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**DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS
MASTER ASSOCIATION, INC.
MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

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DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS
MASTER ASSOCIATION, INC.

MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS MASTER DECLARATION is made effective this 24th day of October, 2002, by D.C. DEVELOPMENT, LLC, a Maryland limited liability company (the "Declarant").

WHEREAS, Declarant is the owner of certain real property located in Garrett County, Maryland, more particularly described in Exhibit "A" attached hereto and incorporated herein (the "DCD Property"); and

WHEREAS, Declarant intends to develop all or a portion of the Property as a residential and recreational community consisting of various housing types, open spaces, recreational facilities and amenities which will serve and benefit all the owners, guests and tenants thereof; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of certain amenities and opportunities in the aforesaid real property and for the maintenance of the land and improvements thereon; and

WHEREAS, Declarant desires to subject the real property described on Exhibit "A" (the "Common Area") to the covenants, conditions, restrictions, and easements hereinafter set forth, each and all of which is and are for the benefit of said real property and each owner and user thereof; and

WHEREAS, Declarant has caused or will cause a Maryland non-profit membership corporation known or to be known as the Deep Creek Mountain Resort Property Owners Master Association, Inc. (the "Master Association") to be formed to serve the owners and users of the real property subject to this Declaration with respect to the matters included in this Declaration, the Articles of Incorporation and Bylaws, including without limitation (1) the contribution, collection and application of all contributions or charges imposed, (2) the enforcement of all covenants, conditions, easements and restrictions and (3) the control of the creation, operation, management and maintenance of the Common Improvements (as hereinafter defined) and community services; and

NOW, THEREFORE, Declarant hereby declares that all of the Common Area, together with all improvements now or hereafter located thereon, and such additions thereto as may hereafter be made pursuant to Article 2 hereof, shall be subject to the covenants, conditions, restrictions, and easements hereinafter set forth and the Common Area shall be transferred, sold, conveyed, leased, hypothecated, encumbered, used, occupied and improved subject to the covenants, conditions, restrictions and easements set forth below, which shall run with the Common Area and be binding on all parties having any right, title or interest in all or any portion of the Common Area, their heirs, personal representatives, successors, transferees and assigns, and which shall inure to the benefit of each Member (as hereinafter defined) thereof;

AND FURTHER, Declarant hereby delegates and assign to the Master Association, subject to the provisions hereof, the powers of owning, maintaining and administering the Common Area, administering and enforcing this Master Declaration, collecting and disbursing the contributions and charges hereinafter created.

ARTICLE I
DEFINITIONS

Section 1.1. "Annual Budget" shall mean and refer to the budget adopted by the Board of Directors with respect to the Common Expenses of the Master Association in accordance with Article 4 of this Master Declaration.

Section 1.2. "Annual General Contribution" shall mean and refer to contributions payable by Members to fund the Common Expenses of the Master Association pursuant to Article 4 hereof.

Section 1.3. "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Master Association, as established pursuant to the Bylaws.

Section 1.4. "Common Expenses" shall mean and refer to all Common Expenses, as further defined in Section 4.2 hereof.

Section 1.5. "Common Area" shall mean and refer to the Common Area, including certain private roadways, parks and biker, pedestrian and/or equestrian trails located thereon, and shall include all real property associated therewith and improvements thereon owned, leased or maintained by the Master Association for the non-exclusive common use and enjoyment of the Members and the respective individual residential property owners of each Member together with any improvements, easements, rights of way, licenses and appurtenances related thereto, as shown on the attached Exhibit "A".

Section 1.6. "Common Improvements" shall mean and refer to certain private roadways, all biking, hiking or horse trails and the lakeside park located in the Common Area.

Section 1.7. "Community" shall mean and refer to any group of lots designated as constituting all or a portion of a specified community of lots by Declarant or the Board of Directors based on such factors as are deemed appropriate by Declarant or the Board, including, without limitation, the location and proximity of such lot, any special features or amenities within or serving such lots and any special services provided to or requested by the owners and/or residents.

Section 1.8. "Community Associations" shall mean and refer to any existing or future homeowners association in existence or created by the Declarant within or contiguous to the Property.

Section 1.9. "Contribution" shall mean and refer to all fees and charges, including all installments thereof, as may be due the Master Association by the Declarants in accordance with this Master Declaration.

Section 1.10. "Governing Documents" shall mean and refer collectively and severally to the Articles of Incorporation of the Association, the Master Declaration, Supplementary Declarations, and the Association Bylaws, and all resolutions, rules and regulations promulgated by the Board, as such may be amended from time to time.

Section 1.11. "Land Records" shall mean and refer to the Land Records maintained by the Clerk of the Circuit Court for Garrett County, Maryland.

Section 1.12. "Master Declaration" shall mean and refer to the covenants, conditions, restrictions and easements and all other provisions set forth in this entire document, and in any Supplementary Declarations, and in any duly adopted amendments hereto and thereto.

Section 1.14. "Member" shall mean and refer to the Declarant and each of the Community Associations who holds any class of membership in the Master Association.

Section 1.15. "Property" shall mean and refer to all the real property subject to this Master Declaration.

Section 1.16. "Supplementary Declaration" shall mean and refer to any declaration of covenants, conditions, restrictions and easements which is properly adopted pursuant to the applicable provisions of this Master Declaration and recorded among the Land Records of Garrett County, Maryland, which amends, supplements or modifies the provisions of the Master Declaration.

ARTICLE 2

PROPERTY SUBJECT TO DECLARATION

Section 2.1. Initial Property Subject to the Declaration. The real property which is and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to this Declaration is located in Garrett County, State of Maryland, and is more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof.

Section 2.2. Annexations. Any real property contiguous to or in the vicinity of the real property shown on Exhibit "A" may be annexed within the jurisdiction of the Association by the Declarant without the consent of the Class A Members of the Association, if any, for a period of twenty (20) years from the date of recordation by the Declarant of this Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid twenty (20) year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less. The scheme of this Declaration shall not, however, be extended to include any such additional real property unless and until the same is annexed within the jurisdiction of the Association by the recordation of a Supplementary Declaration as hereinafter provided.

Except as otherwise provided hereinabove, annexations of real property within the jurisdiction of the Association shall require the consent of two-thirds (2/3) of each class of Members.

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration among the Land Records of Garrett County, Maryland, which Supplementary Declaration shall extend the scheme of the within Declaration of Covenants, Conditions, Easements and Restrictions to such annexed property. Any Supplementary Declaration made pursuant to the provisions of this Article may contain such complementary or supplemental additions and modifications to the covenants and restrictions set forth in the within Declaration as may be considered necessary by the maker of such Supplementary Declaration to reflect the different character or use, if any, of the annexed property. Every owner of a property to be annexed as provided herein shall have an easement of enjoyment in and to the Common Areas, and such other rights of use as provided in Article 7 herein.

Section 2.3. Deannexations. Subject to the other terms and conditions of this Declaration, so long as there are any Class B Members, the Declarant may deannex any property annexed within the jurisdiction of the Association pursuant to Section 2.02 above for a period of twenty (20) years from the date of recordation of this Declaration. 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 Declarant 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 Declarant in the instrument among the Land Records of Garrett County, Maryland, withdrawing the effect of the covenants, conditions, easements and restrictions of the governing documents from the deannexed property.

ARTICLE 3 MEMBERSHIP AND VOTING RIGHTS

Section 3.1. Organization.

(a) Deep Creek Mountain Resort Property Owners Master Association, Inc. The Master Association is a non-stock corporation organized and existing under the laws of the State of Maryland, charged with the duties and vested with the powers prescribed by law and as set forth in the Governing Documents, as such may be amended from time to time, provided none of the Governing Documents shall be amended or otherwise changed or interpreted, for any reason, so as to be inconsistent with the Master Declaration.

(b) Institutional Plan. The Master Declaration and the Governing Documents shall guide the controlled and orderly evolution of the Master Association into a community institution. Additional operating and administrative committees, organizations and affiliated associations and entities may be established from time to time by the Board of Directors of the Master Association, in accordance with the Governing Documents. Without limiting the generality of the foregoing, it is anticipated that additional Community Associations shall be formed for the operation and maintenance of future Communities; however, each such

Community Association shall (to the extent of Common Area conveyed to it from time to time) be subject to the Master Declaration and no Community Association may independently take any action to lessen or abate the rights of the Members or to increase costs.

Section 3.2. Membership. Each Community Association, now in existence or to be formed in the future, shall be a Member of the Master Association.

Section 3.3. Membership Classes: Voting Rights. The Master Association shall have two (2) classes of voting Members. Class A shall consist of all existing or future Community Associations. Each Class A member shall be entitled to one (1) vote for each Class A membership. Each Class B member shall be entitled to three (3) votes for each Class B membership. Class B shall consist of the Declarant, its nominee, or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity or any combination thereof, who shall obtain any Class B membership by specific assignment in writing from Declarant. Each Class B membership shall lapse and become a nullity upon the first to happen of the following:

- (i) When all lots have been acquired by Class A Members; or
- (ii) Twenty (20) years from the date of recordation of the Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid twenty (20) year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or
- (iii) Upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

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

Section 3.4. Additional Members. Any Community Association created to manage any portion of the Property shall automatically be a member of the Master Association upon incorporation.

ARTICLE 4 COVENANT FOR CONTRIBUTIONS

Section 4.1. Payment of Common Area Expenses. Each Member shall pay to the Master Association its pro rata share of the Common Area Expenses (its "Pro Rata Share") as determined by the Annual Budget prepared by the Master Association in accordance with Section 4.3. Each Member shall be responsible for collecting the Pro Rata Share from its members pursuant to the assessment and collection practices of said Member's Member Declaration. Failure by a Member to collect sufficient funds from its members shall not excuse such Member from its obligation to pay its Pro Rata Share.

Section 4.2. Common Expenses. Unless otherwise expressly provided herein, the Common Expenses of the Master Association shall include all costs and expenses incurred in connection with the following:

- (a) Charges for the maintenance, replacement and repair of the Common Area, including the Common Improvements;
- (b) Utility charges, management fees, insurance premiums, operation of the architectural committees, preparation of the budget, collection of Contributions, attorneys' fees and administrative expenses pertaining to the Common Area and the Common Improvements;
- (c) Reserves for repairs and other expenses of a non-recurring nature pertaining to the Common Area and Common Improvements; and
- (d) Improvements, service contracts and employees' salaries pertaining to the Common Area and Common Improvements.
- (e) Costs to construct, maintain, repair and replace Common Improvements within the Common Area.

Section 4.3. Preparation and Approval of Annual Budget. For each fiscal year of the Master Association, the Board of Directors shall prepare an Annual Budget, as follows:

(a) Annual Budget. The Board of Directors shall make a reasonable effort to prepare or cause to be prepared an Annual Budget at least ninety (90) days before the beginning of each fiscal year of the Master Association. The proposed Annual Budget shall contain, at a minimum, an estimate of the total amount of income the Master Association expects to receive, as well as an estimate of the Common Expenses that are expected for the coming fiscal year. The Annual Budget shall also include an amount sufficient to establish and maintain a reserve fund in accordance with Section 4.4 hereof. The Annual Budget shall be adopted at an open meeting of the Board of Directors. The Board of Directors shall thereafter send to each Member a copy of the approved Annual Budget which sets forth the amount of the Member's Pro Rata Share. The Annual Budget shall constitute the basis for determining the amount of the Pro Rata Share of each Member. The Annual Budget and the Annual General Contribution established therein shall become effective as of the date specified by the Board of Directors, and shall be payable on an annual basis on a date specified by the Board of Directors, unless a special meeting of the Master Association is called and duly held in accordance with the Bylaws of the Master Association and at such special meeting the Annual Budget and the Annual General Contribution established therein are disapproved by the majority Members present at the meeting in which event the current Annual General Contribution shall remain in effect until the Board of Directors adopts a new Annual Budget.

(b) Amendments to Annual Budget. Any expenditure not reflected in an approved Annual Budget, including, without limitation, any expenditure intended to be funded by a Special Contribution, which is deemed to be necessary by the Board of Directors that, if made, would result in an increase in the amount of Contributions for the current fiscal year of the Master Association, shall be approved by an amendment to the Annual Budget adopted by

affirmative vote of a majority of the votes of the members of the Board of Directors present at a duly held meeting.

(c) General. The failure or delay of the Board of Directors to prepare or adopt an Annual Budget for any fiscal year of the Master Association shall not constitute a waiver or release in any manner of a Member's obligation to pay Contributions as herein provided, and in the absence of any Annual Budget, each Member shall continue to pay Contributions at the then existing rate applicable to such Member as established for the previous fiscal year until an Annual Budget for the current fiscal year is adopted. Upon resolution of the Board of Directors, installments of Contributions may be levied and collected on a monthly, quarterly, semi-annual or annual basis.

Section 4.4. Reserves. The Master Association shall establish and maintain a reserve fund for the construction, maintenance, repair and replacement for those Common Improvements which require substantial periodic maintenance, repair or replacement, or a reserve fund for such other purposes for which Common Expenses may be collected pursuant to Section 4.1 hereof (the "Maintenance Reserve Fund"). The Board of Directors shall set the required contribution by each Member to the Maintenance Reserve Fund (the "Maintenance Reserve Fund Contribution"), if any, annually, in an amount sufficient to meet the projected reserve needs of the Master Association. The Maintenance Reserve Fund Contribution shall be included as part of the Master Association's Annual Budget, and shall be payable as part of the Annual General Contribution. In addition to the Maintenance Reserve Fund, the Master Association may establish a general operating reserve fund.

ARTICLE 5

REMEDIES OF MASTER ASSOCIATION FOR NON-PAYMENT OF CONTRIBUTIONS

Any Contribution declared by the Master Association which is not paid within fifteen (15) days after the due date established for such Contribution 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 Member for failure to pay any Contribution within fifteen (15) days after the due date for such Contribution, which late fee shall not exceed five percent (5%) of the delinquent Contribution.

ARTICLE 6

COMMON AREA IMPROVEMENTS

Each Community Association may make improvements to its real property under its control, provided that the construction of any substantial improvements within any portion of the Common Area (by way of illustration, but not limited to, a pool, tennis court, beach facilities, boating facilities, park) must be approved by no less than a majority of the Board of Directors.

ARTICLE 7

DECLARATION OF EASEMENTS AND RIGHTS

The following easements and rights are hereby declared or reserved:

Section 7.1. Easement Over Common Area. The owners of property within the communities known as Sandy Shores, Sandy Shores Vista, Waters Edge at Wisp, Waters Edge II, Waters Edge III, Villages of Wisp, Southridge, Highline and Boulder Ridge are hereby granted an easement over the Common Area and Common Improvements.

Section 7.2. Ingress-Egress. Each Member hereby grants and conveys to each other Member for the benefit of all of the owners of any portion of the property within any Community Association (the "Benefited Lots") a non-exclusive easement and right-of-way in common with all owners of the Benefited Lots for ingress and egress by foot and/or motorized and/or non-motorized vehicle over and across all portions of the Common Area now or hereafter improved for foot and/or vehicle travel and which are necessary or desirable to provide access to and from the Benefited Lots, the dedicated rights-of-way surrounding the Property, and between and among the Benefited Lots and the owners of property within the communities known as Sandy Shores, Sandy Shores Vista, Waters Edge at Wisp, Waters Edge II, Waters Edge III, Villages of Wisp, Southridge, Highline and Boulder Ridge.

Section 7.3. Cooperation in Granting Easements. The Members hereby agree to cooperate with each other in the granting of such other easements and licenses as may be reasonably required to facilitate the completion of the development of the Common Area, including, without limitation, easements and licenses for (i) entry upon the portions of the Common Areas owned by a Member to permit and facilitate the completion of the Common Improvements; (ii) ingress and egress over and across the Common Areas owned by a Member; and (iii) construction, grading, erosion and sediment control over and across the Common Areas owned by a Member; provided, however, the locations of all such easements and licenses shall be approved by the owner of the property burdened thereby, such approval not to be unreasonably withheld, and provided, further, that no such easement or license will be required to be granted by any party hereto which would, in the reasonable judgment of the granting party, materially and adversely interfere with the intended development of any other portion of its property or the Community which said Member serves. All such easements may be confirmed, at the request of any party hereto, by the recordation of an appropriate instrument among the Land Records.

Section 7.4. Easements for Maintenance. Each Member hereby grants and conveys to the Master Association, an irrevocable, non-exclusive, permanent easement and right-of-way for entry on, and for ingress and egress over and across, the Common Area, with individuals, materials and equipment, to the extent reasonably necessary or desirable in the performance of maintenance of the Common Improvements.

Section 7.5. No Dedication. Nothing contained in this Section 7, including the creation and establishment of the easements herein provided, shall be deemed to constitute the dedication of any portion of the Property to public use. Nothing in this Agreement shall

constitute the consent, expressly or by implication, of any Member to the unrestricted use or possession of the whole or any portion of the common areas, as defined in the particular Member Declaration, located on such Member's property by the public, as such, and each Member shall have the right from time to time to take reasonable measures, including the erection of temporary barricades, if necessary, to prevent the public, as such, from obtaining rights in those areas, but no measures taken by any Member pursuant to this Section shall have a material adverse effect on the enjoyment of an easement granted to another Member in this Agreement.

ARTICLE 8
EXCLUSION OF INDIVIDUAL RESIDENTIAL LOTS

Upon subdivision of the Property and transfer of a lot from Declarant, its successor, transferee or assign to an individual residential owner as evidenced by recordation of a deed in the Land Records, this Master Declaration shall terminate as to that individual lot.

ARTICLE 9
MANAGEMENT

Section 9.1. Management Agent. The Board of Directors may employ a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing, including, but not limited to, the following:

- (a) establishing (with the approval of the Board of Directors) and providing for the collection of the Contributions in a manner consistent with applicable law and this Master Declaration; and
- (b) designating, hiring and dismissing such personnel as may be required for the good working order, maintenance and efficient operation of the Master Association; and
- (c) providing such other services for the Master Association as may be consistent with applicable law and this Master Declaration.

Section 9.2. Duration of Management Agreement. Any management agreement entered into by the Master 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.

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ARTICLE 10
GENERAL PROVISIONS

Section 10.1. Personal Property and Real Property for Common Use. The Master Association may acquire, lease, hold, and dispose of tangible and intangible personal property and real property, subject to the requirements of this Master Declaration.

Section 10.2. Implied Rights. The Master Association may exercise any other right or privilege given to it expressly by this Master Declaration or the Bylaws or any lease, easement or other agreement or document affecting the Master Association, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 10.3. Limitation of Liability. The Master Association shall not be liable for any failure of any services to be obtained by the Master Association or paid for out of the Common Expense funds, or for injury or damage to persons or property caused by the elements or resulting from water which may leak or flow from any property, improvements or facilities under the control or supervision of the Master Association, or from any wire, pipe, drain, conduit or the like; provided, that the Members of the Master Association and the Board of Directors, acting on behalf of the Master Association, have acted in a prudent and reasonable manner. Notwithstanding the limitation of liability contained in the foregoing sentence, if any such failure or injury or damage is caused by the gross negligence or willful misconduct of the Members of the Master Association or the Board of Directors, acting on behalf of the Master Association, the Master Association shall be liable for the reasonable and foreseeable consequences of such failure or such injury or damage. No diminution or abatement of Contributions, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to any property, improvements or facilities under the control or supervision of the Master Association, or from any action taken by the Master Association to comply with any of the provisions of this Master Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Section 10.4. Enforcement. The Master Association, or a Declarant, shall have the right to enforce, by any proceeding at law and/or in equity, all restrictions, conditions, covenants, reservations, easements, liens, charges or other obligations or terms now or hereafter imposed by the provisions of this Master Declaration, the Articles of Incorporation and Bylaws of the Master Association, and any rule or regulation promulgated by the Master Association pursuant to its authority as provided in the Master Declaration, Articles of Incorporation or Bylaws. Failure by the Master Association, a Community Association, or a Declarant, to enforce any restriction herein contained or any provision of the Bylaws, Articles of Incorporation, or rules and regulations of the Master Association shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a presumption that any violation or breach or attempted violation or breach of any provision of this Master Declaration, the Bylaws, Articles of Incorporation, or rules and regulations of the Master Association cannot be adequately remedied by action at law or exclusively by recovery of damages. If the Master Association, a Community Association or a

Declarant, successfully brings an action to extinguish a violation or otherwise enforce the provisions of this Master Declaration, the Bylaws, Articles of Incorporation, or rules and regulations of the Master Association, the costs of such action, including legal fees, shall become a binding obligation of the Member committing or responsible for such violation.

Section 10.5. 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 10.6. Duration and Amendment. Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of this Master Declaration shall run with and bind the land for a term of forty (40) years from the date this Master Declaration is recorded, after which time they shall be automatically extended for successive periods of thirty (30) years. This Master Declaration may be amended by an instrument signed by, or the affirmative vote of Members representing two-thirds (2/3) of the votes entitled to be cast by those present at a duly called and conveyed meeting provided however, that any rights of Declarant cannot be amended without Declarant's consent, and any provision of this Master Declaration that requires unanimous consent of the Board of Directors cannot be amended with less than the applicable unanimous consent. The President of the Master Association shall have the power and authority to sign any duly adopted amendment on behalf of the Master Association. Any amendment must be recorded in the Land Records.

Section 10.7. Changes and Modifications by Declarant. Declarant shall have the right, for a period of twenty (20) years following the date of recordation of this Master Declaration, without the consent of the Members of the Master Association or any other party, to modify, amend or change any of the provisions of this Master Declaration as Declarant may deem necessary or desirable to correct errors or omissions herein. Declarant shall also have the right for a period of twenty (20) years following the date of recordation of this Master Declaration, without the consent of the Members of the Master Association or any other party, to modify, amend or change any of the provisions of this Master Declaration as may be requested by any Member; provided, however, that no such modification, amendment or change shall materially and adversely affect any Member, substantially increase the financial obligations of any Member or reserve any additional or special privileges for Declarant not previously reserved, or eliminates or modifies any existing rights or privileges of any Developer, Declarant, or Board Member, without the prior written consent of the affected Member(s).

Section 10.8. Condemnation or Eminent Domain. In the event any part of the Common Area or Common Improvements is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Master Association shall give prompt written Notice of any such proceeding or proposed acquisition to the Members. No provision of this Master Declaration or the Articles of Incorporation or the Bylaws of the Master Association shall entitle any Member to any priority over the Member of the property being condemned with respect to the distribution to such Member of the proceeds of any condemnation or settlement relating to a taking of any of the Common Improvements.

Section 10.9. Declarant's Right to Amend. Notwithstanding any provision to the contrary contained in the Articles of Incorporation or Bylaws of the Master Association itself or this Master Declaration, Declarant hereby reserves for itself, its successors, transferees and assigns, for a period of twenty (20) years from the date of recordation of this Master Declaration, the right to execute on behalf any such agreements, documents, amendments or supplements to this Master Declaration, the Articles of Incorporation and Bylaws of the Master Association which may be required by Garrett County, Fannie Mae, Freddie Mac, the FHA, the VA, the GNMA or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Master Association.

Each and every Member, does automatically and irrevocably name, constitute, appoint and confirm Declarant, its successors, transferees and assigns, as attorneys-in-fact for the purpose of executing any such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing.

(b) The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest and shall be binding upon the heirs, personal representatives, successors, transferees and assigns of the Members. 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.

Section 10.10. Taxes. Each Member is responsible for the payment of all real estate taxes and assessments levied on any portion of the Common Area located on the Member's property.

Section 10.11. Successors of Declarants. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of Declarants hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by Declarant by an instrument, in writing, without notice to the Master Association.

Section 10.12. Incorporation by Reference on Sale. In the event any Member sells or otherwise transfers any portion of the Common Area, 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 Master Declaration.

Section 10.13. Declarant's Reserved Rights. No amendment to this Master Declaration may remove, revoke, or modify any right, reservation or privilege of Declarant without the prior written consent of Declarant or any successors or assignees of this Master Declaration.

Section 10.14. Perpetuities. If any of the covenants, restrictions, or other provisions of this Master Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 10.15. Declarant's Development. As long as the Declarant has an interest in developing the Property, the Master Association may not use its financial resources, directly or indirectly, to defray the costs of opposing any development activities reasonably consistent with the general intention of the development of the Property.

Section 10.16. Captions and Gender. The captions contained in this Master Declaration are for convenience only and are not a part of this Master Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Master Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

IN WITNESS WHEREOF, the Declarants have caused these presents to be duly executed and sealed with the intention of making this Master Declaration a sealed instrument, effective the date of its recordation among the land records.

D.C. DEVELOPMENT, LLC

By: *I. Robert Rudy*
I. Robert Rudy, Managing Member

STATE OF Maryland
COUNTY OF Garrett

The foregoing instrument was acknowledged before me this 29th day of October, 2002, by I. Robert Rudy, Managing Member of DC Development, LLC, a Maryland limited liability company, on behalf of the limited liability company.

(SEAL)

Cosette L. Harman
Cosette D. Harman
Notary Public-State of Maryland
Commission Number: _____

My commission expires 10/27/2003



ATTORNEY CERTIFICATION

I hereby certify that the foregoing Declaration of Covenants, Conditions and Restrictions was prepared by or under the supervision of an attorney admitted to the practice of law in the State of Maryland.



Jerald S. Cohn

Exhibit A

The DCD Property

All those certain tracts, pieces or parcels of lands lying and being in Election District No. 6 of Garrett County, Maryland which were conveyed to D.C. Development, LLC by the following deeds recorded among the Land Records of Garrett County, Maryland:

- 1) From Karen F. Spiker, Trustee by deed recorded December 7, 1994 in Liber 643, page 296.
- 2) From Karen F. Spiker, Trustee by deed recorded December 22, 1994 in Liber 644, page 351.
- 3) From Robert S. Stockslager, Successor Trustee, by deed recorded April 28, 1997 in Liber 706, page 515.
- 4) From Rolling Ridge Joint Venture, LLP by deed recorded September 11, 1997 in Liber 717, page 844.
- 5) From Recreational Industries, Inc. by deed recorded June 14, 2001 in Liber 843, page 457.
- 6) From Marsh Mountain, LLC by deed recorded June 27, 2002 in Liber 903, page 632.

Excluding or excepting those certain subdivisions/developments listed as follows:

- 1.) Boulder Ridge Subdivision as shown on a plat recorded among the Land Records of Garrett County, Maryland in Plat Case DKM 3, file 64.
- 2.) Highline as shown on plats recorded among the Land Records of Garrett County, Maryland; in Plat Book 4, file 118, in Plat Case DKM 2, files 2, 23, 31, 67, 76, 80, 108, 181 and in Plat Case DKM 3, files 20 and 40. Also all the unrecorded portion of Highline within the 3.995 acre parcel described as follows:

Beginning at the westernmost corner of Lot 37 of Highline (Plat Case DKM 2, file 181) thence four courses through lands of D C Development (Liber 717, page 844)
North 39°12'28" West 429.87 feet.

North 20°26'56" East 113.46 feet,
North 80°28'43" East 431.08 feet,
South 18°09'28" East 183.37 feet, thence with a trail easement for
ski slope access
South 27°55'40" East 80.00 feet, thence
South 44°45'35" West 129.76 feet with a thirty foot access right of
way, thence
South 25°03'34" West 70.03 feet crossing Snowshoe Court, thence
South 56°31'12" West 199.78 feet with the aforementioned Lot 37 to
the beginning.

- 3.) Sandy Shores as shown on plats recorded among the Land Records of Garrett County, Maryland in Plat Book 4, files 74, 88, 93, 98, 99, 104, 125 and 133.
- 4.) Sandy Shores Vista as shown on plats recorded among the Land Records of Garrett County, Maryland in Plat Book 4, files 109, 115, 121 and 124, and in Plat Case DKM 2, files 7, 11, 22, 36, 38, 40, 52, 60, 72, 82, 91, 115, 132, 151, 157 and 177.
- 5.) Southridge at Deep Creek Mountain Resort as shown of plats recorded among the Land Records of Garrett County, Maryland in Plat Case DKM 3, files 25, 32, 37, 41, 48, 50, 51, 52, 55 and 65.
- 6.) The Summit as shown on plats recorded among the Land Records of Garrett County, Maryland in Plat Case DKM 2, file 96 and in Plat Case DKM 3, files 70 and 74.
- 7.) Water's Edge at Wisp as shown on plats recorded among the Land Records of Garrett County, Maryland in Plat Book 4, files 16, 33, 57, 78 and 94 and in Plat Case DKM 2, files 146 and 185.

**WISP RESORT
PROPERTY OWNER'S MASTER ASSOCIATION, INC.
PROPOSED BUDGET
Calendar Year 2007**

Road maintenance & Snow removal	\$30,000 (Has varied annually from \$23,500 - \$32,400)
Overlook Pass	
Wisp Mountain Road	
Mowing and trimming along roadways	4,500
Trail maintenance	1,500
Lakeside Park	6,000
Utilities: Sewer, Electricity, Water	
Trimming maintenance	
Restroom cleaning, etc.	
Parking area	
Insurance	5,000
Accounting	500
Management	
(Administration, office supplies, IT, etc.)	<u>2,500</u>
Total	\$50,000

Deep Creek Highlands –	125	
Highline	120	
Boulder Ridge	22	
North Camp	65	
Sandy Shores Heights	25	
Kendall Camp	10	
Marsh Hill Road	<u>3</u>	
	370	@\$100/lot = \$35,000 contribution

BYLAWS OF
DEEP CREEK MOUNTAIN RESORT
PROPERTY OWNERS ASSOCIATION, INC.

BYLAWS

OF

DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC.

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BYLAWS
OF
DEEP CREEK MOUNTAIN RESORT
PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE 1 -- NAME AND LOCATION

The name of the corporation is DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 212 Marsh Hill Road, McHenry, Maryland, 21541 but meetings of Members and Directors may be held at such places within the State of Maryland as may be designated by the Board of Directors.

ARTICLE 2 -- DEFINITIONS

Unless otherwise defined in these Bylaws, words or phrases defined in the Deep Creek Mountain Resort Property Owners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded in the Garrett County Land Records (the "Declaration") shall have the same meaning in these Bylaws. The Declaration is incorporated by reference.

ARTICLE 3 --MEETING OF MEMBERS

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

Section 3.2. Special Meetings. Special meetings may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-third (1/3rd) of all the votes of the Class A membership.

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

Section 3.4. Quorum. The presence at the meeting of Members of each class entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the respective classes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or

represented at any meeting, the Members present shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 3.5. Voting and Delinquent Payment. Voting at meetings of members shall be by written ballot. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership which such member owns on each question or issue. Each of the Class B Members shall have the right to cast three (3) votes for each Class B membership which such member owns on each question or issue. Each Class B membership shall lapse and become a nullity upon the first to happen of the following:

- (i) Twenty (20) years from the date of recordation of the Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid twenty (20) year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or
- (ii) 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 the Class B membership as provided for in this Article, the Declarant shall thereafter become a Class A member of the Association as to each and every property interest in which the Declarant then holds the interest otherwise required for such Class A membership.

The vote of Members representing fifty-one percent (51%) of the total of the votes of all the memberships at the meeting, in person or by proxy, calculated as aforesaid shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or the Articles of Incorporation, the Declaration or these By-Laws, a different vote is required, in which case, such express provision shall govern and control.

No Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

All election materials prepared with Association funds must list candidates in alphabetical order and must not suggest a preference among candidates.

Section 3.6. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the Member on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.7. Proxies. At all meetings of the Association, each Member may vote in person or by proxy. Every proxy shall be revocable unless stated otherwise and is coupled with an interest sufficient in law to support an irrevocable power. No proxy shall be valid after eleven

(11) months from its date, unless otherwise provided in the proxy. All proxies shall be in writing and shall be filed with the Secretary, in such form as is approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of Maryland shall be deemed to be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein to the contrary, only a directed proxy may be utilized to vote for members of the Board of Directors. A nondirected proxy may be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.8. Meetings.

(a) All meetings of the Association shall be open to every Member and/or their representative. Such meetings may be held in closed session for the following purposes:

(i) Discussion of the employment, assignment, appointment, promotion, demotion, compensation, discipline, removal or resignation of employees over whom the Association has jurisdiction, or any other personnel matter affecting one or more particular individual(s);

(ii) Protection of the privacy or reputation of individuals in matters not related to Association business;

(iii) Consultation with legal counsel;

(iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

(v) Investigative proceedings concerning possible or actual criminal misconduct;

(vi) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure;

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the Members present, for some other exceptional reason;

(viii) Acquisition of capital items previously specifically approved as part of a published budget adopted in an open meeting;

(ix) Discussion of short-term investments of funds of the Association in liquid assets if authorized by an investment policy previously adopted in an open meeting;

(x) Conducting collective bargaining negotiations or considering related matters and issues; or

(xi) Discussions concerning public security, including the deployment of personnel in connection therewith and the development and implementation of emergency plans.

(b) If a meeting is held in closed session pursuant to the procedures established above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of each closed meeting, the record of the vote of each member of the Board of Directors by which any meeting was closed,

and the authority under this Section 3.8 for closing any meeting shall be made available so as to reasonably notify Members of the Association within fourteen (14) days after the meeting.

ARTICLE 4 -- BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of the Association shall initially be managed by a Board of Directors initially consisting of three (3) natural persons at least eighteen (18) years of age who shall be designated by Declarant and who shall hold office until the election of their successors at the first annual meeting of the Association, following the lapse of the Class B membership. Until the lapse of the Class B membership, all three (3) Directors shall be appointed by Declarant.

Commencing with the first annual meeting of the Association following the lapse of the Class B membership, the Board of Directors shall consist of an uneven number of not less than three (3) nor more than seven (7) Directors who shall be elected by the Members in accordance with these Bylaws and the Declaration.

Before expiration of the Declarant's rights as provided in the Declaration, the number of Directors shall be determined from time to time by Declarant; thereafter, the number of Directors from each class shall be determined by a vote of the Members at any annual or special meeting of Members and the number of Directors from each class may be changed by a vote of the Members at any subsequent annual or special meeting of the Members; provided, however, that: (a) the limitations of this Section 4.2 shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 4.2. Term of Office. Except for members of the Board of Directors appointed by Declarant, who shall serve until removed and/or replaced by Declarant or until replaced by a Director elected by the Members as provided herein, the term of office of each member of the Board of Directors shall be two (2) years. In the alternative, the Members may resolve at any annual or special meeting following the expiration of Declarant's rights as provided in the Declaration, to establish the term of office for all Directors to be one (1) year, or to establish staggered terms for the Directors from one (1) to three (3) years. Any change in the number of Directors or term of office of Directors shall not act to extend or curtail the term of office of any incumbent Director. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 4.3. Removal. After the first annual meeting of the Members following lapse of Class B membership, any Director may be removed from the Board with or without cause, by a majority vote of the Association. Prior to the first annual meeting of the Members following the lapse of Class B membership, any Director may be removed from the Board with or without cause, by the Declarant. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4.4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 4.5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors and by filing such approval with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 5 -- NOMINATION AND ELECTION OF DIRECTORS

Section 5.1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee commencing with the first annual meeting of Members following the membership lapse of the Class B membership. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the class. The Nominating Committee, if any, may be appointed by the Board of Directors before each annual meeting of the Members and such appointment may be announced at each annual meeting. The Nominating Committee, if any, may make as many nominations for election to the Board of Directors for the class as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or Non-members.

Section 5.2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Votes shall not be counted until after the time allotted by the Association for voting has ended. Cumulative voting is permitted.

ARTICLE 6 -- MEETING OF DIRECTORS

Section 6.1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods, at such time and place as shall have been made known to all Members in writing or upon written notice provided by mail or hand delivery not less than seventy-two (72) hours nor more than ninety (90) days before the date of the meeting.

Section 6.2. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the entire Board of Directors.

ARTICLE 7 -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers. The Board of Directors shall have power to:

(a) adopt and publish "Rules and Regulations" governing the use of the Common Areas, and to establish penalties for the infraction thereof; and

(b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

Section 7.2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-sixth (1/6) of the Members who are entitled to vote;

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

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

(d) borrow money, and, in accordance with the provisions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication, sale or transfer shall be effective unless accomplished in accordance with the provisions of the Declaration;

(f) participate in mergers and consolidations with other non-profit non stock corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall be accomplished in accordance with the provisions of the Declaration; and

(g) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

ARTICLE 8 -- OFFICERS AND THEIR DUTIES

Section 8.1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Board of Directors.

Section 8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 8.3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until their successors are duly elected and qualified, unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 8.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officers appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7. Multiple Offices. Except for the offices of President and Vice President, any other office may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article 8 and except as otherwise provided in this Section 8.7.

Section 8.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to a management agent):

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments but is not required to co-sign all checks and promissory notes.

Vice President

(b) The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account, cause an annual audit or other review of the Association's books to be made by a public accountant or appropriate party at the completion of each fiscal year, at the discretion of the Board; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Board, and deliver copies thereof to the Members.

Section 8.9. Compensation. No officer shall receive compensation for any service rendered to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

ARTICLE 9 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 9.01 Liability. The Association may indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which such officer or Director may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith.

Section 9.02 Indemnification. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

Section 9.03 Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. A contract or other transaction between the Association and any of its Directors, or between the Association and any

corporation, firm or other entity in which any of its Directors is a director or has a material financial interest is not void or voidable solely because of the common directorship or interest, or because the Director is present at the meeting of the Board of Directors which authorizes, approves or ratifies the contract or transaction, or because the vote of the Director was counted for the authorization, approval or ratification of the contract or transaction, if any of the following exist:

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

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

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

Common or interested Directors or the votes which they are entitled to cast or which are entitled to be cast by an interested corporation, firm or other entity may be counted in determining the presence or a quorum at a meeting of the Board of Directors or at a meeting of the owners, as the circumstances may require, at which the contract or transaction is authorized, approved or ratified. If a contract or transaction is not authorized, approved or ratified in the manner provided for in subparagraphs (a) or (b) of this Section, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to the Association at the time it was authorized, approved or ratified.

ARTICLE 10 – COMMITTEES

The Board of Directors may appoint committees as deemed appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 6.1 of these Bylaws.

ARTICLES 11 - INSURANCE

Section 11.01. Insurance. In addition to the insurance coverage required to be maintained by the Declaration, the Board of Directors of the Association may obtain and maintain, to the extent reasonably available, the following:

(a) workmen's compensation insurance for employees of the Association to the extent necessary to comply with any applicable law;

(b) a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any

such officer or Director shall have been made a party by reason of his or her services as such; and; and

(c) such other policies of insurance, including Director and officer liability insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these Bylaws, as are or shall thereafter be considered appropriate by the Board of Directors.

Section 11.02. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions, or other provisions, as appropriate:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "B/III" or better in the current edition of Best's Key Rating Guide (or its equivalent).

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

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

(d) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insurers named thereon.

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

ARTICLE 12 -- BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 12.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, ~~except~~ for the first fiscal year of the Association which shall begin on the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 12.2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in the Articles of Incorporation of the Association. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

Section 12.3. Books and Accounts. Books and accounts of the Association shall be kept under the discretion of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological

order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the general and limited Common Areas and Facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 12.4. Auditing. At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if any, the Association shall furnish the Members with an annual financial statement, including the receipts and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 12.5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice to the President of the Board of Directors. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 12.6. Fidelity Insurance. The Board of Directors may require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity insurance or equivalent coverage against acts of dishonesty. The premiums on such insurance shall be paid by the Association.

ARTICLE 13 --CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., a Maryland corporation.

ARTICLE 14 -- AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the Association by a vote of a majority of such quorum of Members present in person or by proxy.

ARTICLE 15 -- INTERPRETATION/MISCELLANEOUS

Section 15.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. If there is any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 15.2. Notices. Unless another type of notice is specifically provided for, any and all notices called for in these Bylaws shall be given in writing, including by electronic mail.

Section 15.3. Severability. If any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 15.4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 15.5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 15.6. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, we, being all of the Directors of DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., have hereunto set our hands this 8th day of January, 2003.

WITNESS:

Name

Karen Myers

Karen Myers

Steven R. Richards

Steven R. Richards

I. Robert Rudy

I. Robert Rudy

Gary A. Daum

Gary A. Daum

* * *

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary or Assistant Secretary of DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., a Maryland nonstock corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the 8th day of January, 2003.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 8th day of January, 2003.

Steven W. Richards
By: Steven W. Richards
Title: Secretary