



MARYLAND HOMEOWNERS ASSOCIATION ACT
DISCLOSURES TO BUYER AND TRANSMITTAL OF DOCUMENTS

For resale of a lot within a development of ANY size
OR for the initial sale of a lot within a development containing 12 or fewer lots
to a person who intends to occupy or rent the lot for residential purposes.

ADDENDUM NUMBER _____ DATED _____ TO CONTRACT OF SALE
BUYER(S): _____
SELLER(S): Brian Bernstein
PROPERTY: McHenry, MD 21541

The following disclosures are provided by the Vendor ("Seller") to the Buyer who intends to occupy or rent the lot for residential purposes pursuant to 11B-106 of the Maryland Homeowners Association act ("the Act"):

(1). The lot which is the subject of the contract of sale is located within the development known as
Sandy Shores Heights

(2). (i). The current monthly fees or assessments imposed by the homeowners association upon the lot are
\$500 per month payable on a annual basis.

(ii). The total amount of fees, assessments, and other charges imposed by the homeowners association upon the lot during the prior fiscal year of the homeowners association was:
\$550

(iii). The fees, assessments, or other charges imposed by the homeowners association against the lot are ☐ or are not ☐ (Seller to initial applicable provision) delinquent. If any of the foregoing are delinquent, Seller to explain, giving amounts and dates of delinquency:

(3). Seller to initial (i) or (ii) and complete as appropriate:

☐ (i). The name, address, and telephone number of the management agent of the homeowners association, or other officer or agent authorized by the homeowners association to provide to members of the public, information regarding the homeowners association and the development is:

Name: Karen Myers, t/a Mountaineer Log & Siding CO., Inc.

Address: 23813 Garrett Highway, Suite 1, McHenry, MD 21541

Telephone: 301.387.9200, or 301.616.9162

☐ (ii). No agent or officer is presently so authorized by the homeowners association.

(4). Seller to initial (i) or (ii) and complete as appropriate:

☐ (i). Seller has actual knowledge of: (Seller to initial all which apply)

☐ A. The existence of any unsatisfied judgments or pending lawsuits against the homeowners association: if (A) is initialed, explain:

☐ B. Any pending claims, covenant violations actions, or notices of default against the lot. If (B) is initialed, explain:



Buyer ☐

Seller ☐



☐ ☐ (ii). Seller has no actual knowledge of any of the items listed in (4)(i) above.

(5). (i). Attached are copies of the following documents relating to the development and the homeowners association to which the Buyer shall become obligated upon becoming the owner of the lot: (Seller to initial all applicable items.)

- ☐ ☐ A. Articles of incorporation;
☐ ☐ B. Declaration of covenants and restrictions;
☐ ☐ C. All recorded covenants and restrictions of the primary developments, and of other related developments to the extent reasonably available;
☐ ☐ D. The bylaws and rules of the primary development, and other related developments to the extent reasonably available.

(ii). Obligations contained in the attached copies of documents: (Seller to initial any applicable provision.)

A. Are ☐ ☐ or Are Not ☐ ☐ enforceable against an owner;

B. Are ☐ ☐ or Are Not ☐ ☐ enforceable against the owner's tenants.

The information contained in this Addendum issued pursuant to Section 11B-106(b) of the Maryland Homeowners Association Act is based on the Seller's actual knowledge and belief and is current as of the date hereof.

Seller hereby acknowledges that Seller has provided all information necessary to complete this Addendum, in compliance with the Act, and that Seller has reasonable grounds to believe and does believe, after reasonable investigation, that the information and statements herein provided to Buyer are true and that there is no omission to state a material fact necessary to make the statements not misleading.

Seller Date

Seller Date

Buyer hereby acknowledges that Buyer, on the date indicated below, has received all of the disclosures contained herein, including attachments as indicated, and that Seller has fully complied with the disclosure requirements of the Act.

Buyer Date

Buyer Date



**MARYLAND HOMEOWNERS ASSOCIATION ACT
NOTICE TO BUYER**

For resale of a lot within a development of ANY size
OR for the initial sale of a lot within a development containing 12 or fewer lots,
to a person who intends to occupy or rent the lot for residential purposes.

ADDENDUM NUMBER _____ DATED _____ TO CONTRACT OF SALE
BUYER(S): _____
SELLER(S): Brian Bernstein
PROPERTY: McHenry, MD 21541

The following notice applies to members of the public who intend to occupy or rent a lot for residential purposes. Under the Maryland Homeowners Association Act (Act"), "lot" means any plot or parcel of land on which a dwelling is located or will be located within a development.

This sale is subject to the requirements of the Maryland Homeowners Association Act ("the Act"). The Act requires that the seller disclose to you, at or before the time the contract is entered into, or within 20 calendar days of entering into the contract, certain information concerning the development in which the lot you are purchasing is located. The content of the information to be disclosed is set forth in Section 11B-106(b) of the Act ("the MHAA information") as follows:

(1). A statement as to whether the lot is located within a development;

(2). Fees:

(i). The current monthly fees or assessments imposed by the homeowners association upon the lot;

(ii). The total amount of fees, assessments, and other charges imposed by the homeowners association upon the lot during the prior fiscal year of the homeowners association; and

(iii). A statement of whether any of the fees, assessments, or other charges against the lot are delinquent;

(3). The name, address, and telephone number of the management agent of the homeowners association, or other officer or agent authorized by the homeowners association to provide to members of the public, information regarding the homeowners association and the development, or a statement that no agent or officer is presently so authorized by the homeowners association;

(4). A statement as to whether the owner has actual knowledge of:

(i). The existence of any unsatisfied judgments or pending lawsuits against the homeowners association; and

(ii). Any pending claims, covenant violations actions, or notices of default against the lot; and

(5). A copy of:

(i). The articles of incorporation, the declaration, and all recorded covenants and restrictions of the primary development, and of other related developments to the extent reasonably available, to which the buyer shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner's tenants, if applicable; and



Buyer /

Seller /



(ii). The bylaws and rules of the primary development, and of other related developments to the extent reasonably available, to which the buyer shall become obligated on becoming an owner of the lot, including a statement that these obligations are enforceable against an owner and the owner's tenants, if applicable.

If you have not received all of the MHAA information 5 calendar days or more before entering into the contract, you have 5 calendar days to cancel the Contract after receiving all of the MHAA information. You must cancel the contract in writing, but you do not have to state a reason. The seller must also provide you with notice of any changes in mandatory fees exceeding 10 percent of the amount previously stated to exist and copies of any other substantial and material amendment to the information provided to you. You have 3 calendar days to cancel this contract after receiving notice of any changes in mandatory fees, or copies of any other substantial and material amendments to the MHAA information which adversely affect you.

If you do cancel the contract, you will be entitled to a refund of any deposit you made on account of the contract. However, unless you return the MHAA information to the seller when you cancel the contract, the seller may keep out of your deposit the cost of reproducing the MHAA information, or \$100, whichever amount is less. If the deposit is held in trust by a licensed real estate broker, the return of the deposit to you shall comply with the procedures set forth in Section 17-505 of the Business Occupations and Professions Article of the Maryland Code.

By purchasing a lot within this development, you will automatically be subject to various rights, responsibilities, and obligations, including the obligation to pay certain assessments to the homeowners association within the development. The lot you are purchasing may have restrictions on:

- A. Architectural Changes, Design, Color, Landscaping, Or Appearance;
- B. Occupancy Density;
- C. Kind, Number, Or Use Of Vehicles;
- D. Renting, Leasing, Mortgaging Or Conveying Property;
- E. Commercial Activity; Or
- F. Other Matters.

You should review the MHAA information carefully to ascertain your rights, responsibilities, and obligations within the development.

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Buyer Date

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Buyer Date

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Seller Date

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Seller Date

SANDY SHORES HEIGHTS SUBDIVISION

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

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IMP FD SURCHG	20.00
RECORDING FEE	75.00
TOTAL	95.00
Reg# CA01	Rept # 24395
DNM 0903	Blk # 775
Aug 10, 2005	02:32 PM

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located thereon to the covenants, conditions and restrictions set forth herein which are for the purpose of protecting the value and desirability of the Property and the improvements thereon and are for the purpose of distributing among the owners of the improvements the cost of maintaining and operating the common areas (as hereinafter defined), and any improvements constructed thereon; and

WHEREAS, Declarant has caused or will cause a non-profit membership corporation known or to be known as "SANDY SHORES HEIGHTS PROPERTY OWNERS ASSOCIATION, INC." (the "Association") to be formed in order to perform certain functions on behalf of the owners of lots within the Property, including, but not limited to, the enforcement of the covenants, conditions and restrictions herein set forth, and management of the common areas to be owned by the Association, and collection and disbursement of the assessments and charges' hereinafter created, and;

WHEREAS, Declarant has caused a Deep Creek Lake Mountain Resort Property Owners Master Declaration of Covenants, Conditions and Restrictions to be established to provide for the maintenance of certain areas common to all property currently owned, to be acquired and/or maintained by Declarant including but not limited to the Property.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following easements, covenants, conditions and restrictions, which are for the purpose of protecting the value and desirability, and enhancing the attractiveness of the Property, and which shall run with the Property and shall be binding upon all parties having any right, title or interest in the Property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner of the Property or any part thereof and their respective heirs, personal representatives successors and assigns, and the Association.

ARTICLE ONE

Definitions

1.1 As used herein, the following words and terms are defined to mean as indicated:

1.2 "Architectural Committee". The Architectural Committee shall be composed of those three or more individuals so designated from time to time by (i) Declarant during the Development Period and (ii) by the Board of Directors after the Development Period. Those

individuals appointed by the Board of Directors after the Development Period may be removed from the Architectural Committee at any time by the Board of Directors at its discretion. The initial Architectural Committee shall be I. Robert Rudy, Gary A. Daum, Karen Frazee Myers, and Steve Richards.

1.3 "Association" shall mean and refer to Sandy Shores Heights Property Owners Association, Inc., a Maryland not for profit corporation, as formed or to be formed by Declarant.

1.4 "Board of Directors" means the Board of Directors from time to time of the Association.

1.5 "Common Areas" means those lots or areas of land within the Property shown on the subdivision plats prepared by or for Developer hereafter recorded among the Land Records of Garrett County, aforesaid, and is intended to be the entire Property, save and except for Lots. The Common Areas shall include all Common Open Space, roads, streets and parking areas within the Property as shown on said Plats, unless the same are dedicated to the County or State for public use. Declarant shall have the right but not the obligation to dedicate the roads within the Property to the County or State for public use.

1.6 "Declarant" means D. C. Development, LLC, and its successors and assigns to which it shall convey or otherwise transfer its right, title and interest to all or any part of the Property and in so doing expressly designates the transferee as a Declarant hereunder.

1.7 "Development Period" means the period that is ten (10) years from the date this Declaration is recorded among the Land Records of Garrett County, Maryland. With respect to any Land annexed to the Property by Declarant as herein permitted, the "Development Period" shall mean the time that is six (6) years from the time that such land is annexed to the Property by recording of an Amendment hereto among the Land Records of Garrett County.

1.8 "Lot" means a lot or parcel of ground in the Property shown as such on the subdivision plats prepared by or for Developer and recorded or hereafter recorded among the Land Records of Garrett County. As used herein, "Lot" shall not include the Common Open Space, roads, streets or parking areas within the Property as shown on said Plats.

1.9 "Member" means a person or entity who holds membership in the Association as provided in this Declaration hereafter.

1.10 "Owner" means the record owner, whether one or more persons or entities, of the fee

simple title to any lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.11 "Property" shall mean that certain property described in Schedule A attached, and such additions thereto as may hereafter be brought within the jurisdiction of the Association and subjected to this Declaration as herein provided.

1.12 "Structure" means any thing or device the placement of which upon the Property (or any part thereof) may affect the appearance of the Property (or any part thereof) including, by way of illustration and not limitation, any building, trailer, garage, porch, shed, greenhouse, covered or uncovered patio, swimming pool, clothesline, radio, television or other antenna, fence, sign, curbing, paving, wall, roadway, walkway, exterior light, landscape, hedge, trees, shrubbery, planting, signboard or any temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement made to the Property or any part thereof. "Structure" shall also mean (i) any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across the Property, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across the Property, and (ii) any change in the grade of the Property (or any part thereof) of more than six (6) inches from that existing at the time of purchase by each Owner (other than Declarant)

ARTICLE TWO

Common Area Property Rights

2.1 Grant of Lots. Declarant shall hereafter hold, grant and convey the Lots, subject to the covenants, conditions and restrictions herein set forth, which are for the benefit of, binding upon and shall run with the land, and are for the benefit of Declarant, the Association and the Owners, their heirs, personal representatives, successors, and assigns

2.2 Grant of Common Areas. Declarant covenants that it will convey the Common Areas to the Association, except roads that are dedicated to public use, and the Association shall accept from Developer the Common Areas, with such improvements as Developer may construct thereon and shall

hold them subject to the provisions hereof.

2.3 Owner's Easements of Enjoyment. Every Owner shall have a right and non-exclusive easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

2.3.1 The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas;

2.3.2 The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

2.4 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on a Lot.

2.5 Structures. Except as otherwise permitted by the provisions of this Declaration, no Structure shall be erected, placed or maintained on any Common Area except: (i) Structures designed exclusively for the common use of Owners; and (ii) drainage, storm and utility systems. The Common Areas may be graded, planted with trees and shrubs and other plants placed and maintained thereon for the use, comfort and enjoyment of the Owners or for the establishment, retention or preservation of the natural growth or topography of the Common Areas.

2.6 Rules. The Association shall have the right to prescribe reasonable rules and regulations governing the use of the Common Areas, which rules and regulations shall be applied equally to all Owners. The Association shall have the right to suspend voting rights of an Owner in the Association for any period of not less than ten (10) days for an infraction of its published rules and regulations

2.7 Association Management. The Association may improve, develop, supervise, manage, operate, examine, inspect, care for, repair, replace, restore and maintain the Common Areas, including, by way of illustration, and not limitation, streets, roadways, sidewalks and parking areas, and all trees, shrubbery and other plants and landscaping together with any items of personal property placed or installed thereon, at the cost and expense of the Association.

ARTICLE THREE

Reserved Rights of Declarant

3.1 Reserved Rights of Declarant. The Association shall hold the Common Areas conveyed to it by Declarant subject to the following:

3.1.1 The reservation to Declarant of an easement over any road in the Common Areas for the purpose of ingress and egress and the installation and maintenance of public and private utilities.

3.1.2 To store building supplies, construction equipment and other similar property on the Common Areas during the Development Period. This reserved right shall expire one (1) year after completion of construction of all improvements by Declarant on all Lots within the section in which the Common Areas subject to such reserved easement are located.

3.1.3 The reservation to Declarant of an easement over the Common Area for the purpose of establishing trail easements within the common areas to other owners of lots in nearby subdivisions as part of a master trail system, provided Owners within Sandy Shores Heights are also granted easements for access and usage of said master trail system.

3.2 Grading. Declarant further reserves the right at or after the time of grading of any street or any part thereof for any purpose, to enter upon any abutting Lot and grade a portion of such Lot adjacent to such street, provided such grading does not materially interfere with the use or occupancy of a residence built or to be built on such Lot, but Declarant shall not be under any obligation or duty to do such grading or to maintain any slope.

3.3 Sales and Construction Offices. During the Development Period, Declarant may construct, maintain and operate real estate sales and construction offices, model homes, displays, signs and special lighting on any part of the Common Areas or on any Lot which Declarant has not yet conveyed.

3.4 Easement for Utilities. Declarant reserves an easement on, over and under the Common Areas for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve the Property and the Lots therein, including, but not limited

to, the right to lay, install, construct and maintain pipes, drains, mains, conduits, lines and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable television, and other public or private services or utilities deemed by Declarant necessary or advisable to provide adequate service to any Lot now or hereafter laid out or established on the Property, or in the area or on the area in which the same is located, together with the right and privilege of entering upon the Common Area for such purposes and making openings and excavations thereon which openings and excavations shall be restored in a reasonable period of time.

3.5. Amendment of Plat. No right shall be conferred upon any Owner or Member by the recording of any Plat relating to the development of said Property in accordance with such Plat, Declarant expressly reserving unto itself the right to make such amendments to any such Plat or Plats as shall be advisable in its best judgment and as shall be acceptable to public authorities having the right to approval thereof. The rights reserved shall include the right to redefine the boundaries of unsold Lots, to annex additional land to the Property and to provide for new Lots not previously depicted on the Plat. Declarant may not alter the boundaries of Lots which have been sold.

ARTICLE FOUR

Membership and Voting Rights

4.1 Membership. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment

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

4.2.1 Class A. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as the Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

4.2.2 Class B. The Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease, subject to revival upon additional land being annexed to the Property pursuant to this Declaration, and be converted to Class A

membership on the happening of the first to occur at the following events

(a) the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) December 31, 2015.

ARTICLE FIVE

Covenant for Maintenance

5.1 Creation of Lien and Personal Obligations for Assessments. The Declarant, for each Lot, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges, (ii) special assessments for capital improvements, and (iii) additional assessments, all such assessments to be established and collected as hereinafter provided. The annual, special and additional assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

5.2 Purposes of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of Lots within the Property and for the improvement and maintenance of the Common Areas and as is otherwise consistent with the rights and responsibilities of the Association hereunder and for the benefit of the Members.

5.3 Reserve Fund. The annual assessments shall include an amount adequate to establish a reserve fund for replacement of capital improvements in the Common Areas. A proportionate amount of each assessment payment received by the Association applicable to the reserve fund shall be received and held by the Association in trust, and shall be held separate and apart from other Association funds. Such trust funds shall be retained by the Association and used only for capital

improvements and/or replacement of Common Areas facilities of the Association upon the approval of a majority of Owners.

5.4 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first lot to a Class A Member, the maximum annual assessment shall be Six Hundred Dollars (\$600.00) per Lot

5.4.1 From and after January 1 of the year immediately following the conveyance of the first Lot to a Class A Member, the maximum annual assessment may be increased each fiscal year of the Association not more than ten (10%) percent above the annual assessment for the previous fiscal year without a vote of the membership.

5.4.2 From and after January 1 of the year immediately following the conveyance of the first Lot to a Class A Member the maximum annual assessment may be increased above ten (10%) percent of the annual assessment for the previous fiscal year 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

5.4.3 The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

5.5 Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, and/or to meet any other emergency or unforeseen expenses of the Association provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

5.6 Notice and Quorum for Any Action Authorized Under Paragraphs 5.4 and 5.5 Written notice of any meeting called for the purpose of taking an action authorized under Paragraphs 5.4 or 5.5 shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty (60%) percent of all the votes of each class of Members 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

5.7 Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis, or other periodic basis not more often than monthly, or less often than annually, as provided by the Board of Directors; provided, however, that Declarant shall not be required to pay any assessment for any Lot owned by Developer until construction of improvements for a home on the Lot have been completed and the improvements have been occupied.

5.8 Additional assessments. Additional assessments may be fixed against any Lot only as provided for in this Declaration. Any such assessments shall be due as provided by the Board of Directors in making any such assessment.

5.9 Surplus Receipts. Any surplus of receipts over expenses of the Association for any fiscal year shall be either applied to reduce the assessments necessary to meet the budget adopted by the Association for the next fiscal year or paid into the reserve fund of the Association, as determined by resolution of the Board of Directors.

5.10 Date of Commencement of Annual Assessments; Due Dates; _ Certificate of Payment of Assessments.

5.10.1 The annual assessments provided for herein shall commence as to all Lots on the first day of January, 2006. The first annual assessment shall be fixed by the Board of Directors and shall be adjusted according to the number of months remaining in the calendar year. Thereafter, the Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid

5.10.2 If additional land is annexed to the Property as herein permitted, the annual assessments as to the Lots added to the Property by such annexation shall commence on the first day of the month following the conveyance of the first Lot within the annexed land to a Class A Member.

5.11 Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten (10%) percent per annum and shall be subject to a late charge of Five (\$5.00) Dollars or five (5%) percent of the assessment, whichever is greater, and the Board of Directors shall have the right to declare the entire balance of the annual assessment and accrued interest thereon to be immediately due and payable. In addition, the Owner shall be liable for all costs of collecting any such assessment, including reasonable attorney's fee and court costs. All such interest, late charges and costs of collection shall be deemed to be an additional assessment hereunder. The Association may bring an action at law against the Owner personally obligated to pay the same and/or, without waiving any other right, may foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot

5.12 Maryland Contract Lien Act. The Association may establish and enforce the lien for any assessment, annual, special or additional granted herein pursuant to the Maryland Contract Lien Act. The lien is imposed upon the Lot against which such assessment is made. The lien may be established and enforced for damages, costs of collection, late charges permitted by law, and attorneys fees provided for herein or awarded by a court for breach of any of the covenants herein.

5.13 Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any recorded first mortgage or deed of trust now or hereafter placed against a Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, any contract purchaser of a Lot shall be entitled, on written request to the Association, to a statement in writing from the Association setting forth the amount of any unpaid assessments against the Owner of the Lot due the Association and such purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments made by the Association against the Lot in excess of the amount set forth in such statement. The sale or transfer of any Lot pursuant to foreclosure or any proceeding in lieu thereof, of a mortgage senior in priority to the assessment lien, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from any lien therefor.

5.14 Exempt Property. All property dedicated to and accepted by a public authority and all property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Maryland shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessment

5.15 Assessment of Lots Owned by Declarant. Lots owned by Declarant are exempt from all annual assessments or charges, special assessments and any additional assessments and any additional assessments as may be levied by the Association; provided, however, that such exemption shall automatically expire with respect to any such Lot upon conveyance thereof by Declarant.

ARTICLE SIX

Maintenance by Owner

The Owner of each Lot shall keep his Lot, and all improvements thereon, in good order and repair, including, but not limited to, the seeding, watering and mowing of all lawns and yards, keeping all sidewalks neat, clean and in good repair, and free of ice and snow, the pruning and cutting of all trees and shrubbery and the painting (or other appropriate external care) of all buildings and Structures on the Lot, all in a manner and with such frequency as is consistent with good property management and maintenance. If, in the opinion of the Architectural Committee any Owner fails to perform the duties imposed hereunder, the Association, on affirmative action of a majority of the Board of Directors, after fifteen (15) days written notice to the Owner to remedy the condition in question, and upon failure of the Owner to remedy the condition, shall have the right (but not the obligation), through its agents and employees, to enter upon the Lot in question and to repair, maintain, repaint and restore the Lot and the improvements or Structures thereon and the cost thereof shall be a binding, personal obligation of such Owner, and as an additional assessment, upon the Lot in question.

ARTICLE SEVEN
Architectural Review

7.1 Building Restrictions. No Structure shall be commenced, erected or maintained on any Lot nor shall the exterior appearance of any Structure on any Lot be changed or altered, nor shall the natural state of any area of any Lot be disturbed or altered after completion of construction of the improvements thereon, nor shall any work be commenced or performed which may result in a change of the exterior appearance of any such Structure, until the plans and specifications showing the nature, kind, shape, dimensions, materials, floor plans, color scheme, location, exterior plans and details, paving plans and location, landscaping details, proposed topographical changes, together with the estimated cost of said work and the Owner's proposed construction schedule, and together with a designation of the party or parties to perform the work have been submitted to and approved in writing by the Architectural Committee.

The Architectural Committee may establish criteria upon which to approve or disapprove builders, contractors and other parties performing work subject to Architectural Committee approval, and may require that all such work be performed only by approved parties.

The Architectural Committee may designate upon each Lot a specified area in which all structural improvements must be located. Under no circumstances shall the spoil (rocks, soil, etc.) from an excavation upon a Lot be dumped, placed or disposed of on an area designated as a "steep slope" (defined as a grade of 30% or more).

If the Architectural Committee fails to approve or disapprove such design and location in writing within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

7.2 Committee Criteria. The Architectural Committee shall consider such plans and specifications for approval upon the basis of among other things, the harmony of external design and location in relation to surrounding Structures and topography, the nature and durability of the materials, quality of workmanship, choice of colors and materials, grade elevations and/or drainage, the ability of the party or parties designated by the Owner to complete the work proposed in accordance with the plans and specifications submitted, including, without limiting the foregoing, such factors as background, experience, skill, quality of workmanship, financial ability, etc. In

reviewing the plans, the Architectural Committee may also consider factors of public health and safety, the effect the proposed work will have on the use, enjoyment and value of surrounding properties, and/or the outlook or view of other neighboring properties and the suitability of the proposed improvements or alterations with the general aesthetic values of the surrounding area.

7.3 Disapproval of Plans. In any case where the Architectural Committee shall disapprove the plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement in writing of the grounds upon which such action was based. In any such case, the Architectural Committee shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal can be prepared and submitted for approval. However, the final decision of the Architectural Committee is binding.

7.4 Approval of Plans. The applicant shall submit for approval two sets of plans and specifications. Upon approval by the Architectural Committee, one copy of such plans and specifications shall be retained by the Committee, and the other bearing the approval of the Committee in writing shall be returned to the applicant.

7.5 Non-Approved Structures. If any Structure shall be altered, erected, placed or maintained upon any Lot, or any new use commenced on any Lot, in violation of the provisions hereof, such Structure or new use shall be removed or discontinued, and such use shall be terminated so as to extinguish such violation. If within fifteen (15) days after notice from the Board of Directors of such violation, the Owner of the Lot upon which such violation exists shall not have taken reasonable steps towards the removal or termination of the same, the Association, through its agents and employees, shall have the right to enter upon the Lot and to take such steps as it deems necessary to extinguish such violation and the cost thereof shall be a binding, personal obligation of the Owner of the Lot, and an additional assessment upon the Lot

7.6 Completion of Construction. Upon completion of construction of any Structure in accordance with the provisions hereof, the Architectural Committee, upon request of the applicant shall issue a Certificate of Compliance in form suitable for recordation among the Land Records of Garrett County aforesaid, identifying such Structure and the Lot on which such Structure is placed, and stating that the Structure has been completed pursuant to the terms hereof. Preparation and

recording of such Certificate shall be at the expense of the applicant. Any Certificate of Completion issued pursuant hereto shall be prima facie evidence of the facts therein stated, and as to any purchaser or encumbrancer in good faith, and for value, or as to any title insurer, such Certificate shall be inclusive evidence that all Structures on the Lot noted in such certificate comply with the provisions hereof.

7.7 Examination Fee. The Architectural Committee may charge and collect a reasonable fee for the examination of the plans and specifications submitted for approval. Such payment shall be made at the time such plans and specifications are submitted, provided that such charge shall not exceed the amount chargeable by the appropriate governmental authority for the application for and processing of building permits for Structures on the Lot with regard to which such plans and specifications are submitted. Such fee shall be retained by the Association or paid to an independent third party who is engaged to review the plans. The members of the Architectural Committee shall serve without compensation unless specifically approved by the Members.

7.8 Declarant Exemption. The provisions of this Article Seven shall not apply to any Structures commenced, erected or maintained by Declarant on any Lot, or within the Property.

7.9 Architectural Committee Rules. The Architectural Committee to the extent of its functions hereunder and rights specifically provided herein, may adopt and promulgate reasonable rules and regulations regarding the administration, interpretation and enforcement of the provisions of this Declaration.

7.10 Conditional Approvals. In granting any permit, authorization, or approval, as herein provided, the Architectural Committee may impose any appropriate conditions or limitations thereon as they shall deem advisable under the circumstances of each case.

ARTICLE EIGHT Restrictions on Lots

8.1. Uses. All Lots shall be used for single family residential purposes only, except that Declarant may use any Lot as a model home and for sales, management and/or construction offices

during the development Period. No structure of a temporary character whether a basement, tent, shack, trailer, camper, or other out-building will be placed on any Lot at any time as a permanent or temporary residence.

8.2. Subdivision. No Lot shall be subdivided

8.3. Signs. No signs, billboards, or advertising structures of any kind shall be placed or erected on any Lot unless such sign has been approved by the Architectural Committee. Signs erected by the Declarant shall not be subject to the provisions set forth herein.

8.4. Motor Vehicles. All boats, trailers, recreational vehicles, campers, non-passenger vehicles and the like may be parked only in an enclosed garage or storage area. No unlicensed automobiles, junked vehicles, or trucks rated more than 3/4 ton, may be parked or stored within the subdivision unless parked or stored in an enclosed garage.

8.5. Animals. No animals may be kept, maintained or bred on any Lot, except that no more than a total of two (2) dogs, cats or similar domestic household pets may be kept on a Lot, provided they are not kept, bred or maintained for any commercial purpose and provided further that they are kept in such a manner as to avoid becoming a nuisance to neighbors or adjoining property owners. Upon request of any Owner, the Architectural Committee shall determine, in its sole discretion, whether a particular animal shall be considered a "similar domestic household pet" or whether it constitutes a "nuisance".

8.6. Noises and Nuisances. No nuisance shall be maintained, allowed or permitted on any part of the Property and no use thereof shall be made or permitted which may be noxious or detrimental to health or which may become an annoyance or nuisance to the neighborhood. Between the hours of 11:00 P.M. and 8:00 A.M. no Owner or occupant of a Lot shall make any loud or unusual noises. Musical instruments, radios, televisions and record players, phonographs and the like shall be used at all times only in such manner so as to not unreasonably disturb persons elsewhere on the Property. Noises usually associated with construction activity shall not be subject to provisions in this paragraph.

8.7. Trash. No lumber, metals, bulk materials, garbage, refuse or trash shall be kept, stored or allowed to accumulate on any lot (other than in an approved Structure); no lot shall be used or maintained as a dumping ground for any material; trash, garbage or other waste shall not be kept on

any Lot except in sanitary container. All equipment and containers for the storage or disposal of such material shall be kept in a good, clean and sanitary condition; during construction of any approved Structure on a Lot, the Owner shall keep the construction site free of unsightly accumulations of rubbish and scrap materials, and construction materials, trailers, shacks and the like employed in connection with such construction shall be kept in a neat and orderly manner. Trash or other refuse that is to be disposed of by being picked up and carried away on a regular and recurring basis, may be placed in the open in an approved container on any day that is a pick-up is to be made, at such place on the Lot so as to provide access to persons making such pick-up. At all other times, such containers shall be stored in such a manner so that they cannot be seen from adjacent and surrounding property; the Architectural Committee, in its discretion, may adopt and promulgate reasonable rules and regulations relating to the size, shape, color and type of container permitted and the manner of storage of the same on a Lot.

8.8. Antennae and dishes. Exterior antennae and satellite dishes shall not be permitted on any Lot, except that DSS dishes, 18 inches in diameter or smaller, may be permitted with Architectural Committee approval.

8.9. Enforcement. The Declarant and any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Declarant or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

8.10 Structures. No Structure may be erected or maintained on any Lot in violation of Article Seven above, requiring approval of the Architectural Committee

8.11 Rules. In order to assure the peaceful and orderly use and enjoyment of the property, the Board of the Association may from time to time adopt, modify and revoke in whole or in part, such reasonable rules and regulations, to apply equally to all similarly situated Lots and Members, governing the conduct of persons on or use of a Lot and the Common Areas, as the Association may deem necessary. All such rules shall be binding upon all Members of the Association, occupants and visitors to the Property. The Association may impose a fine, suspend voting or infringe upon any other rights of an Owner or other occupant for violation of the rules upon compliance with applicable

law, if any and this Declaration.

8.12 Cutting Trees. It is intended that the community retain its wooded aesthetic character; accordingly, no cutting of trees on any Lot is permitted, except those trees which must be removed to allow construction of a residence or a driveway or the installation of utilities on a Lot. In order to remove any other trees from a Lot, permission must be secured from the Architectural Committee for trees larger than 4 inches in diameter. The Architectural Committee shall exercise good judgment, understanding that lot and home values are predicated upon the quality and quantity of the view from said Lot. For any trees that are removed without permission of the Architectural Committee, a penalty of up to \$1,000 per tree may be imposed by the Architectural Committee along with the requirement to replant trees of a specified species, size and 10-year life guarantee. For any violations of these provisions, the Architectural Committee has the authority to issue a cease-and-desist order for the continuance of construction of the Lot until an agreed-upon remedy has been approved by the Architectural Committee.

ARTICLE NINE Annexation

9.1 Additional Property. Additional residential Lots and Common Areas may be annexed to the Property in accordance with the provisions of this Article.

9.2 Annexation by Declarant. Additional land may be annexed to the Property by Declarant and made residential Lots and Common Areas of the Property without the consent of Members within ten (10) years of the date this Declaration is recorded among the Land Records of Garrett County.

9.3 Recording. Any annexation made to the Property pursuant to this Article Nine shall be done and become effective upon recording of an amendment to this Declaration by Declarant among the Land Records of Garrett County specifying the additional land to be annexed to the property.

ARTICLE TEN General Provisions

10.1 Master Declaration. A Deep Creek Mountain Resort Property Owners Master Declaration of Covenants, Conditions and Restrictions, consisting of all the property owners' associations located within the Villages of Wisp Planned Residential Development (as approved by the Garrett County Planning Commission) and other property owned by Declarant has been established for the maintenance of certain areas common to the Villages of Wisp Planned Residential Development and other property owned by the Declarant, including but not limited to a master trail system, private roadways and lakeside park.

10.2 Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

10.3 Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no ways affect any other provisions which shall remain in full force and effect.

10.4 Amendment.

10.4.1 The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by no less than seventy-five (75%) percent of each class of Members who are entitled to vote at a meeting of Members. Any amendment must be recorded.

10.4.2 No amendment may alter or affect any rights granted hereunder to Declarant without the prior written consent of Declarant. No amendment affecting assessments, any property right, the right of any Owner to have, use or enjoy any easement or to use the Common Area, or the vested right of any party secured by a mortgage or deed of trust shall be valid or of any effect unless such amendment has been approved in writing by such party having such right or interest.

10.5 Notices. All notices required or provided for in this Declaration shall be in writing and hand delivered or, sent by United States mail. If hand delivered, the notices shall be sent to the addresses shown below and shall be deemed to have been given on the date hand delivered to the party

receiving the same. If United States mails are used, the notices shall be sent to the addresses shown below, certified or registered mail, return receipt requested, postage prepaid, and shall be deemed to have been given on the date deposited in the United States mails. Notice shall be addressed as follows:

To Declarant: 212 Marsh Hill Road
McHenry, MD 21541

To the Association: To the Resident Agent of the, Association
at his address, as shown by the records
of the State Department of Assessments
and Taxation of the State of Maryland.

To Owner/Members as follows: To the last known address of
Owner/Member as shown on the records
of the Association at the time of such
mailing.

10.6 Right of Entry. Violation or breach of any provision herein contained shall give Declarant or the Association, their respective agents, legal representatives, heirs, successors and assigns, in addition to all other remedies, the right (but not the obligation), after five (5) days notice to the Owner of the Lot, to enter upon the Lot or the land as to which such violation or breach exists, and summarily to abate and remove, at the expense of the Owner thereof, any Structure or condition that may be or exists thereon contrary to the intent and meaning of the provisions hereof; and the said parties shall not thereby be deemed guilty of any manner of trespass for such entry, abatement of removal, except that if any agent of Declarant or the Association shall be responsible for actually committing a trespass by behavior going beyond the intent of the authority conferred by this Section, in such event neither Declarant nor the Association shall be responsible for the unauthorized acts of such agent(s). Nothing herein contained shall be deemed to limit the rights of the Owners of the Lots when entitled to do so, to enforce the covenants by appropriate judicial proceedings

10.7 No Reverter or Condition Subsequent. No provision herein is intended to be, or shall be construed as, a condition subsequent or as creating a possibility of reverter.

10.8 Remedies. Damages may not be deemed adequate compensation for any breach of violation for any provision hereof, so that any person or entity entitled to enforce any provision hereof shall be entitled to relief by way of injunction as well as any other available relief either at law or in equity.

10.9 Headings. The headings or titles herein are for convenience of reference only and shall not affect the meaning or interpretation of the contents of this Declaration.

ARTICLE ELEVEN

Golf Course

11.1 The Property adjoins property that is not part of the subdivision, either as home sites or as Common Areas of the Association. A portion of the adjoining property has been illustrated as a prospective future golf course. The Declarant is not obligated and has not committed to the construction of a golf course, and may elect to use the property for residential purposes..

11.2 If the golf course is constructed, it will not be a part of the common area of the Property. No one shall be permitted entry onto the golf course without the consent of the golf course ownership or management. It is anticipated that a series of fees (initiation, annual club or course fees, etc.) will be required prior to the granting of permission to enter upon the golf course.

11.3 It is anticipated that owners within Sandy Shores Heights Subdivision will be granted the opportunity for golf course membership and use if the golf course is built upon receipt of designated fees and acceptance of membership application.

11.4 If the golf course is constructed, it is possible that errant golf balls may be hit onto the Property and golfers may enter upon the Property to recover errant golf balls.

11.5 Purchasers of Lots and the Association shall take and hold title to the Property and any part thereof, including Lots and Common Areas, subject to notice of the provisions of this Article Eleven.

ARTICLE TWELVE

Lake Access

Ownership of a Lot does not confer or provide as an appurtenance thereto any access to the lands of the State of Maryland, its successors or assigns, or to Deep Creek Lake, through or over other property owned by Declarant.

WITNESS the name of D.C. Development, LLC the day and year first above written.

D.C. DEVELOPMENT, LLC

BY: RUDY FAMILY, LLC, Member

BY: 

I. ROBERT RUDY, Member

STATE OF MARYLAND, GARRETT COUNTY, to-wit:

I HEREBY CERTIFY that on this 9th day of August, 2005, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared I. Robert Rudy, who acknowledged himself to be a Member of Rudy Family, LLC, Member of D. C. Development, LLC, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained

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

My Commission Expires:

10/1/2007



Notary Public

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.


THOMAS R. JANES

ARTICLES OF INCORPORATION

SANDY SHORES HEIGHTS PROPERTY OWNERS ASSOCIATION, INC.

First: I, the undersigned, Thomas R. Janes, whose post office address is 5000 Thayer Center, Oakland, Maryland 21550, being at least eighteen (18) years of age, do hereby form a corporation under and by virtue of the general laws of the State of Maryland.

Second: The name of the corporation, which is hereinafter called the "Association" is:

SANDY SHORES HEIGHTS PROPERTY OWNERS ASSOCIATION, INC.

Third: The purpose for which the Association is formed is to provide for the administration of Sandy Shores Heights Subdivision, a residential subdivision located in Garrett County, Maryland, including the maintenance, preservation and architectural control of the residential lots and the Association property within the subdivision, plats of which will be recorded among the Land Records of Garrett County, Maryland, as may be subjected to the Declaration of Covenants, Conditions and Restrictions applicable to said subdivision and which will be recorded among the Land Records of Garrett County, Maryland, (hereinafter called the "Declaration"), and to promote the health, safety and welfare of the residents within the subdivision and any additions thereto as may hereafter be brought within the jurisdiction of this Association, and in promotion of such purposes shall have power to:

(a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

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

(c) Participate in mergers and consolidations with other corporations or entities organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of each class of voting membership;

(d) To do anything permitted by Section 2-103 of the Corporations and Associations Article of the Annotated Code of Maryland, as may be amended from time to time.

The foregoing enumeration of powers is made in furtherance, and not in limitation of the powers conferred upon the Association by law and by the Declaration, and is not intended by the mention of any particular power to limit or restrict any lawful power to which the Association may

be otherwise entitled. The Association shall be authorized to exercise and enjoy all the powers, rights and privileges granted to, or conferred upon, corporations of a similar character by the laws of the State of Maryland now or hereinafter in force.

Fourth: The post office address of the principal office of the Association in this State is 212 Marsh Hill Road, McHenry, Maryland 21541. The name and post office address of the Resident Agent of the Corporation in this State is Thomas R. Janes, 5000 Thayer Center, Oakland, Maryland 21550. Said Resident Agent is an individual actually residing in this State.

Fifth: The Association shall not be authorized to issue any capital stock. Every person or entity who is a record owner of the fee simple title in any lot, but excluding those having such interest merely as security for the performance of an obligation, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot.

Sixth: The Association shall have two (2) classes of voting membership:

(a) CLASS A. Class A members shall be all owners with the exception of the Declarant (as defined in the Declaration) and shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

(b) CLASS B. Class B members shall be the Declarant (as defined in the Declaration) and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease, subject to revival upon additional land being annexed pursuant to the Declaration, and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(i) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or

(ii) December 31, 2015.

Seventh: The affairs and activities of this Association, except as provided by statute, by these Articles of Incorporation and by the By-Laws, shall be managed by a Board of three (3) Directors, who need not be members of the Association. The number of Directors may be changed by amendment of the By-Laws of the Association, but may never be less than three. The names of the persons who are to act in the capacity of Director until the selection of their successor are:

Karen F. Myers
Gary A. Daum
Steven W. Richards

At the first annual meeting the members shall elect one (1) Director for a term of one (1)

year, one Director for a term of two (2) years, and one Director for a term of three (3) years; and at each annual meeting thereafter the members shall elect a Director for a term of three (3) years.

Eighth: The Association shall exist perpetually.

Ninth: Amendment of these Articles shall require the assent of seventy-five percent (75%) of the entire membership.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation and have acknowledged the same to by my act this 31st day of AUGUST, 2005.

WITNESS:

Patricia A. Anderson

Thomas R. Janes
THOMAS R. JANES

BY-LAWS OF
SANDY SHORES HEIGHTS PROPERTY OWNERS ASSOCIATION, INC.

Article I

Name

The name of the corporation is Sandy Shores Heights Property Owners Association, Inc., hereinafter referred to as the " Association."

Article II

Definitions

SECTION 1. "Association" shall mean and refer to Sandy Shores Heights Property Owners Association, Inc., a Maryland corporation, its successors and assigns.

SECTION 2. "Property" shall mean and refer to that certain real property designated in the Declaration of Covenants, Conditions and Restrictions for Sandy Shores Heights Subdivision, the same being recorded among the Land Records of Garrett County , Maryland.

SECTION 3. "Association Property" shall mean all property owned by the Association for the use and enjoyment of the owners.

SECTION 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Association Property.

SECTION 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, but excluding those having such interest merely as security for the performance of any obligation.

SECTION 6. "Declarant" shall mean and refer to D.C. Development LLC, a Maryland Limited Liability Company.

SECTION 7. "Declaration " shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property and recorded among the Land Records of Garrett County, State of Maryland, as amended.

SECTION 8. "Member" shall mean and refer to those persons entitled to membership in the Association.

Article III

Meeting of Members

SECTION 1. Annual Meetings.

The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular meeting of the members shall be held on the same day of the same month of each year thereafter, or on such other annual date, and at a time fixed by the Board of Directors.

SECTION 2. Special Meetings.

Special meetings of the members 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-fourth (1/4) of all of the votes of the Class A membership.

SECTION 3. Notice of Meetings.

Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary of the Association or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member 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 shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

SECTION 4. Quorum.

The presence at the meeting of members entitled to cast, or of proxies entitled to cast, 33-1/3 percent of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such a quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

SECTION 5. Proxies.

At all meetings of members, each member may vote in person or by proxy .All proxies shall be in writing and filed with the Secretary .Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

Article IV

Board of Directors, Selection, Term of Office

SECTION 1. Number.

The affairs of this Association shall be managed by a Board of at least three (3) directors, who need not be members of the Association.

SECTION 2. Term of Office.

At the first annual meeting the members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and (1) director for a term of three (3) years; and at each annual meeting thereafter the members shall elect a director for a term of three (3) years. The directors shall be elected each year at the annual meeting and each director shall serve until his successor shall be elected.

SECTION 3. Removal.

Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. 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. Compensation.

No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

SECTION 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. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Article V

Nomination and Election of Directors

SECTION 1. Nomination.

Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors 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 nonmembers.

SECTION 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. Cumulative voting is not permitted.

Article VI

Meeting of Directors

SECTION 1. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place and hour as may be fixed from time to time by Resolution of the Board.

SECTION 2. Special Meetings.

Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director.

SECTION 3. 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 Board.

Article VII

Powers and Duties of the Board of Directors

SECTION 1. Powers.

The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

(c) 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 By-laws, the Articles of Incorporation, or the Declaration.

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) Employ a manager, an independent contractor, and such other employees as they deem necessary, and to prescribe their duties.

SECTION 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-fourth (1/4) of the Class A members who are entitled to vote.

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

(c) As more fully provided in the Declaration, to

(1) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period.

(2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Foreclose at its discretion the lien against any property for which

assessments are not paid within thirty (30) days after due date and/or to bring an action at law against the owner personally obligated to pay the same.

(d) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association, and adequate officers and directors indemnity insurance.

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) Cause the Association Property to be maintained.

(h) Enter into an agreement with first mortgagees of Lots in the properties to provide that such first mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against the Common Area of the Association, and such mortgagees may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such property , and such first mortgagees, upon making such payments, shall be owed immediate reimbursement therefor from the Association.

(i) Establish, levy , assess and collect all assessments referred to or authorized in the Declaration.

Article VIII

Officers and Their Duties

SECTION I. 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.

SECTION 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.

SECTION 3. Term.

The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until his successor is elected and has qualified, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

SECTION 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 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 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 6. Vacancies.

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

SECTION 7. Multiple Offices.

The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

SECTION 8. Duties.

The duties of the officers are as follows:

President: 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, promissory notes, deeds and other written instruments.

Vice President: The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by him by the Board.

Secretary: 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 Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; cause an annual audit or review of the Association books to be made at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

Article IX

Indemnification of Officers and Directors

The Association shall provide any indemnification required or permitted by the laws of Maryland and shall indemnify directors, officers, agents and employees as follows:

(a) The Association shall indemnify any director or officer of the Association who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceedings, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was such director or officer or an employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith, and in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Association shall indemnify any director or officer of the Association who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was such a director or officer or an employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not

opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought, or any other court having jurisdiction in the premises, shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper .

(c) To the extent that a director or officer of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraph (a) or (b) of this Article IX, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith, without the necessity for the determination as to the standard of conduct as provided in paragraph (d) of this Article IX.

(d) Any indemnification under paragraph a or b of this Article IX (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraph (a) or (b) of this Article IX. Such determination shall be made (i) by the Board of Directors of the Association by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or even if obtainable, such a quorum of disinterested directors so directs, by independent legal counsel (who may be regular counsel for the Association) in a written opinion; and any determination so made shall be conclusive.

(e) Expenses incurred in defending a civil or criminal action, suit or proceeding will be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized in the particular case, upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article IX.

(f) Agents and employees of the Association who are not directors or officers of the Association may be indemnified under the same standards and procedures set forth above, in the discretion of the Board of Directors of the Association.

(g) Any indemnification pursuant to this Article IX shall not be deemed exclusive of any other rights to which those indemnified may be entitled and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Article X

Committees

The Association shall appoint an Architectural Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

Article XI

Books and Records

The books, records and papers of the Association shall, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws 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.

Article XII

Assessments

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and be subject to a late fee of Five Dollars (\$5.00) or five percent (5%) of the assessment, whichever is greater, and the Association may bring an action at law against the owner personally obligated to pay the same and/or foreclosure the lien against the Lot, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Association Property or abandonment of his Lot.

The Association may establish and enforce the lien or any assessment, annual, special or additional established pursuant to the Declaration aforesaid pursuant to the Maryland Contract Lien Act. The Lien is imposed upon the Lot against which such assessment is made. The lien may be established and enforced for damages, costs of collection, late charges permitted by law, and attorney's fees provided for in the Declaration or awarded by a Court for breach of any of the covenants of the Declaration.

Article XIII

Rights of Mortgagees

SECTION 1. Unpaid Assessments.

The Association may, upon request and for a reasonable charge, report to a mortgagee of any Lot any unpaid assessment due from the Owner of the Lot or any default by the mortgagor of the Lot in the performance of the mortgagor's obligations as a Lot Owner hereunder which is not cured within thirty (30) days. In the event a first mortgagee requests a notice of default, and pays the charge therefor, if no notice of default is given within thirty (30) days after receipt of the request, the Association shall thereafter be estopped to claim any default that occurred prior to the receipt of the Request as respects the said first mortgagee, or any purchaser therefrom upon foreclosure or other exercise of lien rights under the mortgage.

SECTION 2. Approval Required.

In addition to the other provisions of the Declaration, and these By-Laws, and the applicable laws of the State of Maryland, unless at least Fifty Percent (50%) of the first mortgagees (based upon 1 vote for each mortgage) of individual Lots within the Properties, have given their prior written approval, the Association shall not be entitled to:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Association, for the benefit of the Lots, i.e., the Association Property .

The granting of easements for public utilities or for other public purposes consistent with the intended use of the Association Property or the conveyance of roadways to a public body shall not be deemed a transfer within the meaning of this clause.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner.

(c) By act or omission change, waive or abandon any scheme or regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of any Lot, the exterior maintenance of Lots, the maintenance of party walls or common fences or driveways, or the upkeep of lawns and plantings in the Properties. .

(d) Fail to maintain fire and extended coverage on insurable Association Common Area property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost).

(e) Use hazard insurance proceeds for losses to any Association Property for other than the repair, replacement or reconstruction of such improvements.

Article XIV

Corporate Seal

The Association may have a seal in circular form having within its circumference the name of the Association, or in lieu thereof the word "[SEAL]" may be placed adjacent to the signature of an authorized officer of the Association.

Article XV

Amendments

SECTION 1. These By-laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

SECTION 2. In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-laws, the Declaration shall control.

Article XVI

Miscellaneous

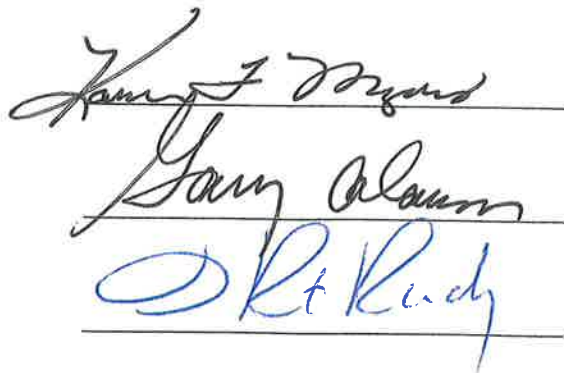
SECTION 1. Fiscal Year.

The fiscal year of the Association shall be as established by the Board of Directors.

SECTION 2. Examination of Books.

Owners and first mortgagees shall have the right to examine the books and records of the Association.

IN WITNESS WHEREOF, We, being the directors of Sandy Shores Heights Property Owners Association, Inc., adopt the foregoing Bylaws effective the this 1st day of Sept., 2005.


The first signature is "Kurt J. Morgan".
The second signature is "Gary Alcorn".
The third signature is "O. R. Rudy".

Sandy Shores Heights POA, INC.
2016 Annual Meeting Minutes
February 20, 2016

The annual meeting for the Sandy Shores Heights POA, Inc. was called to order by President Bob Brennan shortly after 11:30am following a quorum determination of attendance in person, proxy or telephone. There were 5 Class A lots represented in person, 1 by telephone and fourteen (14) by proxy for a total of 20, meeting the 33 1/3% quorum requirement. All of the developer (Class B) lots were represented by Rusty Simmons from NLP. ($43 \times .333 = 14.32$ or 15 lots required)

The minutes from the 2015 meeting had previously been distributed by mail with the Notice of Annual Meeting. A motion was made by Bill Scott and seconded by Don Powell to accept the minutes as presented. All agreed to accept.

Karen Myers, as the representative for the management company, presented the 2015 financials. Items distributed for review included:

2015 Budget vs. Actual spreadsheet
12/31/2015 Balance Sheet
12/31/2015 Profit & Loss
12/31/15 Accounts Receivable Aging Detail which shows \$5,909.29 (from 5 owners)
12/31/15 Accounts Payable Aging Detail which had a balance of -0-.

The Year-End Financial Report showed:

<u>Income</u>	<u>Expenses</u>
Dues \$22,865.62	
Interest 15.19	Legal (lien filings)
Overpayment (20.00)	Master Assn \$4,912.99
	Grounds & Mowing \$3,372.68
2015 Dues	2
Not paid (2,200.00)	Insurance/Fidelity bond 512.00
	Management fee 2,050.00
	Accounting 325.00
	Certified Postage 20.22
	Refuse 741.86
	Snow Removal 2,660.00
	\$14,594.75

There was a profit or excess of income above expenses of \$8,266.06 before deducting the unpaid dues of \$2,200, so our cash flow improved by \$6,066.06 for the year.

A look at the Balance Sheet shows that we have a total of \$14,470.68 in cash. Appropriate transfers to the Reserve account will take place early in the 2nd quarter.

A review of the 2016 adopted Budget then took place:

Projected dues – 43 lots @ \$550 = \$23,650

Projected expenses:

Accounting	\$ 325
Annual meeting	120
Legal	\$ 120
Insurance	\$ 525
Master Assn	\$ 3,200
Management	\$ 2,150
Trash	\$ 1,000
Mowing	\$ 3,500
Reserve	\$ 9,000
SnowRemoval	<u>\$ 3,500</u>
	\$23,650

Karen suggested that we write-off the amounts owed by Missimer since that lot has been foreclosed and we have no ability to collect the old unpaid dues. A motion to make the write-off was made by Bill Scott and seconded by Rusty Simmons.

The financial report was accepted as presented, after a motion to approve by Bill Scott and a second by Steve Kaye.

Old Business

Trash disposal – Discussion took place about the trash dumpster. The bear-proof lid was damaged and Sunrise Sanitation replaced it with a non-bear-proof lid. Karen will remind them to add the bear-proof lid in the spring. It was also mentioned that a 2nd combination lock should be installed to replace the cotter pin.

Steve Kaye mentioned that there was increased road traffic on Fern Loop Drive because of the trash container.

Rusty suggested that Sandy Shores Heights, Lodestone, Lago Vista and Biltmore all share in a trash container to be located near the corner of Shingle Camp Road and Sandy Shores Road (near the Lodestone 7th green). He feels that it will be many years before the associations will need to have separate trash container areas.

Karen distributed the draft for wording of a sign to be placed at the trash container and it was agreed to proceed with the sign and the additional lock.

SANDY SHORES HEIGHTS
TRASH CONTAINER

For Homeowners and Renters Only Within the communities of
Sandy Shores Heights, Lago Vista and Lodestone

Note to others: Please do not leave anything at this location.

- Bagged Household Trash Only
- Break down (flatten) boxes
- No hazardous materials, lithium batteries, etc.
- No wood or construction material
- No fireplace ashes or cinders
- Throw trash bags to rear of container
- No landscape materials or Christmas trees

Please use county recycling centers for glass, aluminum, plastic and corrugated.
Nearest location is on Bumblebee Road between Garrett College and Garrett Co. Airport

Please report nearly-filled container to management at 301.387.8861.

New Business

Roads and Reserves -- President Brennan had requested Karen to get an estimate from Keystone regarding the cost to add 1 ½" of bituminous hot mix to the Sandy Shores Heights road system. Although there are no plans to do work of this sort in the near future, he deemed it prudent to know the amount of the estimate so that proper reserves could be budgeted and set aside each year in preparation for this future expense. The estimate, based upon 2014 petroleum and labor prices, was \$63,000. This is the only item, other than entrance signage, for which the association needs to accumulate reserves.

Overlook Pass and the Master Association – President Brennan reported that Overlook Pass and Wisp Mountain Road are both now county-owned and maintained roads. The association has made the 1st of the contributions that are part of the Master Association budget and the 2016 budget has allowed for the projected sums due this year. After 2017, the amount to be paid to the Master Association, should be minimal annually.

Stormwater management – A question arose about the maintenance of the stormwater facility in Sandy Shores Heights. Karen responded that Reggie Breeding from the Office of Building Permits typically notifies the associations when needed work is required. The association will wait on his inspection before engaging in any maintenance.

Google maps – It was mentioned that Fern Loop does not appear on "Google maps" so it is difficult for visitors to find residences within Sandy Shores Heights. Bob Brennan also

mentioned that Google Maps shows his residence as accessible from Sandy Shores Road, when in fact the access is from Fern Loop. Karen agreed to work with the county at the Planning and Land Development Office to get this improved.

Internet service – It was also mentioned that the internet service does not seem to be consistent at high speeds. It is particularly difficult to stream video. Karen will notify Procom to see what can be done.

Elections –One director was needed to fill the expiring term of Bill Scott. Bill Scott agreed to accept another term and was nominated and elected unanimously. The new directors are as follows:

William Scott -- expires 2019
Robert Brennan – expires 2017
Stephen Kaye – expires 2018

Bob Brennan was also appointed to continue to be the representative to the Wisp Resort Master Assn and was commended for the extra efforts he has put into resolving the Overlook Pass issue. That motion was made by Bill Scott and seconded by Don Powell.

Developer Update

Rusty reported that NLP has 6 lots remaining in inventory, all situated along the Lodestone fairway. It is anticipated that these lots will sell in the coming years at prices higher than their average—probably in excess of \$130,000.

Meanwhile, NLP is actively selling in Biltmore and is opening phases of a 175-lot addition to North Camp.

There being no further business to discuss, the meeting was adjourned at 12:45pm.

Respectfully submitted,

Karen Myers
Association Manager

P.S. Any owner who wants to see and review the complete Profit & Loss Statements, the Balance Sheet, Accounts Receivable and Accounts Payable may do so simply by contacting Karen Myers at 301.616.9162 or Karen@mountaineerlog.com.

Sandy Shores Heights POA, Inc.
2017 Annual Meeting Minutes (draft)
February 18, 2017

The annual meeting for the Sandy Shores Heights POA, Inc. was called to order by President Bob Brennan at 1:01pm following a quorum determination of attendance in person, proxy or telephone. There were 6 Class A lots represented in person, 1 by telephone and thirteen (13) by proxy for a total of 20, meeting the 33 1/3% quorum requirement. There are no longer any developer (Class B) lots since all lots have been conveyed to third party owners.

The minutes from the 2016 meeting had previously been distributed by mail with the Notice of Annual Meeting. A motion was made by Bill Scott and seconded by Don Powell to dispense with the reading of the minutes and accept the minutes as presented. All agreed to accept.

Karen Myers, as the representative for the management company, presented the 2016 financials. Items distributed for review and attached to these minutes include:

12/31/2016 Balance Sheet
12/31/2016 Profit & Loss
12/31/16 Accounts Receivable Aging Detail which shows \$4,829.29 (from 2 owners)
12/31/15 Accounts Payable Aging Detail which had a balance of \$225

The Year-End Financial Report showed:

<u>Income</u>		<u>Expenses</u>	
Dues billed	\$24,886.06	Bad debt write-off	\$868.97
Interest	19.55	Legal (lien filings)	201.00
		Master Assn	\$3,717.52
		Grounds & Mowing	\$4,908.00
2016 Dues		Insurance/Fidelity bond	619.00
Not paid (1,100.00)		Management fee	2,150.00
		Accounting	300.00
		Certified Postage	6.94
		Refuse	667.40
		Snow Removal	<u>1,190.00</u>
			\$14,628.83

There was a profit or excess of income above expenses of \$10,276.78 before deducting the 2016 unpaid dues of \$1,100, so our cash flow improved again.

A look at the Balance Sheet shows that we have a total of \$26,055.06 in cash. Karen recommended that \$15,000 be transferred from the operating account to the Reserve account and it was agreed to do so.

A review of the 2017 proposed Budget then took place:

Projected dues – 49 lots @ \$500 =	\$24,500
Interest	<u>20</u>
	\$24,520

Projected expenses:

Accounting	\$ 325
Annual meeting	0
Legal	\$ 250
Insurance	\$ 625
Master Assn	\$ 3,750
Management	\$ 2,450
Trash	\$ 550
Mowing	\$ 4,750
Landscaping	\$ 500
Reserve	\$ 7,820
SnowRemoval	<u>\$ 3,500</u>
	\$24,520

The financial report and proposed budget was accepted as presented, after a motion to approve by Bill Scott and a second by Don Powel, with everyone voting in favor.

Old Business

Trash disposal – The new trash disposal site is the location offered last year by Rusty Simmons, near the corner of Wisp Mountain Road and Shingle Camp Road (on Shingle Camp Road). The combination is the same – 0 2 6 5 – top row. Signs have been placed on the container to contact Karen if any difficulties.

Roads estimate for Reserve calculations – Karen has received an updated estimate from Keystone that suggests a budget of \$62,000 to do a 1 1/2” overlay on the existing roads. It is the goal of the Board to continually budget for Reserves so that the necessary amount is on hand when road work is needed.

New Business

Master Association. The Master Association update was presented by Bob Brennan, who reported that there is very little “news” from the Master Association. The 2nd

installment on the 3-year payment plan to the County Commissioners was made in the late fall of 2016. The 3rd and final installment will be paid this year, in 2017. In subsequent years, the Master Association assessment, if it continues to operate, will probably be in the range of less than \$10 per lot per year, just to cover expenses of the Lakeside Park. (Note: Correction following Master Assn meeting on 2/25—expect dues of about \$22 per lot per year after final payment to county.)

Bad Debt -- Another lot is in the foreclosure process that is owned by Caudill and Lane. Their unpaid bills represent the bulk of the Accounts Receivable at year end. When this foreclosure is completed, Karen will advise the Board, who can take action to write-off the bad debt at that time.

Architectural Committee Concerns – It was noted that the house being constructed on Lot 25 for the Hoovers is now beyond the permitted 12 months for completed exterior. It was also noted that the contractor, Vail Homes, is no longer listed as a Registered Home Builder by the State of Maryland and is being removed from the Approved Home Builder List for the Wisp communities. Karen was asked to send a letter to the builder and home owner to let them know that they are in violation of their architectural approval.

Elections—One director was needed to fill the expiring term of Robert Brennan. President Brennan agreed to accept another term and was nominated and elected unanimously. The new directors are as follows:

William Scott -- expires 2019
Robert Brennan – expires 2020
Stephen Kaye – expires 2018

Bob Brennan was also appointed to continue to be the representative to the Wisp Resort Master Assn.

Developer Update

There were no developer representatives at the meeting since the developer, NLP of MD, has sold all of their inventory in Sandy Shores Heights. Meanwhile, NLP is actively selling in Biltmore and has opened the first phase of a 175-lot addition to North Camp.

There being no further business to discuss, the meeting was adjourned at 12:55pm.

Respectfully submitted,

Karen Myers
Association Manager

Attachments: 2016 P&L, Balance Sheet, Accts Receivable, and Accts Payable

SANDY SHORES HEIGHTS

2017

Income:

Annual dues/assessments

49 lots @

\$500

\$500/lot

24,500

Interest

Income:

Interest

Dues overpayment

Expenses:

Accounting--income tax prep

325

Legal

150

Annual Meeting Expense

Insurance & Fidelity bond

625

Master Association Dues

3,750

Management Fee (\$50 per lot)

2,450

Trash Removal

Mowing & Road Cleanup

4,500

Landscaping beds

500

Miscellaneous

200

Reserve Fund/Operating capital

12,000

Reserve for Bad Debts

Snow Removal

Total

24500