of not more than a reasonable number of domestic pets provided such domestic pets 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 Community or other Residents. The Board of Directors or the Covenants Committee, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to the Community or other Residents, 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 Community Property unless accompanied by a responsible person and unless they are carried or leashed. The person accompanying any pet is responsible for the removal and disposal of any solid waste products deposited by the pet on Community Property or Lots.

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

(d) Except for parking within garages or other areas screened from public view or as approved in writing by the Board of Directors or the Covenants Committee, no junk vehicle, commercial vehicle or vehicle displaying commercial information (including vans used for commercial purposes), truck (as defined by the Maryland Department of Motor Vehicles and/or by common usage and practice except for light pick-up trucks of three-quarter (3/4) ton capacity or less used for non-commercial purposes), unlicensed or inoperable motor vehicle (which shall include, without limitation, any vehicle which would not pass applicable state inspection criteria), trailer, camp truck, recreation vehicle, horse trailer, boat or other similar vehicles, machinery or equipment of any kind or character (except for such equipment or machinery as may be reasonable, customary and usual in connection with the maintenance and repair of any Lot and the improvements thereon) shall be kept upon the Property or upon the public or private streets within or adjacent to the Property, nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. Jeeps, vans, multi-purpose vehicles and other vehicles designed primarily as passenger vehicles and which are not used for commercial purposes are not prohibited.

(e) Trash, garbage and recycling containers shall not be permitted to remain in public view except on days of collection and after 6:00 p.m. on days prior to collection. Trash shall be stored in closed metal containers or containers constructed of other suitable materials. Except on days of collection or after 6:00 p.m. on days prior to collection, all trash, garbage and recycling containers shall be kept in the side or rear yards of the Lots, and shall be screened from public view at all times.

(f) No Lot shall be divided or subdivided and no portion of any Lot (other than the entire Lot) shall be transferred or conveyed for any purpose without the prior approval of the Board of Directors or Covenants Committee. The provisions of this subsection 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 Developer 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 private streets and roadways.

(h) No tent, trailer, decorative lawn ornament, shack, barn, pen, kennel, stable, shed, or temporary structure of any kind which is visible from the street or another Lot may be erected, used or maintained on any Lot without the prior written approval of the Board of Directors or the Covenants Committee. Storage sheds may be erected or placed on a Lot only if approved by the Design Review Board in accordance with Article 7 hereof. Notwithstanding the foregoing, tents may be erected temporarily in back yards only for purposes of drying or use thereof for a period not to exceed forty-eight (48) hours.

(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 Developer or the Association, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any Lot or Living Unit without the prior approval of the Board of Directors or the Covenants Committee. The Board may, through the adoption of an Equity Resolution, establish criteria for acceptable use of signage within the Community, including, but not limited to, prohibitions and limitations applicable to real estate signs for the sale or rental of Lots and Living Units.

(j) Except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no hose, water pipe, sewer pipe, gas pipe, drainage pipe, television cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground, unless such installation is approved in writing by the Board of Directors or the Design Review Board, or is required by the servicer or provider of any utility, including, without limitation, power, water, sewer, gas and cable television.

(k) No play equipment, including, without limitation, basketball backboards, basketball hoops and other equipment associated with either adult or juvenile recreation, shall be erected upon a Lot or attached in any manner to a Living Unit without the prior approval of the Design Review Board.

(l) Unless technological advances result in the miniaturization of such apparatus and the prior approval of the Design Review Board is obtained, no exterior television aerial or radio antenna, or other aerial or antenna for either reception or transmission, including, but not limited to, satellite dish antennae, shall be maintained within the Community; provided, that aerials or antennae located entirely within the interiors of Living Units are permitted.

(m) Vegetable gardens shall be maintained only within the rear yard of any Lot, shall be maintained in a neat and attractive manner and shall be screened from public view.

(n) Lawn furniture may be used on front porches or in the side or rear yards of Lots only, unless otherwise approved by the Board of Directors or Covenants Committee. Children's play equipment may only be erected and maintained in the rear yards of Lots with the prior approval of the Design Review Board. Such play equipment must be reasonably screened from adjacent Lots.

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

(p) Any fence constructed within the Community shall not extend forward of the rear building line of the Living Unit on the Lot upon which any such fence is erected. No fence on a Lot shall be more than six feet (6') in height. Chainlink and other wire fencing is specifically prohibited; provided, however, that chicken wire or other fine wire fencing utilized in conjunction with split rail fences shall be permitted.

(q) Bed sheets, plastic sheets, newspapers, or other similar window treatments shall not be hung or placed in or on any window within the Living Unit.

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

(s) No drying or airing of any clothing, bedding or similar materials shall be permitted outdoors other than within rear yards of the Lots and between the hours of 8 a.m. and 5 p.m. on Monday through Friday and 8 a.m. and 1 p.m. on Saturdays (except when any such days shall fall upon a holiday) and clothes-hanging devices such as lines, reels, poles, frames, etc., shall be stored out of sight other than during such times.

(t) Except as approved in writing by the Board of Directors or the Design Review Board, no garage or outbuilding erected on a Lot shall at any time be used for human habitation, temporarily, or permanently, nor shall any structure of a temporary character be used for human habitation, and no garage may be altered, modified or changed in any manner which would inhibit or in any way limit its function as a parking area for vehicles. Notwithstanding the foregoing, any Lot owned by the Developer upon which is situated a Living Unit in which the garage has been modified to serve as living area shall be exempt from this subsection and any grantee of the Developer and such grantee's successors and assigns, shall also be exempt until such time as the garage is restored or a garage is constructed on such Lot.

(u) All sprinkler and irrigation systems shall be subject to approval of the Design Review Board.

(v) No trees shall be removed from within the Community, except for diseased or dead trees, trees requiring removal to promote the growth of other trees or for safety reasons, unless approved by the Design Review Board.

(w) Except as may be permitted by the Design Review Board, no window air conditioning units may be installed in any Living Unit.

Section 10.3. Leasing and Transfers.

(a) No portion of a Living Unit, other than an entire Living Unit, may be leased or rented. All leases shall be on forms approved by the Board of Directors and shall (i) contain provisions advising the tenant of the obligation to comply with the Governing Documents; (ii) provide that any violation of the Governing Documents shall also constitute a violation of and grounds to terminate such lease. The Owner(s) of a leased Lot shall notify the Association in writing of the Owners' current address. The Association may, upon resolution of the Board of Directors, require an Owner to utilize a form of lease or lease addendum supplied by the Association. Every lease shall be subordinate to any lien filed by the Association, whether before or after such lease was entered into. The minimum term any Living Unit may be leased or rented shall be six (6) months, and in no event may a transient tenant be accommodated in any Living Unit.

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

Section 10.4. Enforcement - Right to Remove or Correct Violations. In the event any violation or attempted violation of any of the Governing Documents shall occur or be maintained upon any Lot, or in the event of any other conduct in violation of the Governing Documents, then the same shall be considered to have been undertaken in violation of the Governing Documents and without the approval of the Board of Directors, Design Review Board or the Covenants Committee, as applicable, and, upon written notice from the Board of Directors, Design Review Board or the Covenants Committee, such violation shall be promptly removed or abated. Notice sent by regular mail or certified mail to the Owner's and/or Resident's address as it appears in the records of the Association shall be considered adequate notice for all purposes. In the event the violation 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, then the Association shall have the right, through its agents and employees (but only after a resolution of the Board of Directors, Design Review Board or the Covenants Committee and a reasonable opportunity for a hearing is given to the Owner and/or Resident(s) of the Lot) 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 Owner or Resident of the Lot upon which such violation occurred. A statement for the amount of such assessment (including attorneys' fees and costs) shall be rendered to the Owner and/or the Resident of said Lot, at which time the assessment shall become due and payable, and shall constitute a continuing lien upon such Lot and the binding personal obligation of the Owner and/or Resident of such Lot.

The Association shall have the further right, through its agents and employees, to enter upon and inspect any Lot at any reasonable time for the purpose of ascertaining whether any violation of the provisions of the Governing Documents exist on such Lot. 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; provided, however, the interior of a Living Unit may not be entered pursuant to this paragraph unless such entry is necessary for the protection of any Lot or the Community Property as determined by the Board of Directors or its agents or employees.

Section 10.5. Exemptions. None of the restrictions set forth in this Article or elsewhere in the Governing Documents shall be applicable to the activities of the Developer, its officers, employees, agents, nominees or assigns, in their development, marketing, construction, leasing and sale of Lots, Living Units, or other parcels within the Property; or to the Association, its officers, employees and agents, if accomplished in connection with the proper maintenance, repair, replacement and improvement of the Community Property and any facilities situated thereon.

ARTICLE 11 DECLARATION OF EASEMENTS AND RIGHTS

Section 11.1. Declaration of Easements and Rights. The following easements and rights are hereby declared or reserved:

(a) The Developer reserves the right to grant easements, both temporary and permanent, to all public authorities (including, but not limited to, all State and County governmental authorities and agencies) and utility companies over any part of the Community Property.

(b) Each Lot within the Community is hereby declared to have an easement, not exceeding one foot (1') in width, over all adjoining Lots and Community Property for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the Living Unit, roof overhangs, gutters, architectural or other appendages, draining of rainwater from roofs, or any other similar cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement

or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

(c) There is hereby reserved unto the Developer [and to such other party(ies) as the Developer may specifically, and in writing, assign such rights], for the benefit of the real property described on Exhibit "A" hereto ("Benefitted Property"), a blanket easement upon, across and under the Community (provided such easement does not encroach upon any Living Unit within the Community or unreasonably interfere with the use and enjoyment of the Community), for vehicular and pedestrian ingress and egress, curb cuts, slope, or grading easements, as well as for the installation, replacement, repair and maintenance of all utilities, including, but not limited to, water, sewer, drainage, storm water detention and/or siltation, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Property from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles, pipes, lines and other equipment within the Community, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Community, including any improvements constructed thereon, and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress within the Community. There is further reserved unto the Developer the right to erect entry features, promotional and other similar items within the Community provided they do not unreasonably interfere with the use, operation and enjoyment of Living Units within the Community. There is further reserved unto the Developer the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Community in furtherance of the blanket easement created by this subsection. Further, without limiting the generality of the foregoing, the Developer reserves the right to unilaterally execute and record such additional easements and agreements as may be necessary to give effect to the foregoing easements and other rights, which additional easements and other agreements need not be consented to or joined in by any party having an interest in the Community; provided, however, that if requested by the Developer, any party having an interest in the Community shall promptly join in and execute such confirmatory easements and other agreements. Each Lot shall further be subject to a public pedestrian access easement over and upon any sidewalk (or the replacement thereof) constructed on the Lot by the Developer, which sidewalk is reasonably deemed to be for the use of the Community.

(d) There is hereby further reserved for the benefit of the Benefitted Property a right of any owner (or such owner's guests, invitees, licensees or other parties entitled to occupy any dwelling unit within the Benefitted Property) of any dwelling unit within the Benefitted Property to use any recreational or other similar facilities that may, from time to time, be located within the Community; provided, however, as a condition precedent to the exercise

of such rights, the election to allow the use of such facility(ies) is specifically made by the Developer pursuant to a written instrument recorded among the Land Records of Montgomery County, Maryland. If the rights contemplated by the provisions above are elected, then the parties benefiting from such rights shall be obligated to pay their pro-rata share of the cost of maintaining, operating and repairing such facilities, which share shall be computed by multiplying the total of such bona-fide costs times a fraction, the numerator of which shall be the number of completed dwelling units owned by the party from whom such contribution is sought and the denominator shall be the total number of completed dwelling units entitled to use such facilities. The computation contemplated by the immediately preceding sentence shall be made at each time a contribution for such costs is sought.

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

(f) The Developer also reserves the right to enter any portion of the Community for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Community or the improvements thereon. There is further reserved unto the Developer and its agent(s) a non-exclusive easement over, across and through all of the Community Property for the purpose of access, the storage of building supplies, materials and equipment and, without any limitation, for any and all purposes reasonably related to the completion of the development, construction or rehabilitation and repair of the Community.

(g) For a period of fifteen (15) years from the date of conveyance of the first Lot, the Developer reserves a blanket easement and right on, over and under the Community to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance; provided, however, that the Developer shall have no obligation to exercise such right. Such right expressly includes the right to cut any trees, bushes or shrubbery, change the grade of the soil, or to take any other similar action reasonably necessary, following which the Developer shall restore the affected property to its original condition as near as practicable. The Developer shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Developer an emergency exists which precludes such notice. There is further reserved unto the Developer the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection.

(h) The rights and duties with respect to sanitary sewer and water, electricity, gas, cable television and telephone lines and facilities shall be governed by the following:

(i) Whenever water, sanitary sewer, electricity, gas, cable television or telephone connections, lines, cables or any portion thereof, are or have been installed within the Community, the Owner of any Lot, and the Association shall have the right, and are hereby granted an easement to the extent necessary therefor, to enter upon or have a utility company enter upon any portion of the Community in which said installations lie, to repair, replace and generally maintain said installations.

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

(iii) In the event of a dispute between Owners with respect to the repair or rebuilding of said installations, or with respect to the sharing of the cost thereof, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to its Board of Directors or Covenants Committee, who shall decide the dispute, and the decision of the Board or Covenants Committee shall be final and conclusive as to the parties.

(i) The Association shall have an easement to enter any portion of the Community for the performance of its duties hereunder; provided that such easement shall not entitle entry within the interior portion of any Living Unit located within the Community, and provided further such easement in no way interferes with the activities of the Developer.

(j) A mutual right and easement for utility services is hereby established for the benefit of all Owners, such that no Owner shall take any action which would in any way interfere with utility services being provided to other Owners within the Community. If a Lot contains any utility pipes, ducts, conduits, wires or the like which are for the benefit, in whole or in part, of other Owners within the Community, then the Owner of such Lot shall promptly, at such Owner's expense, repair any damage to such utilities caused by the Owner, or the Residents of such Owner's Lot.

(k) A right-of-way for the Transcontinental Gas Pipeline is or will be located within the Community. The location of such right-of-way is or will be shown on the plats of subdivision for the Property, recorded, or to be recorded, among the County Land Records.

Section 11.2. Association Easements. The Board of Directors of the Association shall have the right to grant easements, rights-of-way, licenses and similar interests over any part of the Community Property for any lawful purpose which the Board, in its sole discretion, determines to be in the best interests of the Association.

ARTICLE 12 MAINTENANCE

Section 12.1. Lot Maintenance. Except as otherwise specifically provided in the Governing Documents, each Owner and/or Resident of a Lot within the Community shall keep such Lot, and all improvements therein or thereon, in good order and repair and free of debris, including but not limited to the seeding, watering and mowing of all lawns, the pruning of all trees and shrubbery and the painting (or other appropriate external care) of all buildings and other improvements located on such Lot, all in a manner and with such frequency as is consistent with good property management. In the event an Owner and/or Resident of any Lot within the Community shall fail to maintain such Owner's Lot and the improvements situated thereon, the Board of Directors or its agent shall have the right to enter upon said Lot to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The Association shall also have the right to enter Lots to correct drainage. Except in the case of an emergency, the Board of Directors shall provide an Owner and/or Resident at least fifteen (15) days written notice prior to entering a Lot for the purposes set forth in this Section. Notice shall be deemed to be given when mailed by regular or certified mail to the address of the Owner and/or Resident as it appears in the records of the Association. All costs related to such correction, repair, maintenance or restoration shall become a lien upon such Lot, and such lien may be enforced in the same manner as the lien for any other Assessment under the Governing Documents.

Section 12.2. Association Maintenance. The Association shall maintain, repair, replace and keep in good order (i) the Community Property (including, without limitation, all stream valleys and wooded areas therein) and any improvements, landscaping and facilities situated thereon, (ii) all storm water management facilities (including, without limitation, ponds, basins, storm drainage pipes, inlets, oil grit separators, drainage areas and underground facilities, if any) located within the Community, or which are designed to benefit or serve any portion of the Community, or which are otherwise required or intended to be maintained by the Association pursuant to any easement, agreement or the direction of any governmental authority or agency, (iii) rights-of-way, sidewalks, entry strips, signs and entrance features or improvements located within the Community, or which are appurtenant to and serve or benefit the Community, and (iv) and any other property, facilities or equipment appurtenant to and serving or benefiting the Community (including recreational facilities) which the Association elects or is required to maintain, repair or replace. Such maintenance, repair and replacement shall be funded as provided in the Governing Documents.

Section 12.3. Lawn and Garden Areas. The Association may elect, pursuant to a duly adopted Equity Resolution, to maintain and keep in good order the Lawn and Garden Areas (as defined below) located within any Lot, group of Lots or all of the Lots. In the event the Board of Directors elects to assume such maintenance responsibilities, all costs of such maintenance shall be assessed only against the Owners of Lots that contain Lawn and Garden Areas maintained by the Association. Without limiting the generality of the foregoing, in the event the

Board of Directors elects to maintain any Lawn and Garden Areas, the Association shall be responsible for mowing, fertilizing, trimming and otherwise caring for the lawns, as well as planting, pruning, fertilizing and otherwise maintaining the trees, shrubs and other plant materials which are located within such Lawn and Garden Areas, and an easement is hereby granted to the Board of Directors and its agents and employees to perform such maintenance. All such maintenance and care of the Lawn and Garden Areas shall be in conformity with standards established by the Board of Directors from time to time. The phrase "Lawn and Garden Areas" as used in this Section shall mean and refer to the portions of any Lot which contain grass, shrubs, bushes, trees or other planted material, provided that any portion of a Lot which is enclosed by a wall or fence and is not readily accessible to the Association shall not be considered a Lawn and Garden Area.

Section 12.4. Additional Maintenance Responsibilities. The Association may, pursuant to a duly adopted Equity Resolution, assume additional maintenance responsibilities upon all or any portion of the Community, including, but not limited to, the exteriors of Living Units (but not the interiors thereof), and an easement is hereby granted to the Board of Directors and its agents and employees to perform such maintenance. In the event the Board of Directors elects to assume such additional maintenance responsibilities, all costs of such maintenance shall be assessed only against those Owners residing within the portion of the Community receiving or benefiting from the additional services. This assumption of responsibility may take place either by contract, or because, in the opinion of the Board of Directors, the level and quality of service provided within the Community is not consistent with standards established from time to time by the Board of Directors.

ARTICLE 13

INSURANCE

Section 13.1. Optional Coverage. The Board of Directors of the Association, or its duly authorized agent, shall have the authority, but not the obligation, to obtain insurance for all or any of the Living Units within the Community, unless the Owners thereof have supplied the Board with proof of adequate casualty insurance coverage against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost (less a reasonable deductible) of any repair or reconstruction work in the event of damage or destruction from any insured hazard. The insurance proceeds payable on account of loss or damage to the Living Unit shall be applied to repair or restoration of the damaged property in substantial conformity to the original plans and specifications, unless otherwise approved by the Board of Directors or Design Review Board. The Board of Directors and the Association shall incur no liability to any Owner or mortgagee in the event that the Board of Directors or the Association shall elect not to exercise their authority to obtain such insurance for all or any of the Living Units within the Community. In the event the Board of Directors obtains insurance coverage for any Living Unit pursuant to this Section, the cost thereof shall be assessed against the Owner of the Lot benefiting from such

insurance and shall be collectible in the same manner as any other Assessment under the Governing Documents.

Section 13.2. Required Coverage. The Board of Directors of the Association, or its duly authorized agent, shall be required to obtain, maintain and pay the premiums, as a Common Expense, upon a policy of property insurance covering all insurable improvements to the Community Property (except land, foundation, excavation and other items normally excluded from coverage) including fixtures and building service equipment, to the extent that they are a part of the Community Property, as well as common personal property and supplies owned by the Association. If any portion of the Community Property is in a special flood hazard area, as defined by the Federal Emergency Management Agency, the Board of Directors of the Association, or its duly authorized agent, shall be required to obtain, maintain and pay, as a Common Expense, the premiums upon a "master" or "blanket" policy of flood insurance on the Community Property and any improvements and facilities situated thereon. The policy shall be in an amount deemed appropriate, but not less than the maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property within any portion of the Community Property located within a designated flood hazard area or one hundred percent (100%) of current replacement cost of all such buildings and other insurable property. The Association shall also maintain comprehensive general liability insurance coverage covering all of the Community Property, public ways within the Community and other areas that are under the Association's supervision.

Section 13.3. Fidelity Bonds. To the extent reasonably available, blanket fidelity bonds shall be maintained by the Association for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Association has delegated some or all of the responsibility for the handling of funds to a management agent, such management agent shall be covered by its own fidelity bond. Except for fidelity bonds that a management agent obtains for its personnel, all fidelity bonds should name the Association as an obligee and should have their premiums paid as a Common Expense by the Association.

Section 13.4. Directors and Officers Liability Insurance. The Association shall maintain Directors and Officers liability insurance coverage in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence or claim. The premium for such coverage shall be a Common Expense of the Association.

Section 13.5. Requirements for Insurance and Fidelity Bond Coverage. The Board of Directors may, by duly adopted Administrative Resolution, set forth specific qualifications and requirements for insurance and fidelity bond coverage obtained and maintained by the Association.

Section 13.6. Repair and Reconstruction of the Community Property After Fire or Other Casualty. In the event of damage to or destruction of any portion of the Community Property covered by insurance payable to the Association as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof, and shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration. Promptly after a casualty causing damage or destruction of any portion of the Community Property for which the Association has the responsibility of maintenance, repair, and/or replacement, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged portions of the Community Property in as good a condition as existed before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors may desire.

Section 13.7. Owner Responsibility for Deductible and Other Loss. In the event that the Association suffers any loss as a result of the intentional or negligent act or omission of any Owner (or such Owner's guests, lessees, invitees or licensees) the deductible for any insurance claim based on such loss plus any amount of the loss not covered by insurance shall be collectible from such Owner in the same manner as any other Assessment under the Governing Documents.

ARTICLE 14 PARTY WALLS AND PARTY FENCES

The rights and duties of the Owners and Residents with respect to party walls and party fences constructed as part of the original construction within the Community shall be governed by the following:

Section 14.1. General Rules of Law to Apply. Each wall or fence which is constructed as a part of the original construction within the Community and any part of which is placed on the dividing line between separate Lots, shall constitute a party wall or party fence, and with respect to such wall or fence, each of the adjoining Owners shall assume the burdens, and be subject to an easement for that portion of a party wall or party fence on such Owner's Lot, and be entitled to the benefits of these restrictive covenants and, to the extent not inconsistent herewith, the general rules of law regarding party walls and party fences and of liability for property damage due to negligence or willful acts or omissions, shall apply thereto.

Section 14.2. Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty. If any such party wall or party fence is damaged or destroyed by fire or other casualty or by some cause other than the act of one of the adjoining Owners or Residents (including ordinary wear and tear and deterioration from lapse of time), then, in such event, both such adjoining Owners or Residents shall proceed forthwith to rebuild or repair the same to as good condition as formerly, in proportion to their respective use of the party wall or party fence.

Section 14.3. Repairs of Damage Caused by One Owner and/or Resident. If any such party wall or party fence is damaged or destroyed through the act of one adjoining Owner or Resident, so as to deprive the other adjoining Owner or Resident of the full use and enjoyment of such wall or fence, then the Owner or Resident responsible for such damage shall forthwith proceed to rebuild and repair the same to as good condition as formerly, without cost to the adjoining Owner.

Section 14.4. Weatherproofing. Notwithstanding any other provision of this Article, any Owner or Resident that negligently or willfully causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 14.5. Encroachments. If any portion of a party wall shall encroach upon any adjoining Lot, or upon the Community Property, 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 shall exist as long as the party wall stands.

Section 14.6. Other Changes. In addition to meeting the other requirements of this Community Constitution, and of any building code, zoning ordinance or similar governmental regulations or ordinances, any Owner proposing to modify, make additions to or rebuild a Living Unit in any manner which requires the extension or other alteration of any party wall or party fence, shall first obtain the written consent of the adjoining Owner which consent shall not be unreasonably delayed or denied.

Section 14.7. 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 14.8. Dispute. In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or party fence or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to its Board of Directors or Covenants Committee who shall decide the dispute, and the decision of such Board of Directors or Covenants Committee shall be final and conclusive upon the parties.

ARTICLE 15

JOINT DRIVEWAYS

Section 15.1. General Rules of Law to Apply. Any driveway which is built or installed as part of the original construction within the Community and which is situated on the property 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 and Residents of such Lots and of other portions of the Community which such driveway is reasonably designed to

serve. 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 shall apply thereto.

Section 15.2. Maintenance. The Owners and Residents of Lots served or benefitted by a joint driveway shall maintain such driveway in a safe and orderly condition and shall be responsible for all maintenance, repairs and replacements necessitated as a result of ordinary wear and tear or as a result of damage or destruction caused by fire or other casualty, other than any damage or destruction caused by the act of an adjoining Owner or Resident. All costs associated with the maintenance, repair or replacement of any joint driveway shall be born equally by all Owners and/or Residents served or benefitted by such driveway.

Section 15.3. Damage Caused by Adjoining Owners or Residents. If any party driveway damaged or destroyed through the act of an adjoining Owner or the Residents of such Owner's Lot, so as to deprive the other adjoining Owners or Residents of the full use and enjoyment of the party driveway, then the Owner and/or Resident responsible for such damage or destruction shall forthwith proceed to rebuild and repair the joint driveway to as good condition as existed prior to such damage or destruction, without cost to the adjoining Owner or Owners.

Section 15.4. Easement and Right of Passage. There shall be a perpetual and non-exclusive easement and right of passage on, through, over, under and across any joint driveway reserved to and for the benefit of the Owners and Residents of any Lot or Lots upon which a joint driveway has been built or installed and any Lot or Lots which such joint driveway has reasonably been designed to serve or benefit, for purposes of vehicular and pedestrian ingress and egress to and from such Lot or Lots. No person shall in any way interfere with the free and unobstructed use thereof by said Owners and Residents.

Section 15.5. 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 15.6. Dispute. In the event of a dispute between Owners with respect to the maintenance, repair or replacement of a party driveway, or with respect to sharing the costs thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors or Covenants Committee, who shall decide the dispute, and the decision of the Board of Directors or Covenants Committee shall be final and conclusive upon the parties.

ARTICLE 16 **MANAGEMENT**

Section 16.1. Management Agent. The Board of Directors may employ a professional management agent or qualified property manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing, including, without limitation, the following:

- (a) establishing (with the approval of the Board of Directors) and providing for the collection of Assessments, and to provide for the establishment and enforcement of liens therefor in a manner consistent with the law and the provisions of the Governing Documents; and
- (b) providing for the care, upkeep, maintenance and surveillance of the Community Property and any facilities situated thereon; and
- (c) designating, hiring and dismissing such personnel, contractors and subcontractors as may be required for the good working order, maintenance and efficient operation of the Community Property and any facilities situated thereon; and
- (d) providing such other services for the Association as may be consistent with law and the provisions of the Governing Documents.

Section 16.2. Duration of Management Agreement. Unless otherwise determined by the Board of Directors by Administrative Resolution, any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon thirty (30) days' written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1)-year periods. Any management agreement entered into by the Developer prior to transfer of control of the Association to Owners other than the Developer, must be terminable, without cause, any time after transfer of control, on not less than thirty (30) nor more than ninety (90) days' notice, and no charge or penalty may be associated with such termination.

ARTICLE 17 **GENERAL PROVISIONS**

Section 17.1. 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 Community Property, or from any pipe, drain, conduit or the like. The Association shall not be liable to any Owner and/or Resident for loss

or damage, by theft or otherwise, of articles which may be stored upon the Community Property. No diminution or abatement of Assessments, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Community Property, or from any action taken by the Association to comply with any of the provisions of the Governing Documents, with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Section 17.2. Enforcement. Unless otherwise limited, the Association, any Owner and any mortgagee of any Lot shall have the right to enforce, by any proceeding at law and/or in equity, all restrictions, conditions, covenants, reservations, easements, liens, charges or other obligations or terms now or hereafter imposed by the provisions of the Governing Documents. Failure by the Association, any Owner or by any mortgagee of any Lot to enforce any provision of the Governing Documents, shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the Governing Documents, cannot be adequately remedied by action at law or exclusively by recovery of damages. If the Association, or any Owner or mortgagee of any Lot, successfully brings an action to extinguish a violation or otherwise enforce the provisions of the Governing Documents, the costs of such action, including legal fees, shall become a binding, personal obligation of the Owner and/or Resident committing or responsible for such violation, and such costs shall be collectible in the same manner as any other Assessment under the Governing Documents.

Section 17.3. Fines. In addition to the means for enforcement provided elsewhere herein, the Association shall have the right to levy fines against an Owner and/or Resident, in the manner set forth herein, and such fines shall be collectible as any other Assessment such that the Association shall have a lien against the Lot of such Owner as provided in the Governing Documents and such fine(s) shall also become the binding personal obligation of such Owner.

(a) The Board of Directors, or the Covenants Committee, shall be charged with determining where there is probable cause that any of the provisions of the Governing Documents, regarding the use of the Living Units, Lots or Community Property, are being or have been violated. In the event that the Board of Directors or the Covenants Committee determines an instance of such probable cause it shall cause the Board of Directors to provide written notice to the person alleged to be in violation, and the Owner or Resident of the Lot which that person occupies or is visiting if such person is not the Owner, of the specific nature of the alleged violation and of the opportunity for a hearing before the Board of Directors upon a request made within ten (10) days of the sending of the notice. The notice shall also specify, and it is hereby provided, that each recurrence of the alleged violation or each day during which it continues shall be deemed a separate offense, subject to a separate fine to be established by the Board of Directors from time to time for each offense. The notice shall also specify, and it is hereby provided, that in lieu of requesting a hearing, the alleged violator or Owner may respond to the notice within ten (10) days of its sending, acknowledging in writing that the violation occurred as alleged and promising that it will henceforth cease and will not recur, and that such

acknowledgment and promise, and performance in accordance therewith, shall terminate the enforcement activity of the Association with regard to such violation.

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

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

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

(e) Nothing herein shall be construed as a prohibition of or limitation on the right of the Association to pursue any other means of enforcement of the provisions of the Governing Documents, including, but not limited to, legal action for damages or injunctive relief.

Section 17.4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 17.5. Duration and Amendment. Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of the Community Constitution shall run with and bind the land for a term of twenty (20) years from the date this Community Constitution is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Community Constitution may be amended by an instrument signed by, or the affirmative vote of, the Owners of not less than seventy-five percent (75%) of the Lots. Any amendment must be recorded among the County Land Records.

Section 17.6. Successors of Developer. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Developer hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Developer by instrument in writing, without notice to the Association.

Section 17.7. Taxes and Assessments. It is the intent of this Community Constitution that insofar as the interests of each Owner to use and enjoy the Community Property is an interest in real property appurtenant to each Lot, the value of the interest of each Owner in such Community Property shall be included in the assessment for each such Lot and as a result, any assessment directly against such Community Property should be of a nominal nature reflecting that the full value of the same should be included in the several assessments of the various Lots.

Section 17.8. 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 Community Property 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 Community Property.

Section 17.9. Rights of the Maryland-National Capital Park and Planning Commission (the "Commission"). Any other provision of the Governing Documents to the contrary notwithstanding, neither the Owners, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent of the Commission, which consent shall not be unreasonably withheld or delayed:

- (a) make any annexation or additions other than as provided for in this Community Constitution; or
- (b) abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Community Property; 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 Community Property by the Owners shall not be considered a transfer within the meaning of this Section; or
- (c) abandon or terminate the Community Constitution; or
- (d) modify or amend any material or substantive provision of the Founding Documents; or
- (e) merge or consolidate the Association with any other entity or sell, lease, exchange or otherwise transfer all or substantially all of the assets of the Association to any other entity; or
- (f) substantially modify the method of determining and collecting assessments as provided in this Community Constitution.

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

Section 17.10. 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 Community Constitution, however, the failure to do so shall not affect the validity of any such deed.

Section 17.11. Developer Reserved Rights. No supplement or amendment to the Governing Documents may remove, revoke or modify any right, reservation or privilege of the Developer without the prior written consent of the Developer.

Section 17.12. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Community Constitution shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 17.13. Limitations. As long as the Developer is the Owner of any portion of the Community, the Association may not use its financial resources to defray the costs of opposing the development activities of the Developer. Nothing in this Section shall be construed to limit the rights of Owners to act as individuals or in affiliation with other Owners or groups.

Section 17.14. Conveyance by Developer. The Developer may convey unimproved or improved land to the Association to be held as Community Property, or may construct improvements on any Community Property. Such property shall be conveyed free and clear of financial encumbrances and the consent of the Association shall not be required for such conveyance or construction.

Section 17.15. Captions and Gender. The captions contained in this Community Constitution are for convenience only and are not a part of this Community Constitution and are not intended in any way to limit or enlarge the terms and provisions of this Community Constitution. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Piney Meetinghouse Limited Partnership, a Maryland limited partnership, being the Developer herein, has caused this Community Constitution to be signed this 5th day of July, 1994.

WITNESS/ATTEST:

PINEY MEETINGHOUSE LIMITED
PARTNERSHIP,
a Maryland limited partnership

By: RCS LAND COMPANY II, INC.,
a Maryland corporation,
General Partner

Rodney Chamberlain
Rodney Chamberlain

By: Bryan K. Girts
Bryan K. Girts,
Vice President

[CORPORATE SEAL]

STATE OF

*

to wit:

*

COUNTY OF

*

I HEREBY CERTIFY that on the 5th day of July, 1994, before the subscriber, a Notary Public in and for the above jurisdiction, personally appeared Bryan K. Girts, known to me (or satisfactorily proven) to be the Vice President of RCS Land Company II, Inc., a Maryland corporation, general partner of Piney Meetinghouse Limited Partnership, a Maryland limited partnership, and that such corporate officer, being authorized to do so, executed the foregoing instrument on behalf of such limited partnership for the purposes therein contained.

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

MARY M. SCHMIDT
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires August 26, 1997

Mary M. Schmidt
Notary Public

My Commission Expires:

[NOTARIAL SEAL]

1924-84
20701 MIDME
DEC.08

CERTIFICATION

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


 Douglas M. Irvin

EXHIBIT "A"

Being a piece or parcel of land situate, lying and being in the fourth Election District of Montgomery County, Maryland and being part of the land conveyed by Dorothy Ann Woods to Lucille E. Conklin and Mary E. Ward by deed dated April 17, 1957 and recorded in Liber 2526 at Folio 296 among the Land Records of Montgomery County, Maryland and being more particularly described as follows:

Beginning for the same at an iron pipe found at an angle point in the rear line of Lot 11, Block "C" Lakewood Glen, as recorded in Plat Book 116, Plat No. 13687 among the aforesaid Land Records, said beginning point also lying at the southerly end of the North 15 degrees 40'30" East, 986.09 foot plat line as shown on said plat; thence running with a part of the boundary of said Lot 11 and an extension thereof

1. South 55 degrees 26'17" East, 299.83 feet to a point on the northerly boundary of the property of Robert A. and Marian Baker as recorded in Liber 1672 at Folio 393; thence running with and along part of the said boundary
2. South 80 degrees 09'44" West, 1005.28 feet to an iron pipe found; thence
3. South 05 degrees 39'14" West, 568.21 feet to a point in the centerline of Boswell Lane; thence running with and along said centerline
4. North 73 degrees 17'14" West, 436.39 feet to a point; thence
5. North 76 degrees 29'38" West, 271.35 feet to a point; thence
6. North 80 degrees 06'40" West, 189.61 feet to a point; thence
7. North 86 degrees 01'26" West, 68.64 feet to a point on the easterly boundary line of the property of Ralph S. and Jane A. Price, as described in Liber 4340 at Folio 160, thence leaving the centerline of Boswell Lane and running with part of said easterly boundary line
8. North 10 degrees 01'40" East, 541.94 feet to a point on the boundary of the property of Rockville Crushed Stone, Inc. as described in Liber 4010 at Folio 537; thence running with and along part of said boundary.
9. North 49 degrees 55'41" East, 447.68 feet to a point; thence

10. North 05 degrees 05'29" East, 370.00 feet to a point; thence
11. South 85 degrees 51'01" East, 1200.00 feet to a point; thence
12. North 05 degrees 05'29" East, 550.00 feet to a point on the boundary of another property owned by Rockville Crushed Stone, Inc., as described in Liber 3335 at Folio 148; thence running with and along a part of said boundary
13. South 85 degrees 51'01" East, 288.36 feet to the northwesterlymost corner of Lot 9, Block "C", Lakewood Glen as recorded in Plat Book 116 Plat No. 13687 thence; running with and along parts of the boundaries of Lots 9 through 11, Block "C" Lakewood Glen
14. South 15 degrees 40'30" West, 986.09 feet to the place of beginning containing 1,707,937 square feet or 39.20884 Acres of Land.

EXHIBIT "A"

**DESCRIPTION OF THE PROPERTY OF
PINEY MEETINGHOUSE LIMITED PARTNERSHIP
ROCKVILLE (4TH) ELECTION DISTRICT
MONTGOMERY COUNTY, MARYLAND**

Being all of the property acquired by Piney Meetinghouse Limited Partnership, a Maryland limited partnership, from Rockville Crushed Stone, Inc., a Maryland corporation, by deed dated December 29, 1987 and recorded among the Land Records of Montgomery County, Maryland in Liber 8094 at Folio 618 and being more particularly described as follows:

BEGINNING FOR THE SAME at an iron pipe found at the beginning of the fifteenth (15th) line of Exhibit A-2 as described in the aforesaid deed, said point also being at the northeasterly corner of Lot 15, Block C as shown on a plat of subdivision entitled "LAKEWOOD GLEN", recorded among the aforesaid Land Records as Plat 14551, thence running with a part of said fifteenth (15th) line and binding on the northerly line of said Plat 14551 and all of the thirteenth (13th) line as described in a deed from Lucille E. Conklin and Mary E. Ward to RAM General Partnership, recorded among the aforesaid Land Records in Liber 6894 at Folio 286 the following course

1. North 88° 13' 48" West 1,011.72 feet to a point, thence running reversely with the ninth (9th), eighth (8th), seventh (7th) and sixth (6th) lines of Exhibit A-3 as described in the aforesaid deed recorded in Liber 8094 at Folio 618 and binding on the twelfth (12th), eleventh (11th), tenth (10th) and ninth (9th) lines as described in the aforesaid deed recorded in Liber 6894 at Folio 286 the following four (4) courses
2. South 02° 42' 42" West, 550.00 feet to a point; thence
3. North 88° 13' 48" West, 1,200.00 feet to a point; thence
4. South 02° 42' 42" West, 370.00 feet to a point; thence
5. South 47° 32' 54" West, 442.99 feet to a point; thence running reversely with the fifth (5th) and fourth (4th) lines of the aforesaid Exhibit A-3 and binding on the fourth (4th) and a part of the fifth (5th) lines as described in a deed from Harry W. Brake, et ux, recorded among the aforesaid Land Records in Liber 4340 at Folio 160 the following two (2) courses
6. North 82° 38' 59" West, 240.85 feet to a point; thence

7. South 07° 21' 01" West, 88.78 feet to a point; thence running reversely with the third (3rd) line of the aforesaid Exhibit A-3 and binding on 1) the second (2nd) line of Parcel One as described in a deed from Betty F. Keene to Lucy G. Till, et al., recorded among the aforesaid Land Records in Liber 5148 at Folio 866, 2) the second (2nd) line as described in a deed from Fred B. Johnson, et ux, et al., to Kenneth P. Butt, et ux, recorded among the aforesaid Land Records in Liber 4400 at Folio 487 and 3) the fourth (4th) line as described in a deed from Charles E. England, et ux, to Thomas Clayton Bland, Jr., et ux, recorded among the aforesaid Land Records in Liber 1095 at Folio 18, the following course
8. North 82° 38' 59" West, 781.56 feet to a point on the easterly side of Piney Meetinghouse Road, 20 feet wide as now laid out and existing, thence running with the easterly side of Piney Meetinghouse Road the following three (3) courses
9. North 25° 48' 54" East, 412.08 feet to a point; thence
10. North 22° 26' 12" East, 271.35 feet to a point; thence
11. North 24° 54' 09" East, 638.94 feet to a point; thence running across said road the following course
12. North 88° 13' 48" West, 10.87 feet to a point in the centerline of said Piney Meetinghouse Road, thence running generally with the center of said road as now surveyed, the following five (5) courses
13. North 24° 54' 09" East, 725.70 feet to a point; thence
14. North 27° 24' 09" East, 1,122.58 feet to a point; thence
15. North 35° 03' 32" East, 157.91 feet to a point; thence
16. North 45° 30' 49" East, 305.81 feet to a point; thence
17. North 34° 39' 46" East, 39.83 feet to a point; thence leaving said road and running generally with an existing fenceline and with a part of the eleventh (11th) line of Exhibit A-2 as described in the aforesaid deed recorded in Liber 8094 at folio 618 and binding on 1) the fourth (4th) line of Parcel 4 as described in a deed from C.J. Langenfelder & Son, Inc., to Rockville Crushed Stone, Inc., recorded among the aforesaid Land Records in Liber 2740 at Folio 64 and 2) the fourteenth (14th) line as described in a deed from Contee Sand and Gravel Company, Inc., to Percon, Inc., also known as Percontee, Inc., recorded among the aforesaid Land Records in Liber 3519 at Folio 160 the following course

18. South 85° 15' 51" East, 2228.30 feet to a stone found, thence running with the third (3rd) and fourth (4th) lines of Exhibit A-1 as described in the aforesaid deed recorded in Liber 8094 at Folio 618 and binding on the thirteenth (13th) and twelfth (12th) lines as described in the aforesaid deed recorded in Liber 3519 at Folio 160 the following two courses
19. North 15° 59' 27" West, 628.84 feet to a stone found, thence
20. North 77° 32' 03" East, 282.81 feet to a point; thence running with the first (1st) line of the aforesaid Exhibit A-1 and binding on the westerly line as shown on the following two (2) plats of subdivision entitled "LAKEWOOD ESTATES", recorded among the aforesaid Land Records in Plat Book 70 as Plat 6589 and Plat Book 65 as Plat 6265, the following course
21. South 14° 55' 50" East, 713.91 feet to a stone found, thence running with the twelfth (12th) line of the aforesaid Exhibit A-2 and binding on the westerly lines as shown on the following two (2) plats of subdivision entitled "LAKEWOOD ESTATES", recorded among the aforesaid Land Records in Plat Book 65 as Plat 6265 and Plat Book 71 as Plat 6800 the following course
22. South 14° 07' 03" East, 1,136.81 feet to a point; thence running with the thirteenth (13) and fourteenth (14th) lines of the aforesaid Exhibit A-2 and binding on the northerly and westerly lines of the property acquired by Mary G. Cavanaugh from Bernard Cavanaugh, by will recorded among the Will Records of Montgomery County, Maryland in Liber V.M.B. 108 at Folio 445 and running generally with an existing fenceline, the following two (2) courses
23. North 89° 04' 13" West, 848.21 feet to a corner fence post found, thence
24. South 01° 44' 42" West, 829.33 feet to the point of beginning; containing 8,175,608.94 square feet or 187.686161 acres of land.

Together with the right of ingress and egress to the portion of the property described as Exhibit A-1 in Liber 8094 at Folio 618, said right of way being described in a deed from Samuel Remus Briggs to Agnes V. Weems, et al., recorded among the aforesaid Land Records in Liber 2478 at Folio 114

SUBJECT TO:

1. Rights of way granted to Washington Suburban Sanitary Commission recorded among the aforesaid Land Records in Liber 2764 at Folio 436 and Liber 2710 at Folio 255.
2. A right of way to Maryland Gas Transmission Corporation recorded among the aforesaid land Records in liber 514 at Folio 401.
3. A right of way to Atlantic Seaboard Corporation recorded among the aforesaid Land Records in Liber 1271 at Folio 580.
4. A right of way to Transcontinental Gas Pipe Line Corporation recorded among the aforesaid Land Records in Liber 1347 at Folio 59.
5. Rights of the public to that portion of the property lying within the travelled way of Piney Meetinghouse Road.

EXHIBIT "A."

**DESCRIPTION OF THE PROPERTY OF
KENNETH P. BUTT AND MARGARET E. BUTT
LIBER 4400 FOLIO 487
2.0092 ACRES**

All that piece or parcel of land situate, lying and being in Rockville Election District No. 4 Montgomery County, Maryland being all the land conveyed by Fred B. Johnson and Mattie Lenora Johnson, his wife, and Lillie R. Johnson to Kenneth P. Butt and Margaret E. Butt, his wife, by deed dated June 20, 1973 and recorded among the Land Records of Montgomery County, Maryland in Liber 4400 Folio 487; said piece or parcel of land being more particularly described as follows:

Beginning for the same at a point in Boswell Lane, said point being at the end of the third line of Parcel One, Part II, of a conveyance to Lucy G. Till, et al. and recorded in Liber 5148 Folio 866, thence running with said Lane

1. North 74° 11' 39" West 210.08 feet to a point at the end of the first line of a conveyance to Thomas Clayton Bland, Jr. and Anna Bell Bland, his wife, and recorded in Liber 1095 Folio 18, thence running with said first line reversed
2. North 10° 00' 21" East 408.14 feet, passing over an iron pipe found 16.10 feet from the beginning thereof to a fence post found, said post being on the third line of Exhibit A-3 of a conveyance to Piney Meetinghouse Limited Partnership and recorded in Liber 8094 Folio 618, 175.50 feet from the beginning thereof, thence with part of the aforesaid third line
3. South 79° 59' 39" East 209.00 feet to a point, thence running with the aforesaid third line of the aforesaid conveyance recorded in Liber 5148 Folio 866
4. South 10° 00' 21" West 429.37 feet, passing over an iron pipe found 16.33 feet from the end thereof, to the place of beginning containing 87,520 Square Feet or 2.0092 Acres of Land.

Subject, however, to any and all easements, rights of way or covenants of record.

EXHIBIT "A"

**DESCRIPTION OF THE PROPERTY OF
THOMAS C. BLAND, JR. AND ANNA BELL BLAND
LIBER 1095 FOLIO 18**

All that piece or parcel of land situate, lying and being in Rockville Election District No. 4 Montgomery County, Maryland being all the land conveyed by Charles E. England and Caledonia England, his wife, unto Thomas Clayton Bland, Jr. and Anna Bell Bland, his wife, by deed dated July 28, 1947 and recorded among the Land Records of Montgomery County, Maryland in Liber 1095 at Folio 18; said piece or parcel of land being more particularly described as follows:

Beginning for the same at fence post found on the third line of Exhibit A-3 of a conveyance to Piney Meetinghouse Limited Partnership dated December 29, 1987 and recorded in Liber 8094 at Folio 618, 175.50 from the beginning thereof, said post also being at the beginning of the third line of a conveyance to Kenneth P. Butt and Margaret E. Butt recorded in Liber 4400 at Folio 487; and running thence with said third line of the said conveyance recorded in Liber 4400 at Folio 487

1. South 10° 00' 21" West 408.14 feet to a point in Boswell Lane, passing over an iron pipe found 16.10 feet from the end thereof; thence running in and along Boswell Lane
2. North 73° 59' 39" West 300.00 feet to a point on the east side of Piney Meetinghouse Road; thence along the east side of said Road
3. North 28° 03' 55" East 396.31 feet to a point; thence leaving said Road and running with part of the aforesaid third line of Liber 8094 at Folio 618
4. South 79° 59' 39" East 175.50 feet to the place of beginning, passing over an iron pipe found 1.02 feet from the beginning thereof; containing 93,948 Square Feet or 2.1568 Acres of Land.

Subject, however, to any and all easements, rights of way or covenants of record.

EXHIBIT "A"

**DESCRIPTION OF THE PROPERTY OF
EARL WARREN NUCKOLS AND CAROLYN MARIE NUCKOLS
PLAT BOOK 60 PLAT 5018
20,000 SQUARE FEET**

All that piece or parcel of land situate, lying and being in Rockville Election District No. 4 Montgomery County, Maryland being all of Lot 1 as shown on a plat of subdivision entitled "Lot 1 Ernest H. Atwell Subdivision" and recorded among the Land Records of said County in Plat Book 60 Plat 5018, said piece or parcel of land being more particularly described as follows:

Beginning for the same at a point on the north side of Boswell Lane at the southeasterly corner of said Lot 1, said point also being on the first line of Parcel One of a conveyance from Betty F. Keene unto Lucy G. Till, Carolyn M. Nuckols and Ernest J. Atwell by deed dated October 20, 1976 and recorded among said Land Records in Liber 5148 Folio 866, 35.18 feet from the beginning thereof, thence running with the outline of Lot 1 as now surveyed,

1. North 74° 11' 39" West 100.51 feet to a point; thence
2. North 10° 00' 21" East 200.00 feet to a point; thence
3. South 74° 11' 39" East 100.51 feet to a point intersecting the aforesaid first line, thence running with part of said line reversed
4. South 10° 00' 21" West 200.00 feet to the place of beginning containing 20,000 Square Feet or 0.4591 of an Acre of Land.

Subject, however, to any and all easements, rights of way or covenants of record.

EXHIBIT "A"

DESCRIPTION OF THE PROPERTY OF
LUCY G. TILL, CAROLYN M. NUCKOLS AND ERNEST J. ATWELL
PARCEL ONE, PART II
LIBER 5148 FOLIO 866
3.4602 ACRES

All that piece or parcel of land situate, lying and being in Rockville Election District No. 4, being all of Parcel One, Part II, of a conveyance from Betty F. Keene unto Lucy G. Till, Carolyn M. Nuckols and Ernest J. Atwell by deed dated October 20, 1976 and recorded among the Land Records of Montgomery County, Maryland in Liber 5148 Folio 866, said piece or parcel of land being more particularly described as follows:

Beginning for the same at a point in Boswell Lane, said point being on the fourth line of the aforesaid Parcel One, 289.49 feet from the beginning thereof; thence running with Boswell Lane and part of said fourth line reversed

1. North 74° 11' 39" West 289.49 feet to a point at the beginning of said fourth line, said point also being at the beginning point of a conveyance to Kenneth P. Butt and Margaret E. Butt, his wife, by deed dated June 20, 1973 and recorded among the Land Records of said County in Liber 4400 Folio 487, thence leaving said Lane and running with the first line of the aforesaid conveyance recorded in Liber 4400 Folio 487 and with the third, second and part of the first lines reversed of said conveyance recorded in Liber 5148 Folio 866
2. North 10° 00' 21" East 429.37 feet to a point passing over an iron pipe found 16.33 feet from the beginning thereof, said point being on the third line of Exhibit A-3 of a conveyance to Piney Meetinghouse Limited Partnership and recorded among the aforesaid Land Records in Liber 8094 Folio 618, 388.00 feet from the end thereof, thence running with part of the third line
3. South 79° 59' 39" East 388.00 feet to a point; thence leaving the outline of said conveyance recorded in Liber 8094 Folio 618 and running
4. South 10° 00' 21" West 233.60 feet to a point at the northeast corner of Lot 1 on a plat entitled "Lot 1 Ernest H. Atwell Subdivision" and recorded in Plat Book 60 as Plat 5018; thence running with the outline of said Lot 1
5. North 74° 11' 39" West 100.51 feet to a point; thence

6. South 10° 00' 21" West 235.18 feet to the place of beginning containing 150,724 Square Feet or 3.4602 Acres of Land.

Subject, however, to any and all easements, rights of way or covenants of record.

EXHIBIT "A"

**DESCRIPTION OF THE PROPERTY OF
RALPH S. PRICE, ET UX.
3.0369 ACRES
LIBER 4340 FOLIO 160**

All that piece or parcel of land situate, lying and being in Rockville Election District No. 4 Montgomery County, Maryland. Being all that parcel conveyed by Harry W. Brake and Florence M. Brake, his wife, unto Ralph S. Price and Jane A. Price, his wife, by deed dated February 20, 1973 and recorded among the Land Records of said County in Liber 4340 Folio 160, said parcel being more particularly described as follows:

Beginning for the same at the beginning point of the aforesaid conveyance recorded in Liber 4340 Folio 160, said point being in or near the center of Boswell Lane, thence running with said lane and with the outline of said conveyance reversed, as now surveyed

1. North 80° 06' 39" West 150.14 feet to a point, said point being the beginning point of Parcel One, Part II, of a conveyance from Betty F. Keene unto Lucy G. Till, et al. by deed dated October 20, 1976 and recorded among said Land Records in Liber 5148 Folio 877, thence leaving said road and running
2. North 10° 00' 21" East 555.80 feet to a stone found, said stone being at the end of the fourth line of Exhibit A-3 of a conveyance to Piney Meetinghouse Limited Partnership and recorded in Liber 8094 Folio 618, thence running with the fifth line of said conveyance
3. South 79° 59' 39" East 239.19 feet to a point at the end of the eighth line of a conveyance to RAM Partnership and recorded among the aforesaid Land Records in Liber 6894 Folio 286, thence running with the eighth line of said conveyance reversed
4. South 10° 00' 21" West 541.94 feet to a point in the aforesaid Lane, thence with said Lane
5. North 88° 39' 02" West 90.08 feet to the place of beginning containing 132,289 Square Feet or 3.0369 Acres of Land.

Subject, however, to any and all easements, rights of way or covenants of record.

RECORDING INFORMATION

Party: Piney Meetinghouse Limited Partnership
c/o Bryan K. Girts
Vice President
RCS Land Company II, Inc.
c/o C-I/Mitchell & Best Company
1686 East Gude Drive
(PO Box 6014)
Rockville MD 20850

Property: Piney Meetinghouse Road and Boswell Lane
Potomac MD 20854

Title Insurance N/A

Tax ID#s: 4-502-47291
4-502-54002
4-502-54013
4-502-53956
4-502-49803
4-502-45736
4-502-52960
4-502-45326
4-502-1584561

LETTERS/recinfo

**COMMUNITY CONSTITUTION
APPENDIX ONE**

*Definitions of Significant Terms
Utilized in the Founding Documents*

Administrative Resolutions are procedures, adopted by the Board of Directors, for implementing provisions of the Government Documents, as more fully described in Article 8 of the Bylaws, as amended from time to time.

Annual Assessments refer to assessments levied against all Lots within the Community to fund Common Expenses.

Assessments refer to all Annual Assessments, Special Assessments, Local Assessments and other fees and charges, including all installments thereof, as may be levied by the Association in accordance with the Governing Documents.

Association refers to the Potomac Glen Community Association, Inc., a Maryland nonstock corporation, the entity which holds title to the Community Property and the entity responsible for carrying out the objectives of the Founding Documents.

Board of Directors refers to the governing body of the Association as more fully described in the Bylaws and Articles of Incorporation of the Association.

Common Expenses refer to the actual and estimated expenses of operating the Association, including all reserves, as determined by the Board of Directors in accordance with the Governing Documents.

Community and Property refer to all real property as may hereafter be annexed within the jurisdiction of the Association by the recordation of one or more Declarations of Annexation in accordance with this Community Constitution.

Community Architect refers to the individual described in Article 7 of the Community Constitution, who, if appointed, is charged with assisting the Design Review Board in the review of applications for Improvements and/or Alterations and in otherwise maintaining the visual integrity of the Community.

Community Plan refers to the Developer's plan for the development of the Property. Given its dynamic nature, the Community Plan is subject to change from time to time in the sole discretion of the Developer in order to address the changing needs of the Community, in response to

changes in market conditions or for any other reason deemed necessary or desirable by the Developer.

Community Property refers to all real property owned, leased or maintained by the Association (including the improvements thereto) for the common use and enjoyment of the Owners and Residents. Notwithstanding the foregoing, in the event the Association maintains all or any portion of any Lot or Lots, such property shall not be considered Community Property. The Community Property must ultimately include all of the real property and recreational facilities required by and depicted as such on any and all preliminary plans and site plans, as amended, for the Property reviewed and approved by the Montgomery County Planning Board of the Maryland-National Capital Park and Planning Commission (the "Planning Board"). The timing for the provision of Community Property is set forth in Section 2.4 of this Community Constitution.

County refers to Montgomery County, Maryland, and any County agency, regulatory authority or department.

Declaration of Annexation refers to any instrument, including, without limitation, any supplementary declaration of covenants, conditions and restrictions, recorded by the Developer, which expressly extends the provisions of this Community Constitution to the real property described in Exhibit "A" or any other real property.

Design Review Board refers to the regulatory body described in Article 7 of the Community Constitution, established to review applications for Improvements and/or Alterations within the Property and to assist the Board of Directors in preserving and enhancing the visual integrity of the Community.

Developer refers to Piney Meetinghouse Limited Partnership, a Maryland limited partnership, its successors, transferees and assigns, provided, however, that no successor, transferee or assign of Developer shall acquire any of the Developer's Rights and Obligations unless all or some of the Developer's Rights and Obligations are specifically set forth and described in the instrument of succession, transfer or assignment.

Developer's Rights and Obligations refers to those privileges, powers, easements, exemptions, rights and duties reserved to the Developer in Appendix Two of this Community Constitution.

Development Plan refers, collectively, to approved Preliminary Plan No. 1-88190, entitled "Piney Glen Village", approved Preliminary Plan No. 1-88076, entitled "Conklin-Ward Property", approved Site Plan No. 8-89034, entitled "Piney Glen Village" and approved Site Plan No. 8-89038, entitled "Conklin-Ward Property", including all amendments thereto as may be made from time to time.

Equity Resolutions refer to those actions of the Board of Directors which create additional restrictions with respect to the Community Property or the Community, as more fully described in Article 8 of the Bylaws, as amended from time to time.

Federal Mortgage Agencies refers to the Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), Federal Housing Administration ("FHA"), Veterans Administration ("VA") and any agency or department of the United States Government or of any state or municipal government, and their respective successors, transferees and assigns.

Founding Documents refers to the Community Constitution, the Articles of Incorporation and the Bylaws, together with any recorded Declarations of Annexation.

Governing Documents refer to the Founding Documents, the Administrative Resolutions and the Equity Resolutions.

Living Unit refers to any structure or portion of a structure located upon a Lot designed and intended for use and occupancy by a single household. Living Units include single family attached and detached dwellings.

Local Assessments refer to assessments imposed against some, but not all of the Lots for the purposes of defraying the costs of services or facilities which primarily benefit such Lots.

Local Committee refers to any committee comprised of the Owners and Residents of Lots within a Local Committee area, as established by the Board of Directors in accordance with Article 9 of this Community Constitution.

Lot refers to any plot of land shown upon any recorded subdivision map of the Property upon which it is intended that a Living Unit be constructed. The term Lot excludes Community Property and outlots of real property dedicated for public use.

Member refers to every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, that holds any class of membership in the Association pursuant to this Community Constitution.

Owner refers to the record title holder of any Lot, whether one or more persons or entities. The term Owner excludes those having an interest in a Lot merely as security for the performance of an obligation.

Participating Builder refers to a person or entity that acquires one or more Lots from the Developer for the purpose of building a residential structure for sale or lease to others.

Resident refers to Owners, their family members, tenants, guests, lessees, invitees, and any other person who legally resides in a Living Unit within the Community.

Special Assessments refer to assessments levied in accordance with Section 5.5 of the Community Constitution.

COMMUNITY CONSTITUTION APPENDIX TWO

Developer's Reserved Rights and Obligations

To secure Developer's interests related to the development of the Property, including the pursuit and furtherance of the missions and goals of the Community established by Developer on behalf of the Owners, Developer shall have the benefit of certain rights and be encumbered with certain obligations. Some or all of these rights and obligations may, at the sole discretion of the Developer, be assigned to one or more Participating Builders, by an instrument in writing.

§A-101 Duration of Developer's Rights and Obligations

The duration of Developer's Rights and Obligations shall extend until the later of the conveyance of all Lots contained or to be contained within the Community to Owners other than the Developer or Participating Builders, or fifteen (15) years after the last filing of a Declaration of Annexation, except that some specific rights and obligations may expire by virtue of their being tied to the occurrence of certain events arising prior to conveyance of all Lots. Developer, however, may elect to voluntarily terminate all or any portion of Developer's Rights and Obligations by expressing such election in writing to the Association. No amendment of this Appendix may be made without the concurrence of Developer.

§A-102 Right to Complete Community Plan

(a) **Development Activities.** Developer shall have the right to conduct all activities required to complete the Community Plan, as such may be amended from time to time. The Association shall not, as an entity, take any position of opposition against provisions of the Community Plan in a public setting, except that such prohibition shall not apply if the Developer is seeking an amendment or modification to any existing regulatory approval, nor utilize any of its material or financial resources to oppose the development activities of Developer so long as they remain generally consistent with the Community Plan. This provision is not intended to diminish the right of any individual to express opinions nor of the Association to pursue claims arising out of alleged breaches of agreements or representations by the Developer.

(b) **Annexations.** Developer hereby declares that all of the real property described on Exhibit "A" hereto shall be subject to the Developer's right to unilaterally subject such real property to the covenants, conditions, restrictions and easements set forth in this Community Constitution and to annex such real property within the jurisdiction of the Association pursuant to Article 2 hereof. For the duration of Developer's Rights and Obligations, Developer shall have the right to incrementally annex all or any portion of the real property described on Exhibit "A"

10 hereto within the jurisdiction of the Association by executing and recording one or more Declarations of Annexation, regardless of the ownership of the real property described on Exhibit "A" hereto at the time of such annexation and without the need for the execution or filing of any such Declarations of Annexation by any other party. The Participating Builders and other non-Developer Owners hereby irrevocably constitute and appoint the Developer, and its successors, transferees and assigns, as their attorney-in-fact for the purpose of executing and filing all such Declarations of Annexation. The foregoing power of attorney is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to the Property and shall be binding upon the Participating Builders, Owners and their successors, transferees and assigns.

§A-103 Amendments and Other Actions Affecting Developer

(a) **Founding and Governing Documents.** The Association shall make no amendments to the Founding Documents that affect Developer's interests, including Developer's Rights and Obligations, without Developer's concurrence. No action may be taken by the Association that materially affects Developer's interests without Developer's concurrence. In these contexts, Developer's interests are intended to include those of the Participating Builders, because of their indispensable role in fulfilling the intent of the Community Plan.

(b) **Easements.** The Association shall take no action seeking to alter easements established in the Founding Documents by the Developer, nor to prevent establishment of easements necessary to complete the Community Plan.

§A-104 Association Related Rights and Obligations

(a) **Developer's Responsibilities for Affairs of Association.** Developer shall be exclusively responsible for conducting the affairs of the Association until at least one Owner, other than Developer or a Participating Builder has been elected to a seat on the Board of Directors.

(b) **Developer's Representation on Board of Directors.** All members of the initial Board of Directors appointed by the Developer shall serve until replaced as provided herein. At the first annual meeting of the Association after twenty-five percent (25%) of the Living Units planned to be included within the Community have been initially occupied, one (1) member of the Board of Directors shall be elected by the non-Developer Owners to replace a Developer appointee. At the first annual meeting of the Association after sixty percent (60%) of the Living Units planned to be included within the Community have been initially occupied, one (1) additional member of the Board of Directors shall be elected by the non-Developer Owners to replace a Developer appointee. At the first annual meeting of the Association after lapse of all of the Class B memberships as provided for in the Articles of Incorporation and the Community

Constitution, or, if sooner, at the first annual meeting of the Association after expiration of ten (10) years following the date of the initial recordation of the Community Constitution, the non-Developer Owners shall elect a majority of the members of the Board of Directors. The Developer's right to appoint members to the Board of Directors, not otherwise elected by the non-Developer Owners, shall continue so long as Developer's Rights and Obligations are in effect. Except as expressly set forth in this Section, nothing herein shall otherwise be construed as limiting the Developer's right to vote as a Class A Member of the Association, after lapse of the Class B memberships, on any matter.

§A-105 Developer's Power of Attorney to Amend Founding Documents

(a) **Amendment of Founding Documents.** Notwithstanding any provision to the contrary contained in the Founding Documents, the Developer hereby reserves for itself, its successors, transferees and assigns, for a period of fifteen (15) years from the date of the initial recordation of the Community Constitution or until all Living Units planned to be included within the Community are conveyed by the Developer and the Participating Builders, whichever occurs first, the right to execute on behalf of all contract purchasers, Owners, mortgagees, and other lienholders or parties having a legal or equitable interest in any Lot or Community Property, any such agreements, documents, amendments or supplements to the Founding Documents as may be necessary or desirable to correct errors or omissions or which may be required or desired by the Federal Mortgage Agencies, the County, any governmental or quasi-governmental agency with regulatory jurisdiction over the Association, or by a lender or title insurance company designated by the Developer or a Participating Builder, or to accomplish the goals and objectives of the Developer in fulfilling the Community Plan.

(b) **Appointment.** By acceptance of a deed to any Lot or Living Unit or by the acceptance of any other legal or equitable interest in the Lots or Community Property, each and every contract purchaser, Owner, mortgagee, and other lienholder or party having a legal or equitable interest in any Lot or Community Property does automatically and irrevocably name, constitute, appoint and confirm the Developer, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary or desirable to effect the foregoing, subject to the limitations set forth herein.

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

consent of the owners of all such mortgages. The power of attorney aforesaid shall not be construed to authorize the Developer to seek an amendment to any existing regulatory approval or to seek any additional regulatory approvals regarding the Property on behalf of any other party.

(d) **Duration.** The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Lots and Community Property and be binding upon the heirs, personal representatives, successors, transferees and assigns of any of the foregoing parties. Further, said power of attorney shall not be affected by the death or disability of any principal and is intended to deliver all right, title and interest of the principal in and to said power of attorney. Said power of attorney shall be vested in the Developer, its successors, transferees and assigns, for a period of fifteen (15) years from the date of the initial recordation of the Community Constitution or until all Living Units planned to be included within the Community are conveyed by the Developer and the Participating Builders, whichever occurs first. Thereafter, said power of attorney shall automatically vest in the Association to be exercised by its Board of Directors.

COMMUNITY CONSTITUTION

APPENDIX THREE

Secondary Mortgage Market and Other Special Requirements and Provisions

Federal Mortgage Agency approval is, in some cases, necessary to the success of the development process. For the Community Plan to adequately address the changing needs of the Community as well as changes in market conditions, it is necessary for the Developer to have the flexibility to seek Federal Mortgage Agency approval of the Community. In the event that the Developer determines to seek such approval, it may become necessary to amend certain provisions of the Founding Documents to comply with applicable Federal Mortgage Agency requirements.

Enumerated below are provisions generally found desirable by certain of the Federal Mortgage Agencies. For the duration of the Developer's Rights and Obligations period, the Developer reserves the right to incorporate any or all of such provisions into the Community Constitution by recording one or more Supplementary Declarations among the Land Records of Montgomery County, Maryland. Any such Supplementary Declaration shall specify which of the following provisions the Developer has elected to incorporate into the Community Constitution, as well as any revisions and additions thereto as the Developer may deem necessary or desirable to better comply with applicable Federal Mortgage Agency requirements. Until specifically incorporated into the Community Constitution by one or more such Supplementary Declarations, the following shall have no force or effect whatsoever. Nothing in this Appendix Three shall be deemed to limit the Developer's right to otherwise amend the Founding Documents pursuant to §A-105 of Appendix Two to the Community Charter. Because Federal Mortgage Agency requirements are subject to change without notice, as well as to new and differing interpretations by the respective agencies, the Developer makes no representation that the provisions enumerated below constitute all revisions that may be necessary to comply with such requirements.

§B-101 Annexations

(a) The Developer's right to annex real property within the jurisdiction of the Association without the consent to the Class A Members of the Association under Section 2.2 of the Community Constitution shall continue for a period of seven (7) years from the date of the recordation of the Community Constitution.

(b) So long as the VA or the FHA guarantees or insures, or agrees to guarantee or insure, loans made with respect the initial sales of Lots within the Community, no annexation of additional real property shall be made pursuant to Article 2 of the Community Constitution, or otherwise, except following a determination by the VA or the FHA, as applicable, that the annexation conforms to a general plan for the development of the Community previously approved by the VA or the FHA, as applicable, or, if no such general plan was approved by the

VA or the FHA, except following the prior written approval of the VA or the FHA, as applicable. Failure to obtain such approval may result in the Lots located within the annexed property not being eligible for VA and/or FHA insured or guaranteed loans, but such failure shall not be deemed to preclude or be a waiver of the Developer's right to annex real property within the jurisdiction of the Association.

§B-102 Class B Memberships

(a) 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 votes of the Class A Members (excluding any Participating Builder) equals the number of Class B memberships; or

(ii) seven (7) years from the date of recordation of the Community Constitution; provided, however, that if the Developer is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Developer's control, then the aforesaid seven (7) year period shall be extended by a period of time equal to the length of the delays or an additional three (3) years, whichever is less; 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 herein, the Developer 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 Community Constitution in which the Developer then holds the interest otherwise required for Class A membership.

§B-103 Purpose of Assessments

Neither Annual, Local or Special Assessments may be utilized for the construction of capital improvements if such capital improvements are otherwise required to be constructed by the Developer.

§B-104 Initial Maximum Assessment

(a) The initial maximum annual amount of Annual Assessments and Local Assessments that may be levied by the Association against Lots within the Community shall be the amount set forth in a Supplementary Declaration recorded by the Developer among the Land Records of Montgomery County, Maryland (the "Maximum Assessment"). On January 1 of the year immediately following the first conveyance of a Lot to a Class A Member, and on January 1 of

each subsequent year, the Maximum Assessment for that year shall automatically increase, without a vote of the Class A membership, by an amount equal to ten percent (10%) of the Maximum Assessment for the immediately preceding year. At any time after January 1 of the year immediately following the first conveyance of a Lot to a Class A Member, and as often as is necessary or desirable, the Maximum Assessment may be increased above the amount permitted above by a vote of two-thirds (2/3) of each class of Members, who are voting, in person or by proxy, at a meeting duly called for this purpose.

(b) Any meeting of the membership called for purposes of increasing the Maximum Assessment above the amount specified in this Section shall be subject to the same notice and quorum requirements as are specified in the Community Constitution with respect to establishing Special Assessments.

(c) If the Board of Directors determines that the functions of the Association may be properly funded by Annual Assessments and/or Local Assessments that are less than the applicable Maximum Assessment for any fiscal year of the Association, then the Board of Directors may levy such lesser Annual Assessment and/or Local Assessment as it deems appropriate. The levy of an Annual Assessment or Local Assessment that is less than the applicable Maximum Assessment for any fiscal year shall not affect the right of the Board of Directors to levy Annual Assessments and/or Local Assessments equal to the full amount of the applicable Maximum Assessment for that year or any subsequent year.

§B-105 Developer's Financial Support of the Association.

(a) For the duration of Developer's Rights and Obligations, Lots owned by the Developer shall be subject to an assessment equal to twenty-five percent (25%) of the Assessments applicable to Lots not owned by the Developer; provided, however, that the Developer shall pay full Assessments for Lots owned by the Developer upon which a Living Unit has been completed and occupied by a party other than the Developer.

(b) For the duration of the "Deficit Funding Period" (as such term is hereinafter defined) the Developer shall provide funds to cover expenses incurred by the Association in the proper conduct of Association affairs to the extent that Assessments levied by the Association during the Deficit Funding Period are insufficient to pay such expenses; provided, however, that the Developer's obligation to fund Association deficits hereunder during any fiscal year of the Association shall not exceed hundred percent (100%) of the Assessments that would have been applicable to Developer's Lots during such fiscal year had the Developer not been entitled to a reduced Assessment under this Section. As used herein, the term "Deficit Funding Period" shall mean that period of time commencing on the date of recordation of the Community Constitution and ending on the earlier of (i) the date on which the Class B membership lapses and becomes a nullity in accordance with the provisions of the Community Constitution, or (ii) the date upon which the Developer, in writing and recorded among the Land Records of Montgomery County, Maryland, declares that it (from the date specified in such recorded writing) waives its right to

pay reduced Assessments on Lots owned by the Developer in accordance with this Section. The Developer may make such declaration with respect to less than all Lots owned, or to be owned, by the Developer, in which event the Developer's right to pay reduced Assessments shall terminate only with respect to those Lots specifically described. Any deficit required to be paid by the Developer hereunder shall be payable and collectible in the same manner as any other Assessment levied by the Association.

(c) Except as specifically provided in this Section, the Developer shall not otherwise be subject to any Assessment levied by the Association and the Developer shall have no obligation to pay such Assessments. Lots owned by the Developer shall cease to be subject to reduced Assessments upon transfer or conveyance of any such Lot to any other Owner, including Participating Builders.

§B-106 Interest on Delinquent Assessments

Any Assessment levied by the Association pursuant to the Governing Documents which is not paid within ten (10) days after the due date established for such Assessment by the Board of Directors, may, upon resolution of the Board, bear interest from the due date until paid at the rate of interest established by the Board, not to exceed the maximum, if any, rate of interest permitted under the laws of the State of Maryland (or such lesser sum as VA and/or FHA may specify if any Lot subject to the Community Constitution is then encumbered by a deed of trust or mortgage which is guaranteed by VA or insured by FHA).

§B-107 FHA-VA Approvals

Provided that any Lot subject to the Community Constitution is then encumbered by a deed of trust or mortgage which is insured by FHA or guaranteed by VA, and further provided 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 or approval of the FHA and/or the VA, as circumstances may require:

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