

CONDOMINIUM RESALE CERTIFICATE

Hearthstone at Village Square Condominium Inc.

Current Owner: Estate of Myra E. Jakubiec
Property Address: 118 Nichols St Unit: Unit 3C
Bel Air, MD 21014

Date Prepared: 01-30-2018

This Condominium Resale Certificate is being furnished to the selling unit owner named above by the council of Unit Owners of the association, in accordance with MD Real Prop. Code Ann. Section 11-135.

The following items, which the selling unit owner must provide to the purchaser, are attached to this Certificate:

1. A copy of the declaration (other than plats);
2. A copy of the by-laws; and
3. A copy of the rules and regulations of the condominium
4. The following information should be conveyed by the selling unit owner to the purchaser.

PLEASE RETURN THIS FORM WITH SETTLEMENT CHECKS AND CERTIFIED COPIES of THE HUD-1 SETTLEMENT STATEMENT/CLOSING DISCLOSURE, AND/OR THE GRANT OR WARRANTY DEED TO: TIDEWATER PROPERTY MANAGEMENT, INC. 3706 CRONDALL LANE STE. 105 OWINGS MILLS, MD 21117. PLEASE INDICATE CONFIRMATION NUMBER ON THE CHECK TO ENSURE PAYMENT IS CREDITED PROPERLY.

#	Question	Response
	The effect on the proposed conveyance of any right of first refusal or other restraint on the free alienability of the selling unit other than any restraint created by the selling unit owner is as follows: None	
	The selling unit is subject to a common expense assessment as follows: \$286.00 per month due on the first day of each month.	
	As of the date of this Certificate, the following unpaid common expenses or special assessments adopted by the council of unit owners that is due and payable from the selling unit owner are: Currently there is a balance due of \$0.01.	
	A breakdown of this balance is:	Assessment-Monthly 0.01
	Common expense assessments will continue to accrue in the stated amount, subject to the adoption of any budget changes, and will be due and payable by the selling unit owner until the selling unit has been conveyed.	
	Assessments which become due and payable after the date of this Certificate and prior to the conveyance of the selling unit, and which remain unpaid by the selling unit owner, may constitute a lien against the selling unit. If unpaid, this accrual must be added to the unpaid amount, if any, stated above, as of the date of conveyance of the selling unit.	
	Other than common expenses and special assessments, the following fees are payable by the unit owners to the Council of Unit Owners:	

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Hearthstone at Village Square Condominium Inc.

#	Question	Response
	<p>None</p> <p>Capital expenditures approved by the Council of Unit Owners planned at the time of conveyance which are not reflected in the current operating budget are:</p> <p>None</p> <p>Please note that any front foot benefit fees must be disclosed to purchaser at time of sale. If our office is aware of any such additional fees due for this property, we will do our best to disclose that here. However, it is ultimately the responsibility of the seller to do so. The association and its managing agent may not be held liable for any missing or inaccurate information provided herein regarding these fees.</p>	
	<p>Is this an age-restricted community?</p>	Yes
	<p>Attached is the most recently prepared balance sheet and income expense statement (dated as):</p> <p>The current operating budget of the Condominium is attached and is for fiscal year:</p> <p>2018</p>	
	<p>Does the budget include the current reserve study report or a summary of the report, a statement of the status and amount of any reserve or replacement fund?</p> <p>Unsatisfied judgments as of the date of this certificate are listed here.</p>	Yes
	<p>None</p> <p>As of the date of this Certificate, the Council of Unit Owners is a party to the following pending lawsuits, excluding assessment collection suits:</p>	
	<p>None</p> <p>The insurance policy provided for the benefit of unit owners is Policy Number:</p> <p>The Master Insurance Policy is issued by:</p> <p>Foremost Insurance 410-602-2000 Schoenfeld Associates, Inc.</p> <p>The Master Insurance Policy covers the following period (from/to):</p> <p>From 8-10-2014 until cancelled</p> <p>The policy contains the following coverages:</p> <p>Please contact Schoenfeld Insurance agency at (410) 602-0000 for copy of coverages.</p> <p>Insurance deductible amount:</p> <p>\$5000.00</p> <p>Per Condominium law, the owner is responsible for up to \$5,000.00 of the insurance deductible.</p> <p>The policy is available for inspection during normal business hours at the offices of Tidewater Property Management, Inc., 3706 Crondall Lane, Suite 105, Owings Mills, MD 21117.</p> <p>The terms of the policy prevail over the description given in this Certificate.</p>	

CONDOMINIUM RESALE CERTIFICATE
Hearthstone at Village Square Condominium Inc.

#	Question	Response
	<p>The Council of Unit Owners has actual knowledge of the following violation of the applicable health or building codes with respect to the common elements of the Condominium:</p> <p>No inspection was performed at the time of this disclosure.</p> <p>The recreational or other facilities which are to be used or maintained by the unit owners or the Council of Unit Owners are:</p> <p>None</p> <p>Are these facilities part of the common elements?</p> <p>The Council of Unit Owners has caused this Certificate to be prepared in compliance with MD, Real Prop. Code Ann. Section 11-135. To the best of the knowledge, information, and belief of the Board of Directors of the association, and its agents engaged in the preparation of this Resale Certificate, the statements contained in this Certificate are accurate and complete as of the date of issuance.</p> <p align="center">TO BE COMPLETED BY THE SELLING UNIT OWNER</p> <p>The selling unit owner has knowledge that the following alteration to the selling unit or to the limited common elements assigned to the selling unit violates a provision of the declaration, by-laws, or rules and regulations:</p>	<p align="right">Yes</p>
	<p>The selling unit owner has knowledge of the existence of the following violation of the health or building codes with respect to the selling unit or the limited common elements assigned to the selling unit:</p>	
	<p>The selling unit owner has the knowledge that the selling unit ___ is ___ is not subject to an extended lease under Real Property Article Section 11-137 or local law. If the selling unit is subject to an extended lease, a copy of the lease is attached.</p> <p>_____ Selling Unit Owner</p>	

CONDOMINIUM RESALE CERTIFICATE
Hearthstone at Village Square Condominium Inc.

Comments

Articles of Incorporation
Hearthstone at Village Square Condominium Inc.

CORPORATE CHARTER APPROVAL SHEET


** EXPEDITED SERVICE ** ** KEEP WITH DOCUMENT **

DOCUMENT CODE 02 BUSINESS CODE 04

Close _____ Stock _____ Nonstock
P.A. _____ Religious _____

Merging (Transferor) _____

Surviving (Transferee) _____



1000361991547336

ID # D10713824 ACK # 1000361991547336
LIBER: 000821 FOLIO: 1649 PAGES: 0003
HEARTHSTONE AT VILLAGE SQUARE CONDOMINI
UM, INC.

06/28/2005 AT 09:41 A WO # 0001076784

New Name _____

FEES REMITTED

Base Fee: 100
Org. & Cap. Fee: 20
Expedite Fee: 50
Penalty: _____
State Recordation Tax: _____
State Transfer Tax: _____
Certified Copies _____
Certificates _____
Copy Fee: _____
Certificate of Status Fee: _____
Personal Property Filings: _____
Other: _____
TOTAL FEES: 170

_____ Change of Name
_____ Change of Principal Office
_____ Change of Resident Agent
_____ Change of Resident Agent Address
_____ Resignation of Resident Agent
_____ Designation of Resident Agent
and Resident Agent's Address
_____ Change of Business Code

_____ Adoption of Assumed Name

_____ Other Change(s)

Credit Card _____ Check Cash _____

(Documents on Checks

Approved By: 10

Keyed By: [Signature]

COMMENT(S):

Code 442

Attention: _____

Mail to Address: _____

RACHEL M. HESS
KANTOR, WINEGRAD & HESS, LLC
20 CROSSROADS DRIVE, SUITE 215
OWINGS MILLS, MARYLAND 21117

CUST ID: 0001633746
WORK ORDER: 0001076784
DATE: 06-28-2005 09:41 AM
AMT. PAID: \$170.00

HEARTHSTONE AT VILLAGE SQUARE CONDOMINIUM, INC.

ARTICLES OF INCORPORATION

FIRST: I, the undersigned, Rachel M. Hess, whose post office address is 20 Crossroads Drive, Suite 215, Owings Mills, Maryland 21117, being at least eighteen (18) years of age, 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 referred to as the "Council") is "HEARTHSTONE AT VILLAGE SQUARE CONDOMINIUM, INC." #

THIRD: The purpose for which the Council is formed is to provide for the administration of Hearthstone at Village Square Condominium, a residential condominium regime (the "Condominium") situate and being in the Town of Bel Air, State of Maryland, and known as HEARTHSTONE AT VILLAGE SQUARE CONDOMINIUM, INC. #

In the promotion of such purpose, the Council shall have power:

- (a) To make and establish rules and regulations governing the use of the Condominium.
- (b) To levy and collect assessments against its members to defray the common expenses of the Condominium as provided in the Declaration and in the By-Laws establishing the Condominium, including, but not limited to, the right to levy and collect assessments for the purchase of insurance on the Condominium and insurance protection of the Council and its members and for the purpose of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real, personal or mixed, including units in the Condominium, which may be necessary or convenient for the operation and management of the Condominium, and in accomplishing the purposes set forth in said Declaration and By-Laws.
- (c) To maintain, repair, replace, operate and manage the Condominium, including the right to reconstruct improvements after casualty and to make further improvements to the Condominium.
- (d) To contract for the management of the Condominium and to delegate such powers and duties of the Council to such manager as may be provided for in the Declaration or By-Laws of the Council.
- (e) To enforce the provisions of the Declaration, these Articles of Incorporation, the By-Laws of the Council which may be adopted, and amended from time to time, and the rules and regulations governing the use of said Condominium.
- (f) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Council pursuant to the Declaration.
- (g) To do anything permitted by Section 11-109(d) of the Real Property Article and Section 2-103 of the Corporations and Associations Article of the Annotated Code of Maryland,

as said sections 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 Council by law, and is not intended by the mention of any particular power to limit or restrict any lawful power to which the Council may be otherwise entitled. Subject to any limitations in this Article Third expressed, the Council 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 Council in this State is Tidewater Property Management, Inc., 3706 Crondall Lane, Owings Mills, Maryland 21117.. The name and post office address of the Resident Agent of the Council in this State are Rachel M. Hess, Kantor, Winegrad & Hess, LLC, 20 Crossroads Drive, Suite 215, Owings Mills, Maryland 21117. Said Resident Agent is an individual actually residing in the State of Maryland.

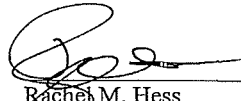
FIFTH: The Council shall not be authorized to issue any capital stock. The qualifications for membership in the Council and the rights and privileges of the members shall be provided in the By-Laws.

SIXTH: The affairs and activities of the Council, except as provided by statute, by these Articles of Incorporation and by the By-Laws, shall be conducted and managed by a Board of Directors. Said Board of Directors shall consist of three directors, which number may be increased or decreased pursuant to the By-Laws of the Corporation, but shall never be less than three; the names of the directors who shall act until the first annual meeting or until their successors are elected and qualify are Mike Jones, Mary and Jones and John Main.

SEVENTH: No director or officer of the Corporation shall be liable to the Corporation or to its stockholders for money damages except (1) to the extent that it is proved that such director or officer actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, or (2) to the extent that a judgment or other final adjudication adverse to such director or officer is entered in a proceeding based on a finding in the proceeding that such director's or officer's action, or failure to act, was (a) the result of active and deliberate dishonesty, or (b) intentionally wrongful, willful or malicious and, in each such case, was material to the cause of action adjudicated in the proceeding.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation this 28th day of June, 2005, and I acknowledge the same to be my act and further consent to serve as Resident Agent.

WITNESS:


Rachel M. Hess

(SEAL)

CUST ID:0001633746
WORK ORDER:0001076784
DATE:06-28-2005 09:41 AM
AMT. PAID:\$170.00

Budget
Hearthstone at Village Square Condominium Inc.

01/04/2018
9:25 AM

0092 Hearthstone at Village Square Condominium, Inc.
Approved Budget
01/01/2018

Page: 1

3706 Crondall Lane
Suite 105
Owings Mills MD 21117

Tidewater Property Management
3706 Crondall Lane
Suite 105
Owings Mills MD 21117

Account Number	APPROVED BUDGET 2018	Budget
	INCOME	
41000	Association Fees	172,800
41560	Extraordinary Reserves	<u>62,208</u>
	INCOME	235,008
	EXPENSES	
	ADMINISTRATIVE	
50300	Legal	1,100
50350	Tax Return/Audit	1,625
51050	Management Fee	11,208
51150	Office Expense	<u>1,000</u>
	ADMINISTRATIVE	14,933
	UTILITIES	
55000	Electric	17,586
56250	Telephone	4,590
56500	Water and Sewer	<u>40,035</u>
	UTILITIES	62,211
	GROUND	
60400	Landscape Contract	13,902
62650	Repairs and Maintenance	9,111
62850	Snow Removal	<u>11,498</u>
	GROUND	34,511
	BUILDINGS	
65000	Elevator Contract	17,000
65250	Janitorial Services	8,550
65550	Gutter Cleaning	2,316
66300	Fire Sprinkler Maintenance	1,000
66350	Fire Extinguisher Maintenance	1,000
66400	Emergency Exit Lighting	2,500
66450	Fire Alarm Systems	3,850
67850	Extermination	<u>2,250</u>
	BUILDINGS	38,466
	INSURANCE/TAX	
80000	Insurance	22,679

01/04/2018
9:25 AM

0092 Hearthstone at Village Square Condominium, Inc.
Approved Budget
01/01/2018

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3706 Crondall Lane
Suite 105
Owings Mills MD 21117

Tidewater Property Management
3706 Crondall Lane
Suite 105
Owings Mills MD 21117

Account Number	APPROVED BUDGET 2018	Budget
	INSURANCE/TAX	22,679
97000	RESERVE Reserves	62,208
	RESERVE	62,208
	TOTAL EXPENSES	235,008
	Current Year Net Income/Loss	0

Bylaws
Hearthstone at Village Square Condominium Inc.

**HEARTHSTONE AT VILLAGE SQUARE CONDOMINIUM, INC.
BY-LAWS**

HA CIRCUIT COURT (Land Records) [MSA CE 54-6024] JJR 6137, p. 0410. Printed 05/27/2010. Online 07/11/2005.

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**BY-LAWS
HEARTHSTONE AT VILLAGE SQUARE CONDOMINIUM**

**ARTICLE I
NAME AND LOCATION**

Section 1. Name and Location. The name of the Condominium is Hearthstone at Village Square Condominium Council of Unit Owners, Inc. The principal office and mailing address of the Council of Unit Owners is c/o Tidewater Property Management, Inc., 3706 Crondall Lane, Owings Mills, Maryland 21117.

**ARTICLE II
DEFINITIONS**

Section 1. Declaration. "Declaration" as used herein means that certain Declaration made the 30th day of JUNE, 2005, by NVR, Inc., a Virginia corporation, as Declarant (sometimes referred to herein as "Condominium Developer"), pursuant to Section 11-101, et seq., of the Real Property Article of the Annotated Code of Maryland, 1996 Replacement Volume, as amended (the "Act"), by which certain described property, including land, was submitted to a Condominium Regime (hereinafter called the "Regime" or "Property"), which Declaration is recorded among the Land Records of Harford County, Maryland, prior hereto and to which these By-Laws are appended.

Section 2. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration or in the Act.

**ARTICLE III
OWNERSHIP**

Section 1. Owners. Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a Condominium Unit within this Regime shall be a member of the Council of Unit Owners (hereinafter referred to as the "Council" or "Condominium Association"); provided, however, that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation shall not be deemed an owner.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium Regime. The terms "Condominium", "Condominium Regime" or "Regime" as used herein shall include the land, as well as the improvements thereon. In construing these By-Laws, and the government of the Regime pursuant thereto, the provisions of the Corporations and Associations Article of the Annotated Code of Maryland, 1999 Replacement Volume, as amended, pertaining to the government of nonstock corporations, shall be considered as governing to the extent not inconsistent with the provisions of the Condominium Act, and the Declaration and these By-Laws; the Council being considered the Corporation and the Owners

being considered its members. This Council shall be incorporated as provided in the Condominium Act.

ARTICLE IV
MEETINGS OF CONDOMINIUM ASSOCIATION

Section 1. Place of Meetings. Meetings of the Council shall be held at the principal office or place of business of the Regime or at such other suitable place convenient to the Council as may be designated by the Condominium Board.

Section 2. Annual Meetings. The Organizational and First Meeting of the Council of this Regime shall be held within sixty (60) days after the date on which Units representing at least fifty percent (50%) of the votes in the Council for the Condominium have been conveyed by the Condominium Developer to the initial purchasers of Units. Thereafter, annual meetings of the Council shall be held at such date and time and at such place as may be designated by the Condominium Board or the Manager of the Condominium. At such meeting there shall be elected by ballot of the Unit Owners a Condominium Board in accordance with the requirements of Section 5 of Article V of these By-Laws. The Council may also transact such other business of the Regime as may properly come before it.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Council as directed by resolution of the Condominium Board or upon a petition signed by Unit Owners representing at least twenty-five percent (25%) of the total votes of the Regime having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary or his agent to mail by first class a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each unit owner of record, at his address as it appears on the Ownership Book of the Regime on the date of the notice, or if no such address appears, at his last known address, not less than ten (10) nor more than ninety (90) days prior to such meeting, unless the Condominium Act provides for a shorter time in which case the Condominium Act will control. Service may also be accomplished by the delivery of any such notice to the Unit Owner at his Condominium Unit or last known address. Notice by either such method shall be considered as notice served. Attendance by a Unit Owner at any meeting of the Council shall be a waiver of notice by him of the time, place and purpose thereof.

Section 5. Quorum. The presence, either in person or by proxy, of Owners representing at least twenty-five percent (25%) of the total votes of the Regime shall be requisite for and constitute a quorum for the transaction of business at all meetings of the Council. In the absence of a quorum, the meeting may be adjourned from time to time by majority vote of those Owners present in person or by proxy, in accordance with the requirements of State law, including Section 5-206 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time, if applicable, and at any such adjourned meeting those owners present in person or by proxy shall constitute a quorum and any business may be transacted

which may have been transacted at the meeting originally held.

Section 6. Voting. At every meeting of the Council, each of the Unit Owners shall have the right to cast the number of votes for each Unit (as provided in Article III (c) of the Declaration) on each question. The votes established in the Declaration shall be applicable to voting rights. The vote of the Unit Owners present and voting representing fifty-one percent (51%) of the votes at that meeting shall be required, unless the question is one upon which, by express provision of the Condominium Act, the Declaration or these By-Laws, a different vote is required, in which case such express provision shall govern and control. No Unit Owner shall be eligible to vote at any annual or special meeting of the Council, or be elected to an office or to the Condominium Board if the Council has recorded a Statement of Condominium Lien against said Owner's Unit and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 7. Proxies. A Unit Owner may appoint any other Unit Owner, the Condominium Developer (as defined in the Declaration), management agent, Mortgagee, attorney or lessee, as his proxy. Only a Unit Owner voting in person or a proxy voting for candidates designated by a Unit Owner may vote for members of the Condominium Board. Notwithstanding this provision, blank proxies may be used for any other purpose, including obtaining a quorum.

Proxies shall be effective for a maximum period of one hundred eighty (180) days following issuance, unless granted to a lessee or Mortgagee.

Section 8. Election Materials. Election materials prepared with funds of the Council must list candidates in alphabetical order and cannot indicate a preference among candidates.

Section 9. Powers. The Council has, subject to any provision of the Condominium Act, the Declaration and these By-Laws, the following powers:

- (a) To have perpetual existence, subject to the right of the Unit Owners to terminate the Condominium Regime as provided in Section 11-123 of the Condominium Act;
- (b) To adopt and amend reasonable rules and regulations;
- (c) To adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from Unit Owners;
- (d) To sue and be sued, complain and defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two (2) or more Unit Owners on matters affecting the Condominium;
- (e) To transact its business, carry on its operations and exercise the powers provided in this subsection in any State, territory, district, or possession of the United States and in any foreign country;
- (f) To make contracts and guarantees, incur liabilities and borrow money, sell,

mortgage, lease, pledge, exchange, convey, transfer, and otherwise dispose of any part of its property and assets;

(g) To issue bonds, notes, and other obligations and secure the same by mortgage or deed of trust on any part of its property, franchises, and income;

(h) To acquire by purchase or in any other manner, to take, receive, own, hold, use, employ, improve, and otherwise deal with any property, real or personal, or any interest therein, wherever located;

(i) To hire and terminate managing agents and other employees, agents, and independent contractors;

(j) To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of corporations of the State, or foreign corporations, and of associations, partnerships, and individuals;

(k) To invest its funds and to lend money in any manner appropriate to enable it to carry on the operations or to fulfill the purposes named in the Declaration or By-Laws, and to take and to hold real and personal property as security for the payment of funds so invested or loaned;

(l) To regulate the use, maintenance, repair, replacement, and modification of common elements;

(m) To cause additional improvements to be made as a part of the General Common Elements;

(n) To grant easements, rights-of-way, licenses, leases in excess of one (1) year, or similar interests through or over the Common Elements in accordance with the Section 11-125(f) of the Condominium Act, and to assess responsibility for damages resulting therefrom;

(o) To impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements other than Limited Common Elements;

(p) To impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, By-Laws, and rules and regulations of the Council, under Section 11-113 of the Condominium Act;

(q) To impose reasonable charges for the preparation and recordation of amendments to the Declaration, By-Laws, rules and regulations, or resolutions, resale certificates, or statements of unpaid assessments;

(r) To provide for the indemnification of and maintain liability insurance for officers, directors, and any managing agent or other employee charged with the operation or maintenance

of the Condominium;

(s) To enforce the implied warranties made to the Council by the Condominium Developer under Section 11-131 of the Condominium Act;

(t) To enforce the provisions of this title, the Declaration, By-Laws, and rules and regulations of the Council against any Unit Owner or occupant; and

(u) Generally, to exercise the powers set forth in the Condominium Act and the Declaration or By-Laws and to do every other act not inconsistent with law, which may be appropriate to promote and attain the purposes set forth in the Condominium Act, the Declaration or By-Laws.

Section 10. Annual Proposed Budget. Each year, at least thirty (30) days prior to its adoption at an open meeting of the Council, the Condominium Board, or the officers, managers, or agents of the Council as delegated by the Board, shall prepare a budget in a reasonably itemized form for the Council containing an estimate of the total amount which will be necessary to pay for the upcoming fiscal year the cost of the maintenance, management, operation, repair and replacement of the Common Elements and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, Declaration, By-Laws, or a resolution of the Board. Such budget shall also include a reserve for contingencies and replacements. The Secretary of the Council or another delegated agent of the Condominium Board shall send a copy of the budget as so prepared to each Unit Owner at least thirty (30) days prior to the open meeting. After receiving comments on the budget at the open meeting, the Board will adopt a budget for the Council for the next fiscal year.

Any expenditure made other than those made because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Unit Owners or significant risk of damage to the Condominium, that would result in an increase in the annual assessment in excess of fifteen percent (15%) of the budgeted amount previously adopted, shall be approved by an amendment to the budget adopted at a special meeting, upon not less than ten (10) days written notice to the Council.

The adoption of a budget shall not impair the powers of the Council to obligate the Council for expenditures for any purpose consistent with the Condominium Act.

Section 11. Waiver. The omission of the Council or the Condominium Board, before the expiration of any budget period, to adopt a budget hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or the Condominium Act, or a release of assessment installment thereof, for that or any subsequent budget period, but the budget fixed for the preceding period shall continue until a new budget is fixed. No Unit Owner may exempt himself from liability for assessment by a waiver of the use or enjoyment of any of the Common Elements, or by abandonment of any Unit belonging to him. Expenditures increasing the annual assessment in excess of fifteen percent (15%) shall be levied as provided in the Condominium Act.

ARTICLE V
DIRECTORS

Section 1. Number and Qualification. The affairs of the Regime shall be governed by the Condominium Board (hereinafter sometimes referred to as the "Board") composed of five (5) Directors. Notwithstanding the preceding sentence, the Condominium Board shall be composed initially of three (3) persons, until their successors are elected as hereinafter provided.

Section 2. Initial Directors. The initial Directors shall be selected by the Condominium Developer and need not be Unit Owners. The names of the Directors who shall act as such from the date upon which the Declaration is recorded among the Land Records of Harford County, Maryland until such time as their successors are duly chosen and qualified are as follows: Mike Jones, Mary Jones and John Main. These Directors shall serve until the Organizational and First Meeting of the Council, at which time the Unit Owners shall elect a Board, all as prescribed herein. Initial Directors may be removed and their successors appointed by the Condominium Developer, its successors and assigns.

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

(a) To provide for the care, upkeep and surveillance of the Regime, as it is constituted from time to time and its General and Limited Common Elements, and services and maintenance of the Unit exteriors in a manner consistent with the law, and the provisions of the Declaration and these By-Laws;

(b) To establish and provide for the collection of assessments and fines, if levied, from the Unit Owners and for the assessment and/or enforcement of liens therefor in a manner consistent with law and the provisions of the Declaration and these By-Laws;

(c) To designate, hire and/or dismiss the personnel necessary for the good working order of the Regime and for the proper care of the General and Limited Common Elements, and to provide services for the Regime in a manner consistent with all applicable State and local laws, the Declaration and these By-Laws;

(d) To promulgate and enforce such rules and regulations, and such restrictions or requirements, as may be deemed proper respecting the use, occupancy and maintenance of the Regime and the use and maintenance of the General and Limited Common Elements, as they are designated, to prevent unreasonable interference with the use and occupancy of the Regime and of the General and Limited Common Elements by the Unit Owners, all of which are to be consistent with all applicable State and local laws, the Declaration and these By-Laws;

(e) Procure bids or otherwise establish the fixed cost of all labor, materials, services, utilities and other items required for the operation, maintenance and care of the Condominium, and the convenience of the Unit Owners; review and analyze all cost and expense factors arising

out of or otherwise related to the Condominium, together with the benefits and advantages to be derived therefrom; determine and fix a detailed annual budget for the project, and upon the establishment of such budget, assess and collect the funds therefor as a Common Expense;

(f) Impose and collect reasonable charges for the preparation, copying and recordation of any documents related to the Condominium; and impose and collect reasonable fines for the violations of the Condominium Declaration, these By-Laws and the rules and regulations of the Condominium Association;

(g) Establish and maintain an accurate and efficient cash and accounting system, make collections and deposit of funds in such banks, trust companies, or other depositories as the Condominium Board shall from time to time approve, verify and account for all receipts and expenditures involved in the operation of the Condominium, approve or disapprove all requisitions, bills, statements and vouchers, pay all costs and expenses incurred in the operation and maintenance of the Condominium, designate signatories to which bank or other accounts shall be subject, keep and preserve, at the principal office of the Condominium, rosters, books, accounts and records covering the operation of the Condominium and execute and file any statement, certificate, affidavit, return or other form required to be filed with any governmental agency in connection with any income or unemployment, social security or employee benefit tax, or the withholding of any tax, or any information relative to the foregoing, and prepare and submit such account or accounts of the financial condition of the Condominium as may from time to time be required or advisable;

(h) Procure and maintain all policies of insurance required by the Condominium Act, by these By-Laws, or by the Condominium Association, or otherwise deemed advisable; designate a trustee or trustees, or other person, firm or corporation as the nominal beneficiary of any policy, to hold proceeds payable thereunder for the use and benefit of the Condominium Association; negotiate and adjust any loss occurring under any policy of insurance; and make any repair, replacement or restoration of the property damaged or destroyed by fire or other casualty insured against; and

(i) Prepare, with the assistance of an accountant, if deemed necessary, and file all income tax returns and other tax returns, declarations, and other forms required of the Condominium Association by law, and arrange for payment of any tax shown thereby to be due.

Section 4. Management Agent. The Condominium Board shall employ for the Regime a professional Management Agent at a rate of compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not necessarily limited to, the duties set out in Section 3 of this Article other than those duties reserved to the Council or Board by the Declaration, By-Laws or Condominium Act. The Council shall not undertake "self-management" or otherwise fail to employ a professional management agent. Any professional management company so employed must have and maintain fidelity bond coverage in an amount equal to or greater than the amount specified in Section 14 of this Article.

Section 5. Elections and Terms of Office. The terms of the Directors named herein shall expire when their successors have been elected at the Organizational and First Meeting of the

Council and are duly qualified. At the First Meeting of the Council, a successor shall be elected to each Director whose term then expires and two (2) new Directors shall be elected. Two (2) Directors shall be elected to serve for a term of three (3) years, two (2) Directors shall be elected to serve for two (2) years, and one (1) Director shall be elected to serve for one (1) year. At each annual meeting thereafter, a successor shall be elected to each Director whose term then expires, to serve for a term of three (3) years.

Section 6. Vacancies. Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Council shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the Council at the next annual meeting.

Section 7. Removal of Directors. At a regular or special meeting duly called, any Director may be removed with or without cause by the affirmative vote of the majority of the entire Council and a successor may then be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Council shall be given an opportunity to be heard at the meeting. The term of any Director who has an unreleased Statement of Lien recorded against him shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 6 of this Article.

Section 8. Compensation. Except for those Directors named as such in Section 2 of this Article, and any of their successors elected prior to the Organizational and First Meeting of the Council, no remuneration shall be paid to any Director who is also a Unit Owner for services performed by him for the Regime in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board before the services are undertaken.

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

Section 10. Regular Meetings. At least annually, the Board shall send each Unit Owner notice of its meetings. All meetings of the Board shall be open except as provided in the Condominium Act. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year.

(a) Notice of meetings of the Council or the Condominium Board may not be given on less notice than required by Section 11-109 (c) of the Condominium Act.

(b) The Council shall maintain a current roster of names and addresses of each Unit Owner to which notice of meetings of the Condominium Board shall be sent at least annually.

(c) Each Unit Owner shall furnish the Council with his name and current mailing address. A Unit Owner may not vote at meetings of the Council until this information is

furnished.

Section 11. Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each Director and Unit Owner, given personally or by mail, facsimile transmission, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting; provided, however, that Unit Owners shall not be furnished notice of special meetings of the Board if such special meeting shall solely address any matter covered by Section 11-109.1 of the Condominium Act. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

Section 12. Waiver of Notice. Before, or at, any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof.

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

Section 14. Fidelity Bonds. The Board shall require that all officers and employees of the Council handling or responsible for Council or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Council. The amount of each bond shall not be less than the estimated maximum amount of funds to be handled for the Council. In no event may the amount of such bonds be less than a sum equal to three (3) months assessments on all Units plus reserve funds.

ARTICLE VI OFFICERS

Section 1. Designation. The principal officers of the Council shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by the Board. Officers elected by the initial Directors need not be Unit Owners. After the Organizational and First Meeting of the Council, the Board may elect officers who need not be Unit Owners except that the President must always be a Unit Owner. The Directors may appoint an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers. Upon any affirmative vote of a majority of the members of the Board, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 3. President. The President shall be the Chief Executive Officer of the Council and a member of the Board. He shall preside at all meetings of the Council and the Board. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to, the power to appoint committees from among the Unit Owners, or other persons whom he feels are qualified, from time to time, as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Council .

Section 4. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the Board and the Council; he shall have charge of the "ownership" and such other books and papers as the Board may direct; and he shall, in general, perform all the duties incidental to the office of Secretary, including counting the votes at meetings of the Council. In the Secretary's absence, the President shall designate some other person to perform these duties.

Section 6. Treasurer. The Treasurer shall have responsibility for Council funds and securities, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Council. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Council in such depositories as may from time to time be designated by the Board. The Board may delegate any or all of these duties to a Management Agent or banking institution.

Section 7. Compensation. The Board shall have the power to fix the compensation for all officers of the Council who are not Unit Owners, but shall have the power to fix the compensation for all officers of the Council who are Unit Owners only with the approval of the Council.

ARTICLE VII LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Liability and Indemnification of Officers and Directors. The Council shall indemnify every officer and Director of the Council against any and all expenses, including counsel fees, reasonably incurred or imposed upon any officer or Director in connection with any action, suit or other proceeding, including the settlement of any such suit or proceeding, if approved by the then Board, to which he may be made a party by reason of being or having been, an officer or Director of the Council, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Council shall be liable to the Council and the Unit Owners for any gross negligence, including their own individual willful misconduct or bad faith, but shall not be liable for mistakes of judgment or otherwise if made in good faith nor incur any personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council (except to the extent that such officers or

Directors may also be Unit Owners), and the Council shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Council, or former officer or Director of the Council, may be entitled.

Section 2. Other Interests.

(a) The Directors shall exercise their powers and duties in good faith and with a view to the interest of the Council.

(b) No other contract or other transaction between the Council and any corporation or other entity or person and no act of the Council or Condominium Board shall in any way be affected or invalidated by the fact that any member of the Council or Condominium Board is pecuniarily or otherwise interested in, or is a director or officer of such other corporation or entity; any director individually, or any firm of which any director may be a member, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction with the Council provided that the fact that he or such firm is so interested shall be disclosed and shall have been known to the Condominium Board or a majority thereof; and any Director of the Council who is also a director or officer of any such other corporation or who is so interested may be counted in determining the existence of a quorum at any meeting of the Council or the Condominium Board thereof which shall authorize any such contract or transaction, and any such contract or transaction shall be valid if approved by a majority vote of disinterested directors, even if the disinterested directors constitute less than a quorum.

ARTICLE VIII
MANAGEMENT

Section 1. Management and Common Expenses. The Board shall manage, operate and maintain the Regime and, for the benefit of the Units and the Unit Owners thereof, shall enforce the provisions hereof and may pay out of the Common Expenses, herein elsewhere provided for, the following, which itemization shall not act as a limitation on the Board:

(a) The cost of providing water, sewer, gas, electrical (including street lighting) , and other utility services for the Common Elements and to the extent that the same are not separately metered or billed to each Unit, for the Units; provided that if the same are separately metered or billed to each Unit, the cost shall be specially assessed pursuant to Section 1(g) of this Article;

(b) The cost of fire and extended liability insurance on the Common Elements and the cost of such other insurance as the Board or the Council may effect;

(c) The cost of the services of a person or firm to manage the Regime to the extent deemed advisable by the Council, together with the services of such other personnel as the Board or the Council shall consider necessary for the operation of the Regime;

(d) The cost of providing such legal and accounting services as may be considered

necessary to the operation of the Regime;

(e) The cost of painting, maintaining, replacing, repairing and landscaping the General and Limited Common Elements and any other areas which are the responsibility of the Council pursuant to the Declaration and By-Laws, including such furnishing and equipment for the General and Limited Common Elements as the Board shall determine are necessary and proper; and the Board shall have the exclusive right and duty to acquire the same, provided, however, that nothing herein contained shall require the Council to paint, repair, or otherwise maintain the interior of any Unit or any fixtures or equipment located therein except for damage resulting from a casualty which is covered by Condominium insurance and further provided that the Council shall maintain the General and Limited Common Elements and any other areas which are the responsibility of the Council in accordance with the Replacement Reserve Schedule described in the budget for the Council;

(f) The cost of any and all other materials, supplies, labor, services, maintenance, repair, taxes, assessments or the like which the Council is required to secure, to pay for by law, or otherwise, or which in the discretion of the Board shall be necessary or proper for the operation of the General and Limited Common Elements; provided, however, that if any of the aforementioned are provided or paid for the benefit of a particular Unit or Units, the cost thereof shall be specially assessed to the Unit Owner or Owners thereof in the manner provided in Section 1(g) of this Article;

(g) The cost of the maintenance or repair of any Unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board to protect the General and Limited Common Elements or to preserve the appearance or value of the Regime or is otherwise in the interest of the general welfare of all Unit Owners; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board and not without reasonable written notice to the Unit Owner of the Unit proposed to be maintained or repaired; and provided further that the cost thereof shall be assessed against the Unit on which such maintenance or repair is performed, and when so assessed, a statement for the amount thereof shall be rendered promptly to the Owner of said Unit, at which time the assessment shall become due and payable and a continuing lien and obligation of said Unit Owner in all respects as provided in Article IX of these By-Laws;

(h) Any amount necessary to discharge any lien or encumbrance levied against the Regime or any portion thereof, which may, in the opinion of the Board, constitute a lien against any of the General or Limited Common Elements rather than the interest of the Unit Owner of any individual Unit; and

(i) The cost of any maintenance, repair or replacement contracted for between the Council or its Management Agent and individual Unit Owners having to do with an individual Unit, which cost shall be a Common Expense only with respect to that Unit, and that the cost thereof shall be assessed against the Unit on which such maintenance, repair or replacement is performed and when so assessed, a statement for the amount thereof shall be rendered promptly to the then Unit Owner of said Unit, at which time the assessment shall become due and payable and a continuing lien and obligation of said Unit Owner in all respects as provided in Article IX

of these By-Laws.

Section 2. Management Agent. The Board shall delegate such of its duties, powers or functions to the Management Agent, as the Board shall authorize, provided that such delegation may be terminated by the Council, by majority vote, without liability upon thirty (30) days written notice, and any such contract shall have a maximum term of two (2) years.

Section 3. Easements, Licenses and Rights of Way for Utilities and Related Programs. The Council, through its Board, is authorized and empowered to grant, subject to the provisions of the Condominium Act, if any, including notice to Unit Owners, hearing requirements and right of Unit Owners to override a grant made by the Board, and shall from time to time grant such licenses, easements and/or rights of way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, T.V. antennas, underground conduits and/or such other purposes related to the provision of public utilities to the Regime, or for any other purpose as may be considered necessary and appropriate by the Board for the orderly maintenance, preservation and enjoyment of the General and Limited Common Elements for the preservation of the health, safety, convenience and/or welfare of the Unit Owners and the Condominium Developer.

Section 4. Limitation of Liability. The Council shall not be liable for any failure of water supply or other utilities or services to be obtained by the Council or paid for out of the Common Expenses. The Council shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the General or Limited Common Elements. No diminution or abatement of Common Expense Assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the General or Limited Common Elements, separately contracted maintenance to a Unit, or from any action taken by the Council to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE IX CONDOMINIUM FEES/ASSESSMENTS

Section 1. Annual Condominium Fees/Assessments.

(a) Commencing with the recording of the Declaration to establish the Condominium Regime, each Unit Owner shall pay to the Council the Unit Owner's proportionate share of the sum required by the Council pursuant to the Percentage Interests in Common Expenses and Common Profits as set forth in the Declaration ("Annual Assessments") to meet its annual budget, including but in no way limited to, the following:

(1) The cost of all operating expenses of the Regime as the same may be constituted from time to time, and services furnished, including charges by the Council for facilities and services furnished by it;

(2) The cost of necessary management and administration, including fees paid to any Management Agent;

(3) The amount of all taxes and assessments levied against the Council or upon any property which it is otherwise required to pay, if any;

(4) The cost of public liability, fire and extended coverage insurance on the Regime and the cost of such other insurance as the Council or the Board may effect;

(5) The cost of furnishing water, electricity, heat, gas, garbage and trash collection and/or utilities, to the extent furnished by the Council (provided, however, it is contemplated that trash removal services will be provided by the Town of Bel Air Maryland);

(6) The cost of funding all reserves established by the Council including, when appropriate, a general operating reserve and/or reserve for replacements;

(7) The estimated cost of repairs, maintenance and replacements of the Regime, including General and Limited Common Elements, to be made by the Council; and

(8) The cost of all operating expenses, repairs, maintenance and replacements for parking areas and exterior walkways.

Each Annual Assessment levied under the provision hereof shall be paid in twelve (12) equal successive monthly installments, each installment to be equal to one-twelfth (1/12) of the Annual Assessment commencing on the first day of the first month of the fiscal year for which levied, and continuing on the first day of each and every succeeding month thereafter until fully paid; provided, however, that (i) the first Annual Assessment shall be paid in such number of equal or unequal monthly installments as the Condominium Board shall determine, and (ii) the first Annual Assessment shall not begin to accrue until the first day of the first fiscal year.

Any Special Assessment levied under the provisions of Section 2 of this Article IX shall be due and payable fifteen (15) days after the date of levy of such Special Assessment and the serving of notice thereof upon the Unit Owners, or at such other time or times as may be provided by the Condominium Board in making such Special Assessment.

If record title to a Unit is conveyed during the period covered by a monthly installment of an Annual or Special Assessment, the Unit Owner of such Unit immediately before such conveyance and the Unit Owner of such Unit immediately after such conveyance shall each be fully liable to the Condominium Association for the entire amount of such installment, and shall each be subject to all remedies available to the Condominium Association for the collection of such installment, as described herein, provided there be but one satisfaction of the claim. If record title to a Unit is conveyed (i) during the period covered by an Annual Assessment not payable in installments, or (ii) within one hundred eighty (180) days after the date of a Special Assessment not payable in installments, the Unit Owner of such Unit immediately before such conveyance and the Unit Owner of such Unit immediately after such conveyance shall each be fully liable to the Condominium Association for the entire amount of such Annual or Special Assessment, as applicable, and shall each be subject to all remedies available to the Condominium Association for the collection of such Annual Assessment or Special Assessment,

as provided in these By-Laws and further provided there be but one satisfaction of the claim. Each such Unit Owner shall be entitled to exercise any right of contribution which it may have against the other such Unit Owner at law or in equity, or by contract, but the exercise of any such right of contribution shall not be permitted to delay or otherwise impair the collection of such Annual Assessment or Special Assessment, or installation thereof, by the Condominium Association. The provisions of this paragraph shall not apply, however, to any conveyance of a Unit (I) by the Condominium Developer, (II) by a foreclosure sale pursuant to a bona fide First Mortgage of record, or (III) by a deed in lieu of foreclosure to a Mortgagee holding a bona fide First Mortgage of record on the Unit, to the Federal Housing Commissioner (if such First Mortgage is insured by the FHA), or to the Administrator of Veterans Affairs (if such First Mortgage is guaranteed by the VA).

(c) In addition, each Unit Owner shall pay to the Council the amount of any fine levied against him pursuant to any rules and regulations for fining promulgated by the Board in accordance with the procedures in these By-Laws.

(d) The Board shall determine the amount of the assessment annually by preparation and adoption of an annual proposed budget as provided in Section 11-109.2 of the Condominium Act.

Section 2. Special Assessments. Notwithstanding the provisions of Article IV, Section 10, and in addition to the regular assessment authorized by this Article, the Council may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Regime, as then constituted, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board may consider appropriate, provided that any such assessment shall have the assent of the Owners representing fifty-one percent (51%) of the total votes of the Regime. A meeting of the Unit Owners shall be duly called for this purpose, written notice of which shall be sent to all Owners at least ten (10) days, but not more than ninety (90) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

Section 3. Reserve for Replacements and Working Capital. The Council shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board. Such fund shall be conclusively deemed to be a Common Expense. Such funds shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board, be invested in the obligations of, or fully guaranteed as to principal, by the United States of America, states, municipalities or counties thereof. The reserve for replacements may be expended only for the purpose of periodic maintenance, repair and replacement. The amounts required to be allocated to the reserve for replacements may be reduced by appropriate resolution of the Board provided that such resolution is approved by the affirmative vote of the Unit Owners representing at least sixty-six and two-thirds percent (66 2/3 %) of the total votes of the Regime at any meeting of the Council duly called for in accordance with the applicable provisions of the Condominium Act and these By-Laws. The proportionate interest of any Unit Owner in any reserve for replacements shall be

considered an appurtenance of his Unit and shall not be separately withdrawn, assigned, transferred or otherwise separated from the Unit to which it appertains, and shall be deemed to be transferred with such Unit.

In addition, a working capital fund shall be established for the initial months of the Condominium equal to at least three (3) months' estimated assessments applicable for each Unit. The working capital fund shall be deposited by the Council to a segregated fund. Each Unit Owner shall pay the working capital fund for his/her/their Unit at the time of settlement for said Unit.

Section 4. Disposition of Common Profits. All Common Profits shall be disbursed to the Unit Owners, be credited to their assessments for Common Expenses in proportion to their percentage interests in Common Profits and Common Expenses, or be used for any other purpose as the Council determines.

Section 5. Liability for Assessments. A Unit Owner shall be liable for all assessments or installments thereof coming due while he is the owner of a Unit. In a voluntary grant, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the Common Expenses up to the time of the voluntary grant for which a statement of lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments. Liability for assessments may not be avoided by waiver of the use or enjoyment of any Common Element or by abandonment of the Unit for which the assessments are made.

Section 6. Imposition of Lien. Payment of assessments, together with interest, late charges, if any, costs of collection and reasonable attorney's fees may be enforced by the imposition of a lien on a Unit in accordance with the provisions of the Maryland Contract Lien Act. Suit for any deficiency following foreclosure may be maintained in the same proceeding, and suit to recover any money judgment for unpaid assessments may also be maintained in the same proceeding, without waiving the right to seek to impose a lien under the Maryland Contract Lien Act.

Section 7. Interest on Unpaid Assessments; Late Charges; Demand for Payment of Remaining Annual Assessment.

(a) Any assessment or installment thereof not paid when due shall bear interest at the option of the Council, from the date when due until paid at the rate of eighteen percent (18%) per annum.

(b) There shall be a late charge of Fifteen Dollars (\$15.00) or one-tenth (1/10) of the total amount of any delinquent assessment or installment, whichever is greater. This late charge shall not be imposed more than once for the same delinquent payment, but will be imposed on accounts when payments have not been received by the fifteenth (15th) of the month.

Section 8. Assessment Certificates. The Council shall, upon demand, furnish to any Unit Owner liable for any assessment, fine or other charge levied pursuant to the By-Laws (or to any

other party legitimately interested in the same), a certificate in writing signed by an officer of the Council or its agent, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed the greater of Twenty-Five Dollars (\$25.00) or one-half percent (½%) of the monthly assessment may be levied in advance by the Council for each certificate so delivered.

Section 9. Acceleration of Installments. Upon default in the payment of any one or more monthly regular assessment installments levied pursuant to these By-Laws, and upon any required notice under the Condominium Act, the entire balance of said assessment may be accelerated, at the option of the Board, and be declared due and payable in full, which will be enforceable in accordance with the provisions of the Maryland Contract Lien Act.

Section 10. Subordination and Mortgagee Protection.

(a) Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these By-Laws upon any Unit in the Regime shall be subordinate to, and shall in no way affect the rights of the Holder of any indebtedness secured by any recorded first mortgage, meaning a mortgage with priority over other mortgages; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the Unit from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessments, which lien, if claimed, shall have the same effect and be enforced in the same manner as provided herein.

(b) No amendment to these By-Laws shall affect the rights of the Holder of any such mortgage, or the indebtedness secured thereby, recorded prior to recordation of such amendment, unless the Holder thereof, or of the indebtedness secured thereby, shall join in the execution of such amendment.

(c) The Board may, in its sole and absolute discretion, extend the provisions of this Section to the Holders of a mortgage, or the indebtedness secured thereby, not otherwise entitled thereto.

Section 11. Definition. As used herein, the term "mortgage" shall include a mortgage, deed of trust or similar security instrument and the terms "Holder" or "Mortgagee" shall include the party secured by any deed of trust, any beneficiary thereof and the trustees named therein, their successors and assigns.

ARTICLE X
HEARING PROCEDURES

Section 1. Statement of Purpose. It is the declared intention of the Council that rules and regulations shall be adopted freely by the Board, and without the requirement of a vote of the Council as a requisite to their adoption, provided that the rules and regulations shall be adopted

in accordance with the requirements of the Condominium Act. All rules and regulations are intended to be adopted as supplements to, and not in lieu of, legally required provisions of these By-Laws. Should any adopted rules or regulations contradict any provisions of these By-Laws, as amended, such provisions of these By-Laws shall take precedence.

Section 2. Rules and Regulations. All rules and regulations may be proposed by the Board provided that:

- (a) Each Unit Owner shall be mailed or delivered:
 - (1) a copy of the proposed rules and regulations;
 - (2) notice that Unit Owners are allowed to submit written comments on the proposed rules and regulations; and
 - (3) notice of the proposed effective date of the proposed rules and regulations.
- (b) Before a vote is taken on a proposed rule, an open meeting is held to allow each Owner or tenant to comment on the proposed rule and regulation.

Section 3. Hearing and Comment.

(a) The meeting held may not be held unless each Owner receives written notice at least fifteen (15) days before the meeting, a quorum of the Board is present, and after notice has been given to the Owners, the proposed rule and regulation is passed at a regular or special meeting by a majority vote of the Board.

(b) The vote on the proposed rule and regulation shall be final unless:

(1) Within fifteen (15) days after the vote to adopt the proposed rule and regulation, fifteen percent (15%) of the Council signs and files a petition with the Board calling for a special meeting;

(2) A quorum of the Council attends the meeting; and

(3) At the meeting, fifty percent (50%) of the Unit Owners present and voting disapprove the proposed rule and regulation, and the Unit Owners voting to disapprove the proposed rule are more than thirty-three percent (33%) of the total votes in the Condominium.

(i) During the special meetings held under paragraph (b) of this subsection, Unit Owners, tenants, and Mortgagees may comment on the proposed rule.

(ii) A special meeting held under paragraph (b) of this subsection shall be held:

a. After the Unit Owners and any Mortgagees have at least

fifteen (15) days' written notice of the meeting; and

b. Within thirty (30) days after the day the petition is received by the Board.

(c) Each Unit Owner or tenant may request an individual exception to a rule and regulation adopted while the individual was the Unit Owner or tenant of the Condominium.

(1) The request for an individual exception under paragraph (c) of this subsection shall be:

a. Written;

b. Filed with the Board that voted to adopt the proposed rule; and

c. Filed within thirty (30) days after the effective date of the rule.

(d) Each rule adopted under this Section shall state that the rule and regulation was adopted under the provisions of Section 11-111 of the Condominium Act.

Section 4. Right of Appeal.

(a) Each Unit Owner shall have a right to appeal to the Board for an individual exception to any rules or regulations adopted by the Board.

(b) The appeal period shall begin on the effective date of the rules and regulations and shall run for a period of thirty (30) days.

(c) No appeals shall be considered, except by permission of the Board, if filed after the expiration of the appeal period.

(d) All appeals shall be in writing, shall be signed and dated by the Unit Owner or Owners making such appeal, and shall be delivered to a member of the Board. The Board shall consider all appeals and shall render a decision at its next regularly scheduled meeting. Said decision shall be in writing and shall be addressed to the Unit Owner or Owners making the appeal. If the Board shall deny an appeal, there shall be no requirement of publication as to the denial.

(e) If the Board shall uphold any appeal, thus granting an individual exception to an adopted rule, the Board shall publish or communicate in a reasonable manner to the Council an explanation of the reasons for granting the exception.

ARTICLE XI INSURANCE

Section 1. Insurance.

(a) The Board, acting on behalf of the Council, shall obtain and maintain, to the extent reasonably available, the following insurance as a Condominium Master Insurance Policy, which shall be an item of Common Expenses:

(1) Property insurance on the General Common Elements and Limited Common Elements, and Units, exclusive of improvements and betterments installed in Units by Unit Owners, insuring against all risks of direct physical loss commonly insured against or such other insurance as deemed appropriate to protect the Council, the individual Owners, and the Condominium from risks customarily associated with projects similar in construction, location and use. The total amount of insurance after application of any deductibles may not be less than eighty percent (80%) of the actual cash value of the insured property, exclusive of land, excavations, foundations, and other item normally excluded from property policies; and

(2) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Condominium Board, but not less than One Million Dollars (\$1,000,000.00), covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements.

(b) The Council shall give notice to all Unit Owners of the termination of any insurance policy within ten (10) days of termination. The Council, in any event, may carry any other insurance it deems appropriate to protect the Council or the Unit Owners.

(c) Insurance policies carried pursuant to subsection (a) shall provide that:

(1) Each Unit Owner is an insured person under the policy with respect to liability arising out of his ownership of an undivided interest in the Common Elements or membership in the Council;

(2) The insurer waives its right to subrogation under the policy against any Unit Owner or members of his household;

(3) Any act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Council, does not void the policy and is not a condition to recovery under the policy; and

(4) If, at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same property covered by the policy, the policy is primary insurance not contributing with the other insurance.

(d) Any loss covered by the property policy under subsection (a)(1) shall be adjusted with the Council, but the insurance proceeds for that loss shall be payable to any Insurance Trustee designated for that purpose, or otherwise to the Council, and not to any Mortgagee. The Insurance Trustee or the Council shall hold any insurance proceeds in trust for Unit Owners and lienholders as their interests may appear. Except as otherwise provided herein, the proceeds shall

be disbursed for the repair or restoration of the damaged Common Elements and Units, and the Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Common Elements and Units have been completely repaired or restored, or the Condominium is terminated.

(e) Any insurance policy issued to the Council does not prevent a Unit Owner from obtaining insurance for his own benefit.

(f) An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Council and, upon request, to any Unit Owner, Mortgagee, or beneficiary under a deed of trust. The insurance may not be canceled until thirty (30) days after the notice of the proposed cancellation has been mailed to the Council, each Unit Owner, and each Mortgagee to whom certificates of insurance have been issued.

(g) It is recommended by the Board that each Unit Owner should obtain his own insurance policy on his Unit in the HO-6 form with an "improvements and betterments," "alterations and additions", or similar endorsement. NOTICE IS HEREBY GIVEN BY THE CONDOMINIUM DEVELOPER THAT THE CONDOMINIUM MASTER POLICY REFERRED TO IN SECTION 1 OF THIS ARTICLE DOES NOT INSURE ANY ADDITIONS, ALTERATIONS, IMPROVEMENTS, BETTERMENTS OR MODIFICATIONS TO ANY UNIT AS SOLD BY THE DEVELOPER.

ARTICLE XII CASUALTY DAMAGES

Section 1. Use Of Insurance.

(a) Any portion of the Condominium damaged or destroyed shall be repaired or replaced promptly by the Council unless:

- (1) The Condominium is terminated;
- (2) Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or
- (3) Eighty percent (80%) of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild.

The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. A property insurance deductible is not a cost of repair or replacement in excess of insurance proceeds. If the cause of any damage to or destruction of any portion of the Condominium originates from the Common Elements or a Unit, the Council of Unit Owners' property insurance deductible is a common expense; provided, however, that an Owner of a Unit where the cause of the damage or destruction originated is responsible for the Council of Unit Owner's property insurance deductible up to a maximum of One Thousand Dollars (\$1,000.00) or such other limit as may be prescribed from time to time by the Act; and further, provided, that

the Council of Unit Owners' property insurance deductible amount exceeding One Thousand Dollars (\$1,000.00) or such limit set by the Act, is a common expense. The Council may make an annual assessment against the Owner responsible under the preceding sentence in accordance with Section 11-110 of the Act.

If the entire Condominium is not repaired or replaced:

(1) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium;

(2) The insurance proceeds attributable to the Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were assigned; and

(3) The remainder of the proceeds shall be distributed to all the Unit Owners in proportion to their Common Element interest.

(d) If the Unit Owners vote not to rebuild any Unit, that Unit's entire Common Element interest, votes in the Council, and Common Expense liability are automatically reallocated upon the vote as if the Unit had been condemned, and the provisions of the Declaration shall govern; and the Council shall promptly prepare, execute and record an amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this subsection, the Condominium Act (Section 11-114) governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE XIII MAINTENANCE OF THE PROPERTY

Section 1. Common Elements. Except to the extent otherwise provided in this Section 1 and in Sections 2 and 3 of this Article XIII, the Condominium Association shall be responsible for cleaning, maintenance, repair and replacement of the Common Elements, and the cost thereof shall be assessed against the Owners of all Units as a Common Expense. The cleaning of a Common Element includes, among other things, keeping the same free and clear of litter, debris, sand, snow, ice and any accumulation of water, to the extent practical. The Condominium Board may make any addition, alteration or improvement in or to the Common Elements provided that fifteen (15) days notice (or such lesser notice as is reasonable in an emergency) of intent to make the same is furnished to each Unit Owner. The cost of any such addition, alteration or improvement shall constitute a Common Expense. Each addition, alteration or improvement made to any Building by the Condominium Association shall be clearly indicated by (a) a revised or supplemental drawing which shall be filed and maintained with the architectural, mechanical and other drawings for the Buildings which are permanently maintained at the principal office of the Condominium pursuant to the Condominium Declaration, and (b) if appropriate, an amendment to the Condominium Plat. The General Common Elements which the Condominium Association is required to maintain include, among other things, each storm water management facility located within the Condominium, if any. In addition to the foregoing, if

there is a storm water management facility located on Condominium Land, the Town of Bel Air shall have the right to enter on the property of persons who do not comply with a maintenance notification requiring repairs to any storm water management facility, to perform necessary maintenance, and to assess any cost(s) involved to the owner(s) of any such facility.

Section 2. Limited Common Elements. The Unit Owner of each Unit shall be responsible, at his own expense, for the cleaning and maintenance of (a) any exterior wall or ceiling light or electrical outlet designed to serve a patio or balcony adjacent to his Unit, (b) each patio or balcony adjacent to his Unit, and the masonry retaining wall, if any, enclosing such patio or the railing enclosing such balcony, and (c) the mechanical room, if any, adjacent to his Unit and any smoke detector and wall or ceiling light designed to serve the mechanical room. The Condominium Association shall be responsible for the repair and replacement of the Limited Common Elements. If any Unit Owner fails to perform any of his obligations under this Section 2 or fails to clean, maintain, repair or replace the windows or doors enclosing his Unit as provided in Section 3 of this Article XIII, then the Condominium Board may, but is in no manner required to, remedy such default, in which event the Unit Owner responsible therefor shall pay the cost thereof to the Condominium Board as provided in these By-Laws.

Section 3. Units. Each Unit Owner shall be responsible at his own expense, for the cleaning, maintenance, repair and replacement of his Unit, including, but not limited to, the windows and doors furnishing access between his Unit and the Common Elements, including the casings, seals, glass and screens of such windows and doors. Additionally, to prevent freezing of any water in any pipe, plumbing fixture or other facility in the Condominium, and to minimize the heating costs of adjacent Units and Common Elements, each Unit Owner, at his own expense, shall maintain the temperature inside his Unit at not less than 62 degrees Fahrenheit throughout each calendar year.

Section 4. Additions, Alterations, Improvements and Decorations.

(a) Except as otherwise provided herein or in the Condominium Declaration, or in Subsection (b) of this Section 4, no Unit Owner, except the Condominium Developer, shall make (i) any structural addition, alteration or improvement to his Unit or any Limited Common Element which he has the right to use, or (ii) any non-structural addition, alteration, improvement or decoration to or upon the windows and doors enclosing his Unit, or to or upon any Limited Common Element which he has the right to use including, without limitation, the addition of any awning or screen to any window, door, patio or balcony, unless and until plans and specification, in duplicate, showing the nature, kind, shape, height, color, materials, location and approximate cost of such addition, alteration, improvement or decoration shall have been submitted to and approved in writing by the Condominium Board, which shall have the right for good cause to refuse to approve any such plans or specifications which it deems unsuitable or undesirable, whether based on aesthetic or other reasons, except that (i) the Condominium Board shall not refuse to permit a Unit Owner to make reasonable modifications to his Unit or to any Limited Common Element which he has the right to use, if such modifications are necessary under the Federal Fair Housing Act (as heretofore and hereafter amended) to afford one (1) or more Person(s) with a Disability (as such term is defined in the Declaration) who is residing at or intending to reside at such Unit the full enjoyment of such Unit and/or the Limited Common

Elements appurtenant thereto, and (ii) if the Condominium Board fails to deny any requested addition, alteration, improvement or decoration within sixty (60) days after receipt of two (2) complete sets of plans and specifications therefor, such request shall be deemed approved. The Condominium Board may delegate its authority under this Subsection (a) to an architectural committee appointed by the Condominium Board. The plans and specifications for any addition, alteration, improvement or decoration approved by the Condominium Board or the architectural committee and actually constructed or installed shall be filed and maintained at the principal office of the Condominium, and, if appropriate, the Condominium Plat shall be amended to reflect any such addition, alteration or improvement.

(b) The Condominium Board may adopt reasonable rules and regulations as provided herein establishing general standards for the making of one or more types of non-structural addition, alteration, improvements or decorations to or upon the windows and doors enclosing the Units or to or upon the Limited Common Elements. Such rules and regulations may provide that to the extent any particular addition, alteration, improvement or decoration is made in compliance with such general standards, such addition, alteration, improvement or decoration may be made without the submission of plans and specifications therefor to the Condominium Board and without written approval by the Condominium Board of said plans and specifications.

(c) For the purposes of the Condominium Declaration, and of this Section 4, a structural addition, alteration or improvement to a Unit shall include, without limitation, any addition, alteration or improvement involving any portion of the Unit (such as a utility line or duct serving that Unit) located above the top surface of any sheetrock ceiling within the Unit, whether such ceiling is a drop ceiling or is located at the upper boundary of the Unit.

Section 5. Water, Gas, Electricity and Sewer System. Electricity and gas are furnished to the General Common Elements through a separate meter or meters designed for the property held in common, and the Condominium Board shall pay, as a Common Expense, the cost of all electricity and gas furnished through said meter or meters. Gas and electricity are furnished to the Units (and to certain Limited Common Elements appurtenant to each Unit) through separate meters, and each Unit Owner shall pay for all gas and electricity furnished through a separate meter to his Unit and to the Limited Common Elements appurtenant thereto. Water is furnished to the General Common Elements, the Units and the appurtenant Limited Common Elements through a single meter, and the Condominium Board shall pay, as a Common Expense, the cost of all water furnished through said meter.

The onsite water mains and services will be privately owned and maintained by the Council. The onsite sewer mains will be dedicated to the Town of Bel Air, Maryland and the onsite sewer services will be privately owned and maintained by the Council.

ARTICLE XIV DISPUTE RESOLUTION

Section 1. Fine Imposition Procedure. The Condominium Association shall be entitled to impose a reasonable fine against a Unit Owner, Tenant or resident of a Unit for the violation of any of the use restrictions or any of the rules and regulations adopted by the Condominium

Association pursuant to the Declaration and these By-Laws, provided the Condominium Association follows the procedure set forth in Section 11-113 (or any successor provision) of the Condominium Act for the imposition of fines for rules violations (the "Fine Imposition Procedure"), except that notwithstanding Section 11-113 (b) (4) of the Condominium Act, a decision rendered by or on behalf of the Condominium Association pursuant to the Fine Imposition Procedure shall be appealable to an arbitration panel pursuant to Section 2 of this Article, rather than being appealable to the Courts of Maryland. Any such appeal by a Unit Owner or Tenant must be initiated by written notice delivered to the Secretary of the Condominium Association within thirty (30) days after the Condominium Association gives the Unit Owner or Tenant written notice of the decision rendered pursuant to the Fine Imposition Procedure. Any such notice of appeal shall comply with the requirements set forth in Section 2 of this Article for a Notice Invoking Arbitration.

Section 2. Arbitration. If there is any dispute concerning rules and regulations or any other matter related to the Condominium, between the Condominium Association, the Condominium Board or the Manager, on the one part, and any Unit Owner, Tenant or resident of a Unit, on the other part, which is not governed by Section 1 of this Article, or if any decision rendered by or on behalf of the Condominium Association pursuant to the Fine Imposition Procedure referred to in Section 1 of this Article is appealed, such dispute or such appeal, as applicable, shall be submitted to arbitration. Either party shall have the right to notify the other party that it is invoking the arbitration provisions of these By-Laws, as herein provided. The party initiating the arbitration shall set forth in its written notice (the "Notice Invoking Arbitration") the desire to invoke the arbitration provisions of this Article, and shall specify the name and address of the arbitrator selected to represent the party initiating the arbitration and the matter to be arbitrated. Within ten (10) days after receipt of such notice, the other party to the dispute shall specify by written notice to the party invoking arbitration, the name and address of the arbitrator to represent it. Within seven (7) days after the designation of the second arbitrator, the two (2) arbitrators so designated shall name the third arbitrator by their joint agreement. If the party requested to name its arbitrator fails to do so within the time limited, or if the two (2) arbitrators fail to agree within seven (7) days after appointment of a second arbitrator, as to a third arbitrator, then the one or two designated arbitrators, as the case may be, shall then request the then Administrative Judge of the Circuit Court for Harford County to designate an arbitrator or arbitrators so that there will be three (3) arbitrators. Such arbitration shall be conducted in accordance with all applicable arbitration laws of the State of Maryland, except that in the event of any conflict between said laws and the provisions of this Article, the provisions of this Article shall be controlling, unless otherwise required by law. A decision of the majority of the arbitrators shall be final, conclusive and binding upon both parties. The controlling decision shall be in writing, signed by the arbitrators making same, shall briefly state the grounds therefor and shall fix and allocate the cost of the proceedings between the parties. Notwithstanding the above provisions of this Section 2, any dispute between the Condominium Association, the Condominium Board or the Manager, on the one part, and the Condominium Developer, on the other part, involving the Condominium Developer in its role as the Condominium Developer (rather than its role merely as a Unit Owner or Tenant) shall be resolved without the use of arbitration unless the parties to the dispute mutually agree in writing to submit such dispute to arbitration.

Section 3. Failure to Comply. If either party to an arbitration proceeding shall fail to comply with the decision of the arbitrators, the other party may seek enforcement by appropriate judicial proceedings, either an action at law for damages, or a suit in equity to enjoin a breach or violation, or enforce performance, of any rule, regulation or other obligation. The prevailing party in any such proceeding shall be entitled to an award for counsel fees and other litigation expenses at the discretion of, and to the extent determined by, the court.

Section 4. Enforcement. All of the use restrictions and all of the rules and regulations adopted by the Condominium Board pursuant to the Declaration and these By-Laws shall be held and construed to run with and bind the Common Elements and all Units located within the Condominium and all Unit Owners and Tenants of such Units, their respective heirs, personal representatives, successors and assigns, forever, all except as otherwise expressly set forth in said rules and regulations. Said limitations and rules and regulations shall inure to the benefit of and be enforceable by the Condominium Association, Condominium Board and Manager in accordance with the procedures set forth in Sections 1, 2 and 3 of this Article against anyone violating or attempting to violate any of said rules and regulations, provided, however, that if the person who commits or attempts such a violation is not a Unit Owner, Tenant or resident of a Unit (or if, for any reason, such person is not subject to the procedures set forth in Sections 1 and 2 of this Article notwithstanding that such person is a Unit Owner or Tenant), the Condominium Association, Condominium Board or Manager may enforce such limitation, rule or regulation in accordance with the procedure set forth in Section 3 of this Article, without resort to the procedures set forth in Sections 1 and 2 of this Article. Furthermore, and in any event, the Condominium Association, for itself, its agents, servants, employees and contractors, after notice to a Unit Owner of any breach or violation of any rule or regulation within his Unit or within or upon any Limited Common Element which he has the right to use, and the failure of said Unit Owner to correct the same within a reasonable time thereafter, shall have the right to enter said Unit or Limited Common Element and, at the expense of said Unit Owner, summarily abate or remove the breach or violation occurring in said Unit or Limited Common Element, provided, however, that appropriate judicial proceedings shall be instituted before any item of construction can be altered or demolished.

ARTICLE XV FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Council shall begin on the first day of January every year and shall end on the 31st day of December, except that the first year of the Council shall begin on the date of the recording of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board in its discretion.

Section 2. Books and Accounts. Books and accounts of the Council shall be kept under the direction of the Treasurer in accordance with good accounting practices. The same shall include books with detailed accounts, in chronological order, of the receipts and expenditures affecting the Regime and its administration and shall specify the maintenance and repair expenses of the General and Limited Common Elements and services and any other expenses incurred. That amount of any assessment required for payment on any capital expenditures of the Council shall be a credit upon the books of the Council to the "Paid-in Surplus" account as a

capital contribution by the Unit Owners.

The Council shall be required to make available to all Owners, Lenders and the Holders or Insurers of the first mortgage on any Unit, current copies of the Declaration, the By-Laws and other rules governing the Condominium (if any), and any other books, records and financial statements of the Council. The Council shall also be required to make available to prospective purchasers current copies of the Declaration, By-Laws, any rules governing the Condominium and the most recent annual audited financial statement, if the same has been prepared. "Available" for purposes of this Section shall mean available for inspection upon request during normal business hours or under other reasonable circumstances.

Section 3. Auditing. At the close of each fiscal year, the books and records of the Regime shall be audited, and if such audit is by an independent Certified Public Accountant, his report shall be prepared and may be certified in accordance with generally accepted auditing standards. Based upon such audit or report, the Council shall furnish the Unit Owners with an annual financial statement, including the income and disbursements of the Council. Upon request of Unit Owners of at least five percent (5%) of the Units, an audit of the Condominium shall be made by an independent Certified Public Accountant, provided an audit shall not be made more than once in any consecutive twelve (12) month period. The cost of the audit shall be a Common Expense. In addition, upon written request from any entity which has an interest or prospective interest in the Condominium, the Council may be required to furnish within a reasonable time an audited financial statement of the Council for the immediately preceding fiscal year.

ARTICLE XVI AMENDMENTS

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of Unit Owners representing at least sixty-six and two-thirds percent (66 2/3%) of the total votes of the Regime, at any meeting of the Council duly called for such purposes in accordance with the provisions of the Condominium Act; provided, however, that the provisions of Section 2 hereof are satisfied. Amendments may be proposed by the Board or by a petition signed by Unit Owners representing at least twenty percent (20%) of the total votes of the Regime. A description of the proposed amendment shall accompany the notice of the regular or special meeting at which such proposed amendment is to be voted upon, and said notice shall also be given to the Holders of all first mortgages in the Regime. Any amendments adopted by the Council shall be effective only upon recordation among the Land Records of Harford County. The recorded amendment shall set out the Section(s) of these By-Laws being amended and the applicable provisions of the Condominium Act. The provisions of this Article are subject to the rights of the Condominium Developer as provided in the Declaration.

Section 2. Except as provided in the Condominium Act and excluding those amendments to the Declaration or these By-Laws made as a result of destruction, damage or condemnation, or to a reallocation of interests in the Common Elements:

(a) The consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and the approval of the Eligible Holders of first mortgages on

Units to which at least sixty-seven percent (67%) of the votes on Units subject to a mortgage appertain, shall be required to terminate the Condominium.

(b) The consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and the approval of Eligible Holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of units subject to a mortgage appertain, shall be required to materially amend any provisions of the Declaration or these By-Laws or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

- (1) Voting;
- (2) Assessments, assessment liens or subordination of such liens;
- (3) Reserves for maintenance, repair and replacement of the Common Elements;
- (4) Insurance or Fidelity Bonds;
- (5) Rights to use of the Common Elements;
- (6) Responsibility for maintenance and repair of the several portions of the Condominium;
- (7) Expansion or contraction of the Condominium Regime or the addition, annexation or withdrawal of property to or from the Regime;
- (8) Boundaries of any Unit;
- (9) The interests in the General or Limited Common Elements;
- (10) Convertibility of Units into Common Elements or of Common Elements into Units;
- (11) Leasing of Units;
- (12) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit in the Condominium; or
- (13) Establishment of self-management by the Council where professional management has been required by the Department of Housing and Urban Development and/or the Veterans Administration.

(c) The consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and approval of Eligible Holders of first mortgages on Units to

which at least fifty-one percent (51%) of the votes of Units subject to a mortgage appertain, shall be required to amend any provisions included in the Declaration or these By-Laws which are for the express benefit of Holders or Insurers of first mortgages on Units in the Condominium.

(d) For first Mortgagees to be Eligible Holders under this Section, they must request notice in accordance with the provisions of Article XVII.

ARTICLE XVII MORTGAGEES

Section 1. Rights of Mortgagees.

(a) Notices of Action. A Holder, Insurer or Guarantor of a first mortgage, upon written request to the Council (such request to state the name and address of such Holder, Insurer or Guarantor and the Unit Number), will be entitled to timely written notice of:

(1) Any proposed amendment of the Condominium Documents affecting a change in: (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto, (ii) the interests in the General or Limited Common Elements to any Units or the liability for Common Expenses thereto, (iii) the number of votes in the Council to any Unit or (iv) the purposes to which any Unit or the Common Elements are restricted;

(2) Any proposed termination of the Condominium Regime;

(3) Any condemnation loss or any casualty loss which affects a material portion of the Condominium, or which affects any Unit on which there is a first mortgage held, insured or guaranteed by such Eligible Holder;

(4) Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to the mortgage of such Holder, Insurer or Guarantor, where such delinquency has continued for a period of sixty (60) days; or

(5) Any lapse, cancellation or material modification of any insurance policy maintained by the Council pursuant to the terms of the Declaration, By-Laws or the Condominium Act.

(b) Other Provisions for First Lienholders. Except as provided in the Condominium Act, the Declaration or these By-laws;

(1) Any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications unless the approval of the Eligible Holders of first mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to mortgages held by such Eligible Holders are allocated, is obtained.

(2) Any election to terminate the Condominium Regime after substantial

destruction or a substantial taking in condemnation of the Condominium Property requires the approval of the Eligible Holders of first mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to mortgages held by such Eligible Holders are allocated.

(3) No reallocation of interests in the Common Elements resulting from a partial condemnation or partial destruction of the Condominium may be effected without the approval of the Eligible Holders of first mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to mortgages held by such Eligible Holders are allocated.

As used herein, the terms, "Eligible Holder", "Insurer", or "Guarantor" shall mean a holder, insurer or guarantor of a first mortgage on a Unit in the Condominium which has requested notice in accordance with the provisions hereof.

(c) Examination of Books and Records. Owners, first mortgagees, Insurers and Guarantors of first mortgages of Units shall have the right to examine the books and records of the Council during normal business hours by appointment or with forty-eight (48) hours notice, or under other reasonable circumstances. The Council shall be required to make available to Owners, Lenders, and the Holders and Insurers of the first mortgage on any Unit, current copies of the Declaration, By-Laws and other rules governing the Condominium, and other books, records and financial statements of the Council. The Council shall also be required to make available to prospective purchasers current copies of the Declaration, By-Laws and other rules governing the Condominium, and the most recent annual audited financial statement, if such statement is prepared. "Available" for purposes of this Paragraph shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. Upon written request from the Department of Housing and Urban Development and/or the Veterans Administration which has/have an interest or prospective interest in the Condominium, the Council shall be required to prepare and furnish within a reasonable time an audited financial statement of the Council for the immediately preceding fiscal year.

(d) Consent of First Lienholders to Proposed Amendments to By-Laws. If a Holder of a mortgage or deed of trust affecting any Unit which receives a proposed amendment to the By-Laws fails to object, in writing, to the proposed amendment within sixty (60) days from the date of actual receipt of the proposed amendment, the Holder shall be deemed to have consented to the adoption of the amendment; provided, however, that this subparagraph (d) shall not apply to amendments that alter the priority of a lien of an affected mortgage or deed of trust; or materially impair or affect the applicable Unit as collateral; or materially impair or affect the rights of the Holder to exercise any rights under the mortgage, deed of trust or applicable law.

Section 2. Additional Rights of Mortgagees (FNMA Requirements).

(a) In addition to the above and except as provided in the Condominium Act, no amendment of a material nature of the Declaration, Plats, these By-Laws (including any rules adopted pursuant to the Condominium Act or these By-Laws or other Condominium Documents) may be made unless approved by at least sixty-seven percent (67%) of the total votes appurtenant to all Units in the Condominium (unless a greater vote is required by the Condominium Act, in which case the greater vote shall be required) and approval is obtained

from Eligible Holders representing at least sixty-seven percent (67%) of the votes of unit estates that are subject to mortgages held by Eligible Holders.

A change to any of the following would be considered as material:

- (i) voting rights;
- (ii) increases in assessments that raise the previous assessed amount by more than twenty-five percent (25%) , assessment liens, or priority of assessment liens;
- (iii) reductions in reserves for maintenance, repair and replacement of common areas;
- (iv) responsibility for maintenance and repairs;
- (v) reallocation of interests in the general or limited common areas, or rights to their use;
- (vi) redefinition of any Unit boundaries;
- (vii) convertibility of Units into common areas or vice versa;
- (viii) expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to and from the Condominium;
- (ix) hazard or fidelity insurance requirements;
- (x) imposition of any restrictions on the leasing of Units;
- (xi) imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- (xii) a decision by the Council to establish self management when professional management had been required previously by an Eligible Holder;
- (xiii) restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium documents;
- (xiv) any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or
- (xv) any provisions that expressly benefit Holders, Insurers or Guarantors.

(b) When Unit Owners are considering termination of the legal status of the Condominium Regime for reasons other than substantial destruction or condemnation of the Property, the Eligible Holders representing at least sixty-seven percent (67%) of the votes of the

mortgaged Units must agree.

(c) "Eligible Holders" means those holders of a first mortgage on a unit estate who have requested the Council to notify them on any proposed action that requires the consent of a specified percentage of Eligible Holders.

(d) An Eligible Holder shall be deemed to have impliedly approved an amendment if it fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposals provided the notice was delivered by certified or regular mail with a "return receipt requested."

Section 3. Unpaid Assessments. The Council may report to a Mortgagee of a Unit any unpaid assessment due from the Owner of the Unit, and take such other steps as it may deem reasonable to give notice of the nonpayment of such assessment. Further, upon the request of any Mortgagee of a Unit, the Council shall give written notification to the Mortgagee of any default by the mortgagor of such Unit in the performance of such mortgagor's obligations under the Declaration, these By-Laws, and the related Condominium documents, if such default is not cured within sixty (60) days.

Section 4. Amenities and Facilities. All amenities and facilities shall be owned by the Unit Owners and shall not be subject to a lease between the Unit Owners (or Council) and another party.

ARTICLE XVIII COMPLIANCE - INTERPRETATION - MISCELLANEOUS

Section 1. Compliance. These By-Laws are set forth in compliance with the requirements of the Condominium Act and all applicable State and local laws and ordinances, notwithstanding anything in these By-Laws to the contrary, whether expressed or implied.

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Condominium Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration, and the provisions of the Declaration shall control; in the event of any conflict between the By-Laws and the applicable sections of the Condominium Act, the provisions of the Condominium Act control.

Section 3. Resident Agent. Rachel M. Hess, Esquire, 20 Crossroads Drive, Suite 215, Owings Mills, Maryland 21117, a Maryland resident, is designated as the party authorized to accept service of process in any action relating to the Regime or to the General or Limited Common Elements, as authorized under the Condominium Act. The Board may, at its discretion, substitute another Resident Agent for the purpose of accepting such service of process as set forth above, provided that proper notification of such change be promptly filed with the Maryland Department of Assessments and Taxation.

Section 4. Rights of Action. The Association and any aggrieved Unit Owner shall have

the right of action against Unit Owners who fail to comply with the provisions of the Declaration or By-Laws or the decisions made by the Association. Unit Owners have similar rights of action against the Association.

Section 5. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Condominium Association unless approved by a vote of fifty-one percent (51%) of the Owners (other than Declarant). In the case of such a vote, and notwithstanding anything contained in the Declaration or the Articles of Incorporation or By-Laws of the Council to the contrary, the Council shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by a vote of fifty-one percent (51%) of all Unit Owners (other than Declarant) of the Council. This Section shall not apply, however, to (a) actions brought by the Council to enforce the provisions of the Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided herein, or (c) counterclaims brought by the Council in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Condominium Developer or is approved by the percentage votes pursuant to the same procedures necessary to institute proceedings as provided above.

Section 6. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 7. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 8. Captions and Table of Contents. The captions and Table of Contents contained in these By-Laws are for convenience and ease of use only, and are not part of these By-Laws, and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 9. Gender. Etc. Whenever in these By-Laws the context so requires, the singular shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

WITNESS the signature and seal of the Condominium Developer, this 30TH day of June, 2005.

ATTEST/WITNESS:

NVR, INC.

Elizabeth DeFranks

By: Ed Levendusky (SEAL)
Ed Levendusky, Vice President

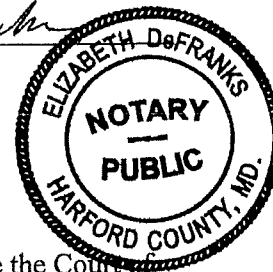
STATE OF MARYLAND, COUNTY OF HARFORD, to wit:

I HEREBY CERTIFY that on this 30 day of June, 2005, before me, a Notary Public in and for the State aforesaid, personally appeared Ed Levendusky, who acknowledged himself to be the Vice President of NVR, Inc., a Virginia corporation, the within named Condominium Developer, and that he, as such Vice President, executed the foregoing By-Laws for the purposes therein contained.

WITNESS my hand and Notarial Seal.

My Commission expires: 2/1/09

Elizabeth DeFranks
Notary Public



ATTORNEY CERTIFICATION

The undersigned, an attorney duly admitted to practice and in good standing before the Court of Appeals of Maryland, certifies that the foregoing instrument was prepared by her.

Rachel M. Hess
Rachel M. Hess

CONDOMINIUM DECLARATION

EXHIBIT C

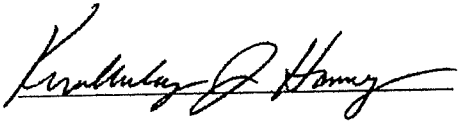
All that land shown on the plat entitled, "Condominium Phase Plat Hearthstone at Village Square Condominium" dated June 17, 2005 and recorded among the Land Records of Harford County, Maryland in Liber JJR No. 14 folio 1-14 saving and excepting therefrom the land described on Exhibit A.

JOINER AND CONSENT OF OWNER

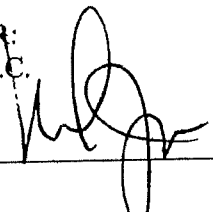
314 L.L.C., a Maryland limited liability company (hereinafter referred to as "Owner"), as the Owner of a portion of the property described in Exhibit A of the Declaration, hereby consents to the execution and recordation of the Declaration of Condominium, Hearthstone at Village Square Condominium to which this Joinder and Consent of Owner is attached ("Declaration"), and agrees that the terms, provisions, covenants, conditions and restrictions contained in the Declaration shall run with and bind the title of that portion of the property owned by Owner which is described in Exhibit A of the Declaration such that said property is hereby subject to the condominium regime.

The Owner agrees to execute any further assurances of the foregoing as may be requested by the parties to the Declaration.

WITNESS:



OWNER:
314 L.L.C.

By:  (SEAL)

HARFORD

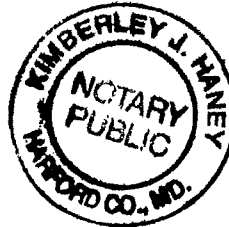
STATE OF MARYLAND, COUNTY OF BALTIMORE, TO WIT:

I HEREBY CERTIFY that on this 30TH day of JUNE, 2005, before me, the subscriber, a Notary Public of the State of Maryland, personally appeared MIKE JONES who acknowledged himself to be the Member of 314 L.L.C., and he acknowledged that he executed the foregoing on behalf of the said entity, as Member, for the purposes therein contained and he acknowledged the same to be the lawful act and deed of the aforesaid entity.

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


Notary Public

My Commission Expires: 5/1/09



Procedures for the Enforcement of the By-Laws, Declarations,
and Rules of the Hearthstone at Village Square HOA

One of the duties of the Board of Directors of Hearthstone at Village Square is to "impose and collect reasonable fines for violation of the rules and regulations of the Condominium Association" (Article V, section 3f). Such rules and regulations can be adopted by the Board provided that the procedures outlined in Article X, section 1 and 2 are followed.

A proposed addition to Hearthstone at Village Square rules and regulations to become effective January 1, 2012 is as follows:

Fines may be assessed to Unit Owners who are in violation of the Condominium Declaration, By-Laws, or Rules and Regulations through the procedure outlined below:

(a) A complaint of an alleged rules violation may be sent, in writing to the Board of Directors by any unit owner. The complaint must include:

1. The date of the observed occurrence
2. The name and address of the violator
3. A description of the violation
4. The name, address, and signature of the person making the complaint

A form for this purpose may be obtained from the management company or a member of the Board of Directors.

(b) Upon reception of a written complaint, a letter advising the responsible Unit Owner of the violation will be sent by the management company requesting compliance within a specified amount of time. This notification to cease and desist will contain the following information:

1. The alleged violation
2. The action required to abate the violation
3. A time period, not less than 10 days, during which the violation may be abated without further sanction, if the violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not continuing.

(c) If the violation continues past the time allowed for abatement or if a second violation occurs, the Board will send the responsible unit owner a written notice of a hearing to be held by the Board in session. This notice shall include:

1. The nature of the alleged violation
2. The time and place of the hearing, which time may not be less than 10 days from the giving of the notice
3. An invitation to attend the hearing and produce any statement, evidence, and witnesses on his/her behalf
4. The proposed sanction to be imposed.

The hearing shall be held in executive session. Proof of notice and the invitation to be heard will be entered into the minutes.

(d) After following the above procedures, The Board of Directors may proceed with sanctions against a Unit Owner who is found to be in violation of the Condominium Declaration, By-Laws, or Rules and Regulations in the form of the fines listed below. Also, the responsible Unit Owner will be assessed for the costs borne by the association to correct the violation, any legal costs, and any unpaid fines accrued.

First Offense	\$25.00
Second Offense	\$50.00
Third Offense	\$100.00
Fourth and any Subsequent Offenses	\$500.00

A unit owner who is found to be in violation will be notified in writing of an imposed fine. The fine will be subject to collection within 15 days of the notification.

(e) All costs expended by the Board in enforcing these Rules, such as the costs of towing an illegally parked vehicle, shall be assessed and may be collected in the same manner and against the same person as fines.

The rules and regulations which are subject to the procedures for enforcement are to be found in the Hearthstone at Village Square Declarations and By-Laws, and will include any additional rules passed by the Board of Directors. These rules and regulations include but are not limited to, the following:

1. Residents must be 55 years of age or older with a spouse of any age or other person 40 years of age or older. Persons under 40 years of age, other than a spouse, shall not reside in a unit for more than a total of 30 days in a calendar year.
2. No resident shall park or store a camper, boat, commercial vehicle, or inoperative vehicle in the Condominium parking areas.
3. No motor vehicle shall be washed, rinsed, waxed, or repaired in the Condominium parking areas.
4. The residents of a unit may keep a maximum of 2 dogs or 2 cats or 2 caged birds or a combination thereof as domestic pets.
5. Dogs may be walked on the General Common Elements only and must be on a leash. Dog owners are responsible for cleaning up after their pet.
6. No grill or other cooking apparatus may be stored or operated on any patio or balcony.
7. No personal property other than customary outdoor furniture and no more than two planters shall be left on any patio or balcony.
8. Residents shall not back into parking spaces which are in front of Condominium buildings.
9. All unit owners must have their dryer vent cleaned every two years and send proof of the cleaning to the property management company.
10. No resident may dig up the sod on common condominium ground for any purpose.

**AFFIDAVIT OF COMPLAINT
HEARTHSTONE AT VILLAGE SQUARE CONDOMINIUMS**

Complainant Name _____ (Owner Information) Defendant Full Name _____

Address: _____ Address: _____

Phone Number: _____ Phone Number: _____

**Description of complaint, including the description of the alleged violation, date and time and length of time, if applicable.
*Attach photo if possible.***

**The above information is true and correct to the best of my knowledge.
I understand that as a result of this complaint, the defendants may be charged with
a violation of the governing documents and/or condominium rules and regulations,
and that I may be required to attend a hearing.**

Signature: _____ Date: _____
COMPLAINANT

Signature: _____ Date: _____
COMPLAINANT

Mail completed form to:
Debra Bell, Community Association Manager
Hearthstone at Village Square
Tidewater Property Management, Inc.
3706 Crondall Lane Suite 016
Owings Mills, Md. 21117
443-548-0191 ext. 122

CC&Rs-Declaration
Hearthstone at Village Square Condominium Inc.

751
201

HEARTHSTONE AT VILLAGE SQUARE CONDOMINIUM
DECLARATION

IMP FD SURE \$ 20.00
RECORDING FEE 75.00
TOTAL 95.00
Res# HA03 Rcpt # 95498
JJR JD Blk # 7502
Jun 30, 2005 01:55 PM

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**HEARTHSTONE AT VILLAGE SQUARE
CONDOMINIUM DECLARATION**

THIS DECLARATION is made this 30th day of JUNE, 2005, by NVR, INC., a Virginia corporation, hereinafter called the "Condominium Developer".

WHEREAS, the Condominium Developer holds the fee simple title to the Condominium Land (as such term is defined herein) and desires to subject said Condominium Land, together with the Buildings (as defined herein) and improvements erected thereon, and all rights, alleys, ways, waters, privileges, appurtenances and advantages thereunto belonging, or in anywise appertaining, including the hereinafter described rights-of-ways, to a condominium regime, as provided for in the Condominium Act (hereinafter defined), and hereby to establish for the property, a condominium regime to be known as "HEARTHSTONE AT VILLAGE SQUARE CONDOMINIUM".

NOW THEREFORE, THIS DECLARATION WITNESSETH: The Condominium Developer for itself, its successors and assigns, does hereby expressly establish and declare the following:

ARTICLE I. DEFINITIONS

As used in this Declaration, and the Condominium By-Laws annexed hereto, except to the extent otherwise expressly provided, or otherwise resulting from necessary implication, the following terms shall have the meaning herein ascribed thereto:

(a) Annual Assessment. "Annual Assessment" means the assessment levied annually against the Units pursuant to Section I of Article IX of the Condominium By-Laws.

(b) Building. "Building" includes the two-story structure containing twelve (12) Units which is constructed on the Condominium Land (as such term is hereinafter defined).

(c) Common Element(s). "Common Element(s)" (a) means all of the Condominium other than Units the legal title to which is held by a person other than the Condominium Association, and (b) shall be comprised of the Limited Common Elements and the General Common Elements.

(d) Common Expense(s). "Common Expense(s)" means the expenses of the Condominium Association, including particularly, but not by way of limitation, the following: the cost and expense of administration, operation, care, cleaning, maintenance, repair or replacement of the Common Elements; payment into a repair and replacement reserve fund established for the foregoing; premiums on any policy of insurance, indemnity or bond required to be procured or maintained under the Declaration or Condominium By-Laws, or deemed necessary or advisable by the Condominium Association or Condominium Board; compensation for accountants, attorneys, engineers, financial experts, superintendents, Manager, and such other employees and agents as may be deemed necessary or advisable for the operation of the Condominium; all other costs and expenses declared to be a Common Expense by any provision

of the Condominium Act, this Declaration or the Condominium By-Laws, or by the Condominium Association or Condominium Board.

(e) Common Profit(s). "Common Profit(s)" means the profit(s) of the Condominium Association.

(f) Condominium. "Condominium" means the Condominium Land and Buildings, together with all improvements, fixtures, and structures erected thereon or therein, and all rights, ways, easements, privileges and appurtenances thereunto belonging, or in anywise appertaining, including all space in, upon, above or below the foregoing, all, however, subject to the following:

(i) Easements, agreements, conditions and other matters of public record.

(g) Condominium Act. "Condominium Act" means Title 11 of the Real Property Article of the Annotated Code of Maryland, as heretofore and hereafter amended.

(h) Condominium Association. "Condominium Association" means the incorporated legal entity that is comprised of all Unit Owners, and is charged with the government and administration of the affairs of the Condominium.

(i) Condominium Board. "Condominium Board" means the board of directors of the Condominium Association.

(j) Condominium By-Laws. "Condominium By-Laws" means the Condominium By-Laws attached hereto as Exhibit B, as said Condominium By-Laws may, from time to time, be amended.

(k) Condominium Declaration. "Condominium Declaration" (or as used herein, "Declaration") means this Declaration, as said Declaration may, from time to time, be amended.

(l) Condominium Developer. "Condominium Developer" means NVR, Inc., a Virginia corporation, its successors, and any assignee to whom the Condominium Developer specifically assigns in writing its rights as Condominium Developer under this Declaration.

(m) Condominium Documents. "Condominium Documents" means this Declaration, the Condominium By-Laws and the Condominium Plat, and all rules and regulations adopted pursuant to Article X of the Condominium By-Laws.

(n) Condominium Land. "Condominium Land" means all of that real property described in Exhibit A attached hereto.

(o) Condominium Plat. "Condominium Plat" means the plat, entitled "Hearthstone at Village Square Condominium" intended to be recorded among the Land Records of Harford County simultaneously with the recording of this Declaration, as said Condominium Plat may, from time to time, be amended.

(p) Eligible Mortgagee. "Eligible Mortgagee" means and includes each mortgagee who (i) holds a First Mortgage on a Unit, and (ii) is eligible to receive the notices and information provided by Paragraph (o) of Article XI of this Declaration.

(q) First Mortgage. "First Mortgage" means and includes a Mortgage with priority over all other Mortgages.

(r) General Common Element(s). "General Common Element(s)" means and includes all the Common Elements except the Limited Common Elements and shall include, without limitation, parking areas, elevators, hallways and stairways.

(s) Limited Common Element(s). "Limited Common Element(s)" means those Common Elements which are identified in Article V, or on the Condominium Plat, as reserved for the exclusive use of one or more, but less than all, of the Unit Owners.

(t) Majority of the Unit Owners. "Majority of the Unit Owners" means Unit Owners holding more than fifty percent (50%) of the votes appurtenant to all Units in the Condominium.

(u) Majority of the Unit Owners Present and Voting. "Majority of the Unit Owners Present and Voting" means Unit Owners casting more than fifty percent (50%) of the total votes cast on any matter by Unit Owners present, in person or by proxy, at a meeting of the Condominium Association.

(v) Manager. "Manager" means the person, firm or corporation from time to time employed by the Condominium Association to administer or supervise the Condominium. If there is no person, firm or corporation employed by the Condominium Association to administer or supervise the Condominium, then the Condominium Board shall be deemed the Manager. However, if there is no Condominium Board elected by the Unit Owners, then the Condominium Association shall be deemed the Manager.

(w) Material Change. "Material Change" shall have the meaning ascribed thereto in Paragraph (a) of Article XI of this Declaration.

(x) Mortgage. "Mortgage" means a mortgage, deed of trust or other conveyance in the nature of a mortgage.

(y) Mortgagee. "Mortgagee" means the holder of any recorded mortgage, the beneficiary of any recorded deed of trust, or the grantee (including personal representatives, successors and assigns of such grantee) named in any recorded conveyance in the nature of a mortgage, encumbering one or more Units.

(z) Percentage Interest Factor. "Percentage Interest Factor" means the proportionate interest of each Unit Owner in the Common Elements and in the Common Profits and Common Expenses as specified in Article III hereof.

(aa) Special Assessment. "Special Assessment" means the assessment, if any, levied against the Units from time to time pursuant to Section 2 of Article IX of the Condominium By-Laws.

(ab) Phase 1. "Phase 1" means the land designated "Phase 1" on the Condominium Plat and the Building located thereon together with all structures, fixtures and other improvements erected thereon or therein, and all rights, ways, easements, privileges and appurtenances thereunto belonging, or in anywise appertaining.

(ac) Subsequent Phase. "Subsequent Phase" means each phase hereafter added to the Condominium pursuant to Article VIII hereof.

(ad) Tenant. "Tenant" means any person, firm, corporation, trustee or other legal entity, or combination thereof, holding leasehold title to a Unit, whether by lease, sublease or otherwise, and includes, but is not limited to, the sublandlord and subtenant, if any, of a Unit.

(ae) Unit.

(i) The location within the Condominium, and the dimensions, of each Unit are shown on the Condominium Plat and are more particularly defined below.

(ii) Each Unit shall have and be known by a number and letter, corresponding to the number and letter shown with respect to it on the Condominium Plat.

(iii) Except as may be otherwise provided herein, each Unit shall consist of all of the following:

(a) The space bounded by and contained within:

(I) With respect to the vertical limits, the following portions of the vertical perimetrical walls enclosing such Unit:

- the stud side of the drywall of the vertical perimetrical walls enclosing such Unit; and

- with respect to any window opening or doorway opening to the outside surface of any of the said walls, the exterior surface (in the closed position) of the outermost window (including storm window), or the outermost door, set within such opening;

- with respect to the upper horizontal limited, the uppermost surface of the drywall constituting the ceiling of such Unit; and

- with respect to the lower horizontal limit, the upper surface of the gypcrete or other underlayment or, with respect to a Unit located on the terrace level of a building, the upper surface of the concrete slab; and

(b) Any circuit breaker panel, electrical meter, gas meter and any and all gas or electrical installations and fixtures (including, without limitation, any and all outlets, meters, switches, lampholders or other electrical or gas service terminals, wherever located), which exist for the exclusive use of such Unit, and all wiring and conduits running from any such circuit breaker panel to any such installation or fixture.

(c) All of the equipment for the heating and air conditioning of such Unit and the heating of water, including all mechanical equipment and appurtenances located outside such Unit which are designed, designated or installed to serve only that Unit, and all of their controls and control wiring.

(d) All duct work running from such heating and air conditioning equipment to its outlets into such Unit, and any such outlets.

(e) All range hoods or bath fans for such Unit, and all duct work connecting the same to any common exhaust duct serving such Unit as well as other Units.

(f) All bathroom and kitchen plumbing fixtures and connections thereto for such Unit, including, without limitation, all sinks, faucets, bathtubs, shower stalls, hot or cold water pipes or drain pipes connecting any of the same with any common water or drain pipes serving such Unit as well as other Units.

(g) All improvements, fixtures and installations of every kind and nature whatsoever located within the boundaries of the Unit as hereinabove set forth, as well as improvements, fixtures and installations specifically designated by the provisions hereof as being part of such Unit, but not located within such boundaries.

(h) Anything contained in the foregoing provisions of this Article to the contrary notwithstanding, whenever there is located within the boundaries of a Unit, as described above, either: (a) any loadbearing or structural wall, partition, or column, or (b) any main, duct, stack, wire, conduit, line, drain, pipe, meter or other similar thing or device which is used in providing any utility or service to any portion of the Condominium other than, or in addition to, such Unit, such Unit shall not include the loadbearing or structural portions of such wall, partition or column, or such thing or device.

(i) Each Unit shall have all of the incidents of real property under applicable law.

(iv) "Unit" also means each portion of any Subsequent Phase that the Condominium Developer may designate as a Unit in the Declaration amendment adding such Subsequent Phase to the Condominium.

(af) Unit Owner. "Unit Owner" means any person, firm, corporation, trust or other legal entity, or any combination thereof, holding legal title to a Unit. However, no Mortgagee, as such, shall be deemed a Unit Owner. If more than one person, firm, corporation, trustee or other legal entity, or any combination thereof, holds the legal title to any one Unit, whether in a real

property tenancy, partnership relationship, or otherwise, all of same shall be deemed a single Unit Owner and a single member of the Condominium Association by virtue of ownership of such Unit. If any single membership in the Condominium Association is comprised of two or more persons, firms, corporations thereof, then each constituent may cast such portion of the vote of the member as the several constituents may mutually determine, provided, however, that in the absence of such a determination, (i) each constituent may cast such portion of the vote of the member as shall equal his, her or its proportionate interest in the Unit or Units held by the member, and (ii) if only one votes, he, she or it may cast the entire vote of the member and such act shall bind all. In no event may such constituents cast, in aggregate, more than the number of votes appurtenant to the Unit(s) owned by the member.

ARTICLE II. CREATION OF CONDOMINIUM REGIME

(a) Fee Simple Ownership. The Condominium Developer hereby subjects Phase 1 to the regime established by the Condominium Act and establishes a condominium regime therefore to be known as "Hearthstone at Village Square Condominium", to the end and intent that in each Unit Owner shall vest the exclusive fee simple ownership of his Unit and, as set forth in Article IV hereof, an undivided fee simple interest in the Common Elements. Each Unit, together with the undivided interest in the Common Elements appurtenant thereto, may be purchased, leased, optioned or otherwise acquired, held, developed, improved, mortgaged, sold, exchanged, rented, conveyed, devised, inherited, or in any manner encumbered, dealt with, disposed of, or transferred as fee simple real estate, all as fully, and to the same extent, as though each Unit were entirely independent of all other Units and of the Building in which such Unit is located and constituted a single, independent, fee simple, improved lot.

(b) Types of Joint Ownership. A Unit may be held or owned by more than one person, firm or corporation, as joint tenants, tenants in common, or in any other real property tenancy relationship recognized under the laws of the State of Maryland, including, in the case of husband and wife, tenants by the entirety.

ARTICLE III. CONDOMINIUM UNITS

(a) Phase 1 Subdivision. Phase 1 is hereby subdivided into a total of twelve (12) Units in the Buildings as shown and designated by a unit number on the Condominium Plat.

(b) Percentage Interests. The Owner of each Unit shall own an undivided percentage interest in the Common Elements and a percentage interest in the Common Profits and Common Expenses of the Condominium Association. The Percentage Interest Factor appurtenant to each Unit, identical for the percentage interest in the Common Elements and the percentage interest in the Common Profits and Common Expenses, is a fraction, the numerator of which is one, and the denominator of which is the sum of the number of Units then contained within the Condominium.

(c) Voting Rights. The number of votes (at meetings of the Condominium Association) appurtenant to each Unit contained in the Condominium from time to time shall be one (1) vote.

(d) Interests Appurtenant to Unit. Neither the Percentage Interest Factor nor voting rights shall be separated from the Unit to which they appertain. Accordingly, any instrument, matter, circumstance, action, occurrence, or proceeding in any manner affecting a Unit shall also affect, in like manner, the Percentage Interest Factor and voting rights appurtenant to the Unit. Except as otherwise required by the Condominium Act or by Article VIII hereof with respect to the expansion of the Condominium, or by Paragraph (c) of Article XI hereof with respect to a failure to rebuild a Unit following a casualty, or by Paragraph (e) of Article XI hereof with respect to a condemnation of part of the Condominium, neither the Percentage Interest Factor nor the voting rights appurtenant to any Unit shall be changed without the written consent of all the Unit Owners and Mortgagees. Any change in such Percentage Interest Factor or voting rights shall be evidenced by an amendment to this Declaration recorded among the Land Records of Harford County, Maryland.

(e) Freehold Estate. Each Unit is a freehold estate. Except in the event of a condemnation of a part of a Unit or the sale of part of a Unit in lieu thereof, (i) no Unit shall be subdivided into two or more Units, nor shall any of a Unit be sold, leased, mortgaged, rented, conveyed, devised, or in any manner encumbered, disposed of or transferred, and (ii) each Unit shall forever, contain the minimum area shown therefor on the Condominium Plat. Further, the conveyance or other disposition of a Unit by any Unit Owner shall be deemed to include and convey the entire undivided interest of the Unit Owner in the Common Elements, general and limited, together with all rights and easements appertaining to his Unit, without specific or particular reference to such undivided interest in the Common Elements or the appurtenances to the Unit.

ARTICLE IV. COMMON ELEMENTS AND COMMON EXPENSES

(a) Interest in Common Elements. The fee simple title to the Common Elements is vested in the Unit Owners, each Unit Owner having the proportionate undivided interest therein equal to his Percentage Interest Factor. No percentage interest in the Common Elements shall be separated from the Unit to which such percentage interest appertains. Further, the Common Elements shall remain undivided, and, except as provided in Section 11-123 of the Condominium Act (or any successor section pertaining to termination of the Condominium), no Unit Owner or group of Unit Owners, or anyone claiming by, through or under him or them, shall bring any action for the partition or division of the ownership of the Common Elements. Except as otherwise expressly provided in Article V hereof, each Unit Owner may use the Common Elements for the purposes for which intended, without, however, hindering or encroaching upon the right of the other Unit Owners likewise to use the same.

(b) Right of Entry. The Condominium Association and its agent, servants, employees and contractors shall have the irrevocable right and a perpetual easement to enter any Unit, or upon any Limited Common Element appurtenant to any Unit, for the purpose of performing any cleaning, maintenance, repair or replacement which the Condominium Association is obligated or entitled to perform, and any inspection related thereto, whether said cleaning, maintenance, repair, replacement or inspection pertains to said Unit or Common Element, or to any other Unit or Common Element accessible from the Unit or Limited Common Element so entered, whether or not the Unit or Common Element that is the subject of such cleaning, maintenance, repair,

replacement or inspection is also accessible from any other Unit or Common Element. Except in cases involving manifest danger to public safety or to property, the Condominium Association shall make a reasonable effort to give written notice of at least ten (10) days to the Unit Owner who owns the Unit, or has the right to use the Limited Common Element, that is to be entered for the purpose of such cleaning, maintenance, repair, replacement or inspection. In cases involving manifest danger to public safety or to property resulting from conditions which are the fault of said Unit Owner, said Unit Owner shall be responsible for the prompt repair of any damage inflicted upon said Unit or Limited Common Element, or other portion of the Condominium, as a result of such entry; in all other cases, the Condominium Association shall be responsible for the prompt repair of such damage.

(c) Payment of Common Expenses. Each Unit Owner, in proportion to this Percentage Interest Factor, shall contribute toward payment of the Common Expenses. No Unit Owner shall be exempt from contributing toward said Common Expenses, either by waiver of the use or enjoyment of the Common Elements, or any portion thereof, or by the abandonment of his Unit. The contribution of each Unit Owner toward the Common Expenses shall be determined, levied and assessed in the form of Annual Assessments and Special Assessments and a working capital fee, all in the manner set forth in the Condominium By-Laws.

(d) Priority of Liens. Any assessment levied by the Condominium Association (including any Annual Assessment or Special Assessment or assessment of the type described in Article IX of the Condominium By-Laws), until paid, together with interest thereon, late charges, actual costs of collection, and reasonable attorney's fees, shall constitute a lien on the Unit against which it is levied, effective from and after the recordation of a statement of lien in the manner and form prescribed by the Condominium By-Laws, or as otherwise required by law. Such lien shall be subordinate to (i) general and special assessments for real estate taxes against the Unit; and (ii) the lien of any Mortgage duly recorded against the Unit (A) prior to the recordation of said statement of lien, or (B) after receipt by the Mortgagee of a written statement issued by the Condominium Association pursuant to the Condominium By-Laws acknowledging that payments of all assessments (and all interest, late charges, costs of collection and attorney's fees payable with respect to any delinquent assessments) against the Unit are current as of the date of recordation of the mortgage. A sale or transfer of a Unit by a deed in lieu of foreclosure to a Mortgagee holding a bona fide First Mortgage of record on the Unit, to the Federal Housing Commissioner (if such Mortgage is insured by the Federal Housing Administration) or to the Veterans Administration (if such Mortgage is guaranteed by the U.S. Veteran's Administration), shall extinguish the lien of any assessment recorded against said Unit by the Condominium Association after the recordation of such First Mortgage, but prior to the recordation of such deed in lieu of foreclosure. No sale or transfer of a Unit shall relieve the transferee Unit Owner from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V. LIMITED COMMON ELEMENTS

(a) Limited Common Elements in Phase 1. The following Limited Common Elements shall be appurtenant to the Units in Phase 1:

(i) The Owner of each Unit, to the exclusion of the Owners of all other Units, has the exclusive right to use and enjoy (A) each patio or balcony and railing adjacent to his Unit, (B) the exterior wall or ceiling light, if any, and the exterior electrical outlet, if any, serving said patio or balcony and (C) all pipes, lines, wires and ducts running between the air conditioning system condenser and the Unit.

(ii) The Owner of each Unit, to the exclusion of the Owners of all other Units, has the exclusive right to use and enjoy the flue running from each fireplace within his Unit through the fireplace chimney chase above his Unit to the outside air.

(b) Limited Common Elements in Subsequent Phases. The Limited Common Elements shall also include those Common Elements, if any, in a Subsequent Phase that the Condominium Developer elects to designate as Limited Common Elements in the Declaration amendment or Condominium Plat amendment adding such Subsequent Phase to the Condominium.

ARTICLE VI. CONDOMINIUM UNITS AND COMMON ELEMENTS

(a) Boundaries and Encroachments. The existing physical boundaries of each Unit constructed in conformity with the Condominium Plat shall be conclusively presumed to be its boundaries, regardless of variations between existing physical boundaries of the Unit and physical boundaries described in the Declaration or those boundaries shown on the Condominium Plat. However, if any Common Element, or any part thereof, now or at any time hereafter, encroaches upon any Unit, or any Unit encroaches upon any Common Element, or any other Unit, whether such encroachment is attributable to or results from construction, settlement, shifting of the Building, any fully authorized reconstruction designed to remedy, repair or restore any damage or destruction from fire or other casualty, or from condemnation proceedings, or any other reason whatsoever beyond the control of the Condominium Association and any Unit Owner, there shall forthwith arise, without the necessity of any further or additional act or instrument, a good and valid easement for the maintenance of such encroachment, either for the benefit of the Condominium Association or for the Unit Owner, their respective heirs, personal representatives, successors and assigns, to provide for the encroachment and nondisturbance of the Common Element, or the Unit, as the case may be. Such easement shall remain in full force and effect so long as the encroachment shall continue and shall be relocated, if necessary, to permit the maintenance of such encroachment wherever found. Additionally, and in all events, an easement for mutual support shall exist in the Units and Common Elements.

(b) Conveyance. The conveyance or other disposition of a Unit shall be deemed to include and convey, or be subject to, any easement arising under the provisions of this Article, without specific or particular reference to such easement.

(c) Leases. Each Unit may be leased under such terms and conditions as the Unit Owner thereof may desire, except as otherwise provided in this paragraph (c). No Unit may be leased for a period of less than six (6) months. Each lease shall be subject to the Condominium Documents and any breach or violation of any Condominium Documents by the Tenant shall constitute a default under the lease. The Tenant (as well as the landlord) shall be directly liable

to, and subject to enforcement action(s) by, the Condominium Association for any breach or violation by the Tenant of any Condominium Document. Each lease shall be in writing and shall set forth, and provide for the Tenant's acknowledgment of, each of the provisions of the two preceding sentences. The Unit Owner of any leased Unit shall promptly (within 30 days) deliver to the Condominium Board a copy of the executed lease and a copy of each signed amendment which is made thereto from time to time. The Condominium Association, through the Condominium Board, shall be entitled, but is not obligated, to exercise the default remedies of any Unit Owner, as the landlord under any such lease, and upon any breach or violation by the Tenant of any Condominium Document, the Condominium Board, after notice to the Unit Owner and Tenant of such breach or violation, and the failure of such Unit Owner and Tenant to correct the same within a reasonable time thereafter, shall be entitled, but not obligated, to summarily evict the Tenant from the leased premises, subject to any applicable laws governing the speedy recovery of possession of lands or tenements in redress of a breach or violation of lease.

(d) Age Restriction. As more particularly provided in Article X (a) (ii) herein, the Condominium is considered "Housing for the Elderly" as that term is defined by the Town of Bel Air Development Regulations as of August 1, 2003 as housing for residents fifty-five (55) years of age or older.

ARTICLE VII. GRANT OF EASEMENTS

(a) Easements Reserved by Developer. The Condominium Developer reserves to itself an irrevocable, perpetual and non-exclusive easement in, under, over and through Phase 1 and over Subsequent Phases at the time such Phases are annexed to the Condominium under Article VIII of this Declaration (the "Developer Easement Area") for the construction, connection, installation, maintenance, repair, replacement and use of (1) a hard-surfaced road for ingress and egress across Phase 1, and (2) underground sanitary sewer and water lines, meters, storm drain facilities and other utility lines (collectively, the "Developer Easement Facilities"), to serve the improvements now or hereafter existing upon all of that land as shown and designated as future phases, if any, on the Condominium Plat.

The Condominium Developer shall pay for the initial installation of the Developer Easement Facilities. The Condominium Association shall at its expense from time to time perform all necessary maintenance and repair of, and replacements to, the Developer Easement Facilities and all of the above-described land on which the Developer Easement Facilities are located. The Condominium Developer shall have the right to relocate the Developer Easement Facilities at its expense.

(b) Authority of Condominium Association to Grant Easements. The Condominium Association shall have the right, power and authority to grant any easement, right-of-way, license, lease or similar interest affecting the Common Elements of the Condominium, to the extent permitted by the Condominium Act, if the grant is approved by the affirmative vote of Unit Owners having sixty-six and two-thirds percent (66 2/3%) of the votes appurtenant to all Units, and with the express written consent of any Mortgagee holding an interest in the Units whose Owners vote affirmatively, provided that if the grant affects any Limited Common Element, such grant shall also require the express written consent of all Unit Owners having the

right to use such Limited Common Element, and of all Mortgagees holding an interest in the Units to which such Limited Common Element is appurtenant. Any easement, right-of-way, license, lease or similar interest granted by the Condominium Association pursuant to this Article VII shall state that the grant was approved (a) by Unit Owners having at least sixty-six and two-thirds percent (66 2/3%) of the votes, and by the corresponding Mortgagees, and (b) if appropriate, by all Unit Owners having the right to use any Limited Common Element affected by the easement, and by the corresponding Mortgagees. Such easement procedure may be used for the purpose (among other things) of permitting reasonable modifications of the General Common Elements to be made by or at the request of, and at the expense of, a Unit Owner, if such modifications are necessary under applicable law for a person who has a handicap ("handicapped person") as such term is defined in the Federal Fair Housing Act and Article 49B §20 of the Annotated Code of Maryland (1998 Repl. Vol.) (as such laws may be amended from time to time) or otherwise which is appropriate to afford such a person residing at or intending to reside at the Unit of such Unit Owner the full enjoyment of such Unit, the Limited Common Elements appurtenant to such Unit and/or the General Common Elements of the Condominium.

(c) Easements. In addition to the easements provided for by the Act, the following easements are hereby created.

(i) If any portion of the Common Elements improvements encroaches upon any Unit, or if any Unit improvements presently encroach upon any other Unit improvements or upon any portion of the Common Elements as a result of the construction, reconstruction, repair, shifting, settlement or movement of the improvements of a Unit and/or Common Elements, a valid easement for the encroachment and for the maintenance of the same exists so long as the encroaching Unit improvements and/or Common Elements shall stand.

(ii) If any Unit improvements shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then constructed, reconstructed or repaired, any encroachment resulting from such reconstruction, construction or repair shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the encroaching improvements shall stand, provided that such encroachment is not intentional.

(iii) An easement for mutual support shall exist in the Units and the Common Elements.

(iv) The Units and the Common Elements are subject to easements in favor of the Unit Owners for the following purposes:

(a) to the extent permitted by law and subject to reasonable rules established by the Architectural Committee (as defined in the Condominium By-Laws), or if none, then by the Condominium Board, from time to time, if any portion of the Condominium (other than the Limited Common Elements or any other portion of the Condominium that is subject to an exclusive easement in favor of, or otherwise assigned for the exclusive use of, a particular Unit or Unit Owner(s)), now or hereafter contains paved areas or other improvements designed or designated for pedestrian access, vehicular access or parking, then for ingress and

gress for pedestrians and vehicles (including temporary delivery trucks) and parking of the passenger motor vehicles of the Unit Owners and occupants of any portion of any Unit within the Condominium, their guests, lessees and invitees; and

(b) if any portion of the Condominium now or hereafter contains sidewalks or pathways, then for pedestrian movement of the Unit Owners and occupants of any portion of any Unit within the Condominium and their guests, lessees, and invitees; and

(c) for reasonable and necessary pedestrian and vehicular ingress and egress to and from public and private roadways and streets. Each Unit Owner shall have a right of ingress and egress to such Unit Owner's Unit.

(v) The Units and Common Elements are subject to easements in favor of the Condominium Developer, Unit Owners, appropriate utility and service companies, and governmental agencies or authorities for such utility and service lines and equipment as may be reasonably necessary or desirable to serve any portion of the Condominium Land and/or Future Phases, as the case may be. The easements created in this sub-paragraph (g) (v) shall include, without limitation, rights of the Condominium Developer, Unit Owners, utility service providers, and governmental agencies or authorities to install, lay, maintain, repair, relocate and replace any and all utilities serving the Condominium including, but not limited to, gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electric wires, conduits and equipment, over, under, through, along and on the Common Elements and Units. Notwithstanding the foregoing provisions of this sub-paragraph (f) (v), such easements shall be located within the Condominium Land so as to avoid unreasonable interference with the use or occupancy of the Unit by any Unit Owner or resident.

(vi) The Condominium Board and Condominium Developer shall have the right to create an easement, on, over and under the Common Elements or Units for the purpose of maintaining and correcting drainage of surface water and in order to maintain reasonable standards of health, safety and appearance. The easement created herein expressly includes the right to cut or remove any vegetation, to grade the soil, or to take any other action reasonably necessary to achieve this purpose, which does not materially interfere with the use and occupancy of the affected Unit, following which the Condominium Board and Condominium Developer (whichever is applicable) shall restore the affected Unit as closely to its original condition as practicable.

(vii) The Condominium Association (through its Condominium Board, if applicable), its agents and employees, shall have an irrevocable right and an easement to enter Units to make repairs to Units or any portion of Common Elements or Units but only to the extent such repairs reasonably appear necessary for public safety or to prevent damage to other portions of the Condominium. Except in cases involving manifest danger to public safety or property, the Condominium Board shall make a reasonable effort to give notice to the Unit Owner of any Unit to be entered for the purpose of such maintenance and repair. If, in the exercise of any of its rights pursuant hereto, the Condominium Association causes any damage to any Unit or any of the Common Elements, the Condominium Association shall be responsible

for the prompt repair of such damage. An entry by the Condominium Association through its Condominium Board, agents, and employees for the purposes set forth herein shall not be deemed a trespass.

(viii) There is hereby reserved unto the Condominium Developer for the benefit of the Condominium Developer, and its agents, a nonexclusive easement over, across and through all of the Condominium Land, the Common Elements and the Units, for the purpose of access, the storage of building supplies and materials and equipment, and, without any limitation, for any and all purposes reasonably related to the completion of the construction, improvement and repair of the Condominium Land and Common Elements. The Condominium Developer shall also have a non-exclusive easement over, across and through all of the Condominium Land and Common Elements for the purpose of conducting any and all sales, marketing and leasing activities which it desires.

(ix) The Condominium Board shall have an easement over the Common Elements for inspection, operation, maintenance, repair, improvement and replacement of the Common Elements and any improvements thereon, and for correction of emergency conditions or casualties to the Common Elements and any improvements thereon.

(x) The Condominium Board shall have an easement over the parking areas and any roads located within the Condominium Land and any improvements thereon, for the inspection operation, maintenance, repair, improvement or replacement thereof and for the correction of emergency conditions thereon or casualties thereto to the extent the Condominium Association requires the use of this easement in order to fulfill any of its obligations hereunder or under the Condominium By-Laws.

(xi) There is hereby reserved unto the Condominium Developer for the benefit of the real property described in Exhibit C attached hereto and made a part hereof (the "Expansion Area"), its agents and any person or entity at any time owning any portion of the Expansion Area, a non-exclusive perpetual blanket easement and right of passage on, through, over, under, and across all of the Condominium Land and Common Elements for ingress, egress, installation, replacement, repair, maintenance and use of all utilities, including, but not limited to, water, sewer, drainage, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Condominium Land from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles and other equipment on the Condominium Land, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Condominium Land, including any improvements constructed thereon and to have construction vehicles, personnel, equipment and the like exercise the aforesaid right of ingress and egress over the Condominium Land. There is further reserved unto the Condominium Developer the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Condominium Land in furtherance of the blanket easement created by this Article. In the exercise of any rights under this Article, there shall be no unreasonable interference with the use of the Condominium Land or any Unit for residential purposes or with the Common Elements or the Expansion Area for the purposes for which each is reasonably

intended. Any person or entity exercising any rights hereunder shall be obligated to promptly repair, at their own expense, any damage caused by the exercise of such rights and to restore, to the extent practicable, any damaged real or personal property to the condition of such property prior to the exercise of such rights.

(xii) There is hereby reserved unto the Condominium Developer over the Expansion Area and any person or entity at any time owning any portion of the Expansion Area, a non-exclusive perpetual blanket easement and right of passage on, through, over, under and across all of the Condominium Land and Common Elements for (i) pedestrian and vehicular ingress and egress to and from any and all portions of the Expansion Area, including the use of the parking areas and any roads located within the Condominium Land, (ii) parking on any parking areas or any roads on the Condominium Land, (iii) ingress and egress to and from any and all portions of the Expansion Area by construction equipment, construction personnel and the like to facilitate and enable the development and construction of buildings, improvements and related facilities upon the Expansion Area, (iv) the construction of any parking areas and roads located within the Condominium, and (v) the conduct of all other development and construction related activities as are deemed necessary or desirable by the Condominium Developer or any person or entity at any time owning any portion of the Expansion Area. The Condominium Developer and any person or entity at any time owning any portion of the Expansion Area shall have all rights and privileges reasonably necessary to the exercise of the foregoing easement, including, without limitation, a reasonable right of ingress and egress on, over and through the Condominium Land and Common Elements. In the exercise of any rights under this Article, there shall be no unreasonable interference with the use of the Condominium Land or any Unit for residential purposes, or with the Common Elements or the Expansion Area for the purposes for which each is reasonably intended. Any person or entity exercising any rights under this Article shall be obligated to promptly repair, at their own expense, any damage caused by the exercise of such rights and to restore, to the extent practicable, any damaged real or personal property to the condition of such property prior to the exercise of such rights.

(d) Covenants Run With Land. All easements, rights and restrictions described herein are easements appurtenant to and running with the Condominium Land and shall continue in full force and effect until the termination of this Declaration as it may be amended from time to time.

(e) Covenant Against Partition. The Common Elements, both General and Limited, shall remain undivided and, except as otherwise provided herein and in the Act, shall remain appurtenant to the designated Unit(s). No Unit Owner or any other person shall bring any action for partition or division thereof except as may be provided for herein and in the Act.

ARTICLE VIII. AUTHORITY FOR EXPANSION OF THE CONDOMINIUM

(a) Expansion Rights. The Condominium Developer hereby expressly reserves, for a period of ten (10) years from and after the date upon which the Condominium is created, the right to expand and add to the Condominium, in its sole and absolute discretion, by subjecting to the condominium regime additional real property, together with all of the respective improvements thereon, and all of the respective rights, alleys, ways, waters, privileges,

appurtenances, and advantages, to the same belonging or in anyway appertaining. The Condominium may not contain more than seventy-two (72) Units when fully expanded.

(b) Easements Across Subsequent Phases. Each Subsequent Phase may be added to the Condominium subject to the rights, rights-of-way, covenants, conditions, restrictions, setbacks and easements mentioned in Paragraph (g) of Article I of this Declaration, and to such other rights, rights-of-way, covenants, conditions, restrictions, setbacks and easements as are deemed necessary or advisable in the opinion of the Condominium Developer to facilitate the orderly development, or the construction, installation, maintenance and operation, of the Condominium, wherever located, or the convenience or services of the Condominium Association; and, in particular, but not in limitation of the foregoing, the Condominium Developer shall have the right to reserve, at or prior to the time each Subsequent Phase is added to the Condominium, such easements and rights-of-way on, over, under and across such Subsequent Phase as are deemed appropriate by the Condominium Developer for vehicular and pedestrian access on the Condominium Land and any future Phases therein and the construction, installation, maintenance (including, but not limited to, inspection, cleaning, repair and replacement) and operation of telephone, electric, gas, cable TV, water, sanitary sewer, storm water drainage, and other utility lines, mains, facilities and installations deemed appropriate by the Condominium Developer to serve any remaining property of the Condominium Developer. Each such right, right-of-way, covenant, condition, restriction, setback and easement shall run with and bind the Common Elements and each Unit contained in the Condominium, and all Owners of such Units, and their respective heirs, personal representatives, successors and assigns, forever, unless the recorded document establishing such right, right-of-way, covenant, condition, restriction, setback or easement specifically provides otherwise.

(c) Development Criteria for Subsequent Phases. Subject to the limitations of Paragraphs (a) and (d) of this Article VIII:

(i) all buildings and other improvements included in each Subsequent Phase shall be constructed in accordance with such architectural and other drawings as the Condominium Developer, in its sole discretion, may deem appropriate;

(ii) the quantity and location of the buildings and other improvements shown on the Condominium Plat as being located within each of the Subsequent Phases may be changed to such extent as the Condominium Developer, in its sole discretion, may deem appropriate;

(iii) in addition to the land and buildings set forth in Paragraph (a) of this Article VIII, and the Common Elements which are shown as being located within such Subsequent Phase on the Condominium Plat, each Subsequent Phase may contain such other Common Elements as the Condominium Developer, in its sole discretion, may deem appropriate;

(iv) the Condominium Developer may divide any Subsequent Phase into two or more parts and may add the various parts of such Subsequent Phase to the Condominium at different times; and

(v) the Condominium Developer is not required to add any Subsequent Phase (or any part thereof) to the Condominium, and the Subsequent Phases (and/or parts thereof), if any, which are added to the Condominium may be added in any sequence chosen by the Condominium Developer.

(d) Subsequent Phase Completion. All improvements that are added by the Condominium Developer to the Condominium as part of any Subsequent Phase shall be substantially complete prior to the addition of such Subsequent Phase to the Condominium, and shall be consistent with comparable improvements, if any, installed by the Condominium Developer in Phase 1 in terms of quality of construction and structure type.

(e) Adjustment of Percentage Interests. Immediately upon the addition of any Subsequent Phase to the Condominium, (i) the percentage interests in the Common Elements and in the Common Profits and Common Expenses of the Unit Owner of each Unit contained within the Condominium immediately prior to such expansion shall be reduced in accordance with the formula(s) set forth in Article III hereof, and (ii) percentage interests in the Common Elements and in the Common Profits and Common Expenses, as determined in accordance with the formula(s) set forth in Article III hereof, shall vest in the Unit Owner of each Unit contained within the Subsequent Phase then being added to the Condominium. The Unit Owner of each Unit contained within any Subsequent Phase that is added to the Condominium shall be a member of the Condominium Association, and shall have the voting rights set forth in Article III hereof. Immediately following any such expansion, the interest of each Mortgagee shall attach, by operation of law, to the new percentage interest in the Common Elements appurtenant to the Unit on which it holds a lien.

(f) Recordation of Expansion Documents. Any such expansion shall be accomplished by, and shall be and become effective upon and only upon,

(i) the amendment of this Declaration by the recordation among the Land Records of Harford County of an appropriate amendatory instrument which describes the property to be added by such expansion and expressly subjects the same to the operation and effect of this Declaration, and sets forth

(a) the number of Units to be included by way of such expansion;

b) the undivided percentage interest in the Common Elements and the percentage interest in the Common Expenses and Common Profits of each Unit Owner after such expansion, as determined in accordance with the provisions of Article III;

(c) the number of Votes which each Unit Owner is entitled to cast at meetings of the Membership after such expansion, as determined in accordance with the provisions of Article III; and

(ii) the amendment of the Condominium Plat by the recordation among the Land Records of an appropriate amendatory plat setting forth the detail and information as to the

property, the Units, and the Common Elements added to the Condominium by such expansion, the setting forth of which therein is required by applicable law to effectuate such expansion.

ARTICLE IX. DEVELOPMENT, MARKETING AND SALES

(a) Sales, Rental and Management Offices and Model Units. The Condominium Developer shall have the right to use any Units to which it holds fee simple or leasehold title from time to time as sales, rental and management offices and model units and for such other uses as the Condominium Developer may deem appropriate for the development, marketing (including sales and rentals) and management of any Unit(s) now or hereafter located on the Condominium Land. The Condominium Developer shall have the right, without any requirement to gain any approvals from the Condominium Association or Condominium Board, to make such structural and non-structural additions, alterations, improvements and decorations to each Unit to which it holds fee simple or leasehold title, to the Limited Common Elements that the Condominium Developer, as the Unit Owner or Tenant of each such Unit, has the exclusive right to use, and to the party wall located between any adjoining Units to which the Condominium Developer, holds fee simple or leasehold title, as the Condominium Developer, in its sole discretion, may deem appropriate to facilitate the uses hereinabove set forth.

(b) Parking and Storing: Vehicles. The Condominium Developer and its employees, agents and guests shall have the right to park and store in any parking area such commercial and non-commercial vehicles as the Condominium Developer, in its sole discretion, may deem appropriate for the development, marketing and management of any Unit(s) now or hereafter located on the Condominium Land, provided, however, that the Condominium Developer shall not unreasonably interfere with the rights of the other Unit Owners having the right to such parking areas.

(c) Signs and Furniture. The Condominium Developer shall have the right to install upon and within, maintain, and remove from the Units to which it holds fee simple or leasehold title, the Limited Common Elements appurtenant to said Units, and all General Common Elements, such advertising and directional signs and other materials as the Condominium Developer, in its sole discretion, may deem appropriate for the development, marketing and management of any Unit(s) now or hereafter located within the Condominium Land.

(d) Completion and Repair Easements. The Condominium Developer shall have the right and an easement to enter upon any General or Limited Common Element and any Unit for the purpose of (i) completing the construction or installation of any Unit or Common Element, and (ii) making repairs to any Unit or Common Element to the extent that such repairs are required pursuant to any express or implied warranty or other legal obligation created or agreed to by the Condominium Developer or established by the operation of law. Such right and easement shall exist, with respect to item (i) above, until the construction or installation of all Units and Common Elements that the Condominium Developer desires, or is obligated, to construct or install has been completed, and, with respect to item (ii) above, so long as the Condominium Developer's obligation shall exist.

ARTICLE X. USE RESTRICTIONS

For the purpose of creating and maintaining a uniform scheme of development and operation of the Condominium for the benefit of each Unit Owner, his respective personal representatives, heirs, successors and assigns, the Common Elements and each Unit shall be held subject to the following use restrictions:

(a) Land Use.

(i) The Common Elements and each Unit located within the Condominium shall be used, occupied and maintained for age-restricted residential purposes only, except as provided in Article IX hereof.

(ii) Age Restriction. The Condominium is considered "housing for older persons" under the Fair Housing Acts (as defined below). Further, the Condominium is considered "Housing for the Elderly" as that term is defined by the Town of Bel Air Development Regulations as of August 1, 2003 ("Bel Air Regulations") as housing for residents fifty-five (55) years of age or older with a spouse of any age or other persons forty (40) years of age or older. Persons under forty (40), other than a spouse, shall not reside in a dwelling unit for more than a total of thirty (30) days per calendar year. The provisions contained in this subparagraph (d) shall constitute a deed restriction and shall encumber the Condominium Land and require that the Condominium Land shall be used as housing for older persons and housing for the elderly for a period of not less than forty (40) years from the date of this Declaration. Notwithstanding the foregoing, the provisions in this subparagraph (d) shall be subject to any and all applicable federal or State laws and regulations, including, without limitation, 42 U.S.C. 3607 (b)(2), as amended, and regulations promulgated thereunder, and by Section 20 of Article 49B, Annotated Code of Maryland (1998 Repl. Vol.), and regulations promulgated thereunder (collectively, the "Fair Housing Acts") and to the extent there is a conflict between the Bel Air Regulations on one hand and the Fair Housing Acts, on the other, the Fair Housing Acts shall control. In addition, nothing contained herein shall be deemed to prohibit any party from occupying a Unit under the age of forty (40) years if such person is (i) necessary to provide a reasonable accommodation to a person who is entitled to occupy a Unit under the Fair Housing Acts, or (ii) is a handicapped dependent of a person who is entitled to occupy a Unit under the Fair Housing Acts.

Each occupant of a Unit, if requested to do so by the Condominium Board, shall furnish the Condominium Board with the names and ages of all occupants of the Unit and such affidavits and other documents as the Condominium Board may request to verify the age of such occupants.

The Condominium Board shall adopt, publish and enforce such policies and procedures and rules and regulations as are deemed necessary by the Condominium Board in order to demonstrate an intent to maintain the status of the Condominium Association as housing for older persons under the Fair Housing Acts and housing for the elderly under the Bel Air Regulations. Such policies and procedures shall provide for verification of the age of the

occupants by reliable surveys and affidavits.

The requirements contained in this Article X (a) (ii) are intended to comply with the exemption requirements under the Fair Housing Acts and any regulations issued thereunder and to the extent not inconsistent, the Bel Air Regulations. Notwithstanding anything contained herein to the contrary, all Owners acknowledge and agree that although it is the intent of the Condominium Developer that the Condominium Association is to be operated in compliance with the Fair Housing Acts, which exempt "housing for older persons" from the prohibitions against discrimination because of familial status, no representation or warranty is made that the Condominium Association complies or will comply with the Fair Housing Acts or Bel Air Regulations, and if for any reason the Condominium Association is deemed not in compliance with the Fair Housing Acts and/or Bel Air Regulations and, therefore, not exempt from the prohibitions against discrimination because of familial or marital status, neither the Condominium Developer nor the Condominium Association nor their respective directors, officers, agents or employees shall have any liability in connection therewith. Notwithstanding any other provision of this Declaration to the contrary, the Condominium Developer, so long as the Condominium Developer is selling any Units on the Condominium Land, as expanded, and thereafter the Condominium Board, may amend the provisions of this Article and/or promulgate rules and regulations to the extent that it deems it necessary or appropriate, without the approval of the Owners, in order to comply with the exemption requirements under the Fair Housing Acts and any regulations promulgated thereunder and Bel Air Regulations. Such amendments, rules or regulations by the Condominium Developer or the Condominium Board may include, without limitation, permitting additional exceptions to the age restrictions hereunder which are consistent with the Fair Housing Acts and any regulations promulgated thereunder and/or Bel Air Regulations.

(iii) Notwithstanding anything herein to the contrary, pursuant to Section 11-111.1 of the Condominium Act, a no-impact home-based business (as such term is defined below) is not permitted; provided, however, if such prohibition may not be enforced under the Condominium Act, then a no-impact home-based business shall be permitted subject to the following requirements:

(a) Unit Owners shall notify the Condominium Board before operating a no-impact home-based business.

(b) No-impact home-based businesses are expressly prohibited in any Common Elements.

(c) Such additional requirements as may be specified by the Condominium Board, to the extent permitted by applicable law. The foregoing provisions of this Section are intended to be a restatement of the provisions of Section 11-111.1 of the Condominium Act, and any future amendments or modifications thereto shall be deemed incorporated by reference herein as a part hereof.

(d) Any Owner operating a no-impact home-based business shall be responsible for payment of a fee determined by the Condominium Board for the use of the

Common Elements. The Condominium Board shall establish the fee and advise all Owners operating a no-impact home-based business of the amount due on an annual basis; provided, however, that such fee shall not exceed Fifty Dollars (\$50.00) per year (or any greater amount permitted by Section 11-111.1 of the Condominium Act).

For purposes hereof, a "no-impact home-based business" means a business that:

- (a) Is consistent with the residential character of the Unit;
- (b) Is subordinate to the use of the Unit for residential purposes and requires no external modifications that detract from the residential appearance of the Unit;
- (c) Uses no equipment or process that creates noise, vibration, glare, fumes, odors, or electrical or electronic interference detectable by neighbors or that causes an increase of common expenses that can be solely and directly attributable to a No-impact home-based business; and
- (d) Does not involve use, storage, or disposal of any grouping or classification of materials that the United States Secretary of Transportation or the State of Maryland or any local governing body designated as a hazardous material.

(iv) The use of any Unit within the Condominium Land as a "family day care home" as defined in Section 11-111.1 of the Condominium Act, is prohibited. Pursuant to Section 11-111.1(b) the provisions of Section 11-111.1 of the Maryland Condominium Act relating to family day care homes do not apply to the Condominium because the Condominium is limited to housing for older persons as described in Article II(c) of this Declaration.

(b) Signs. No advertisement, poster, sign or other informational material may be displayed upon any General or Limited Common Element or on or about any window, except as authorized by the Condominium Association or as permitted by Article IX hereof or permitted by Section 11-111.2 of the Condominium Act.

(c) Parking. No car, motorcycle, motor scooter, motorbike, moped or other motor vehicle or bicycle shall be parked or stored on or in any General or Limited Common Element, except (i) for parking areas provided for such purpose, if any. Except as otherwise provided in Article IX of the Condominium Declaration, no camper, boat, trailer, commercial vehicle or inoperative vehicle of any kind shall be parked or stored on any parking area or other General or Limited Common Element. For the purposes hereof, (a) a "commercial vehicle" shall mean a vehicle which advertises a business or service and/or weighs 3/4 ton or more, and (b) a vehicle shall be deemed inoperable unless it contains (i) all parts and equipment, including properly inflated tires, in such good condition and repair as may be necessary for any person to drive the same on a public highway, and (ii) a current license plate and a current registration sticker, if applicable. No motor vehicle shall be washed, rinsed, waxed or repaired within the Condominium.

(d) Compliance with Condominium Documents and Laws. All Unit Owners, Tenants and residents of the Units shall comply with all terms, conditions, restrictions and provisions of the Condominium Documents. Furthermore, no noxious trade or activity shall be carried on within the Condominium, nor shall anything be done within the Condominium which may be or become (i) a violation of any health, fire, police, or other governmental law, rule or regulation, including, without limitation, the National Flood Insurance Act of 1968 and any regulations adopted thereunder, or (ii) a nuisance or annoyance to the Owners of the Condominium or adjacent neighborhoods. Any violation of any law, order, rule, regulation or requirement of any governmental authority or agency, or of any term, condition, restriction or provision of the Condominium Documents, shall be remedied by and at the sole cost and expense of the Unit Owner(s) and/or Tenant(s) who are responsible for such violation.

(e) Noise. No noise which is disturbing to the residents of the Condominium shall be made within the Condominium, and nothing shall be done or permitted to be done in or about the Common Elements or any Unit that interferes with, obstructs or violates the rights, reasonable comforts or convenience of the Unit Owners, Tenants or residents of the Condominium.

(f) Fire and Environmental. Nothing shall be kept in any Unit or Limited Common Element which may in any way increase the rate of fire insurance on the Buildings within the Condominium beyond the rate established therefore when and as used for the purposes permitted under this Condominium Declaration and the By-Laws; and further, nothing shall be done or permitted to be done that will conflict with any fire, law, rule or regulation; specifically, but not by way of limitation, no fuel, solvent, or other reactive (including explosive), ignitable, corrosive or toxic material or substance shall be kept in any Unit or Limited Common Element. No hazardous material, hazardous waste, or hazardous or toxic substance, as such terms are defined from time to time under federal, state and local environmental laws, shall be disposed of on any General or Limited Common Element or through any sanitary or storm sewer system within the Condominium. Storage, disposal, and transportation of all hazardous materials, hazardous waste, and hazardous or toxic substances from any Unit or the Common Elements shall comply with all applicable federal, state and local laws and regulations. If any Unit Owner and/or Tenant violates this paragraph, such Unit Owner and/or Tenant, as applicable, shall indemnify and save harmless every other Unit Owner and Tenant and the Condominium Association from any and all damages, losses, fines, penalties, clean up costs, and other expenses (including, but not limited to, reasonable attorney's fees) arising from such violation.

(g) Animals. The maintenance, keeping, boarding and/or raising of animals, livestock or poultry of any kind, regardless of number, shall be and is hereby prohibited within the Unit and upon any Common Element; except that this shall not prohibit the keeping of two (2) dogs, or two (2) cats or two (2) caged birds (or in combination thereof), as domestic pets in a Unit, provided that they are not kept, bred or maintained for commercial purposes, and provided further that the keeping of such dog(s), cat(s) or caged birds will not constitute such type of noxious or offensive activity as covered in Article X (d) herein. All dogs must be kept inside their respective Owner's Unit and may be walked on the General Common Elements only on a leash and any and all applicable laws shall be complied with at all times. Notwithstanding the foregoing, the Condominium Board may make reasonable modifications to the limitation described above on the number and size of such household pets to the extent such modifications

are necessary under the Federal Fair Housing Act (as heretofore and hereafter amended) or otherwise appropriate to afford a handicapped person equal opportunity to use and enjoy a Unit and the Common Elements appurtenant thereto.

(h) Use of Common Areas. The common halls, stairways, elevators, walkways, and parking areas shall be used for ingress and egress only, and no one shall be permitted to play therein or thereon, nor shall same be used in any manner for picnicking or cooking, or for permanent or temporary storage of any article of personal property, or of any bottles, trash or garbage, nor shall any of the foregoing ever be permitted to remain or stand in the common halls, or on the stairways, elevators, walkways or parking areas. No grill or other cooking apparatus shall be operated or stored on any patio or balcony. No personal property, other than customary outdoor furniture (excluding umbrellas) and not more than two planters, shall be left overnight on any patio or balcony. Lawns and landscaped areas shall not be used for sunbathing, picnicking, play, or similar purposes. No metal storage container shall be brought, used or stored upon the Common Areas by the Condominium Association or by any Unit Owner, Tenant or resident, except for trash cans and/or trash dumpsters approved by the Condominium Association for the temporary storage of trash between regularly scheduled trash pickups.

(i) Electricity. No portion of the Common Elements shall be in any manner defaced, nor shall same be utilized for the making of connections of any sort for radio, television, or other devices or equipment of any kind, all of which connections are specifically prohibited, except to the ordinary electric outlets furnished within Units and Limited Common Elements, and except additional electric outlets which may be installed with the consent of the Condominium Board or architectural committee. Further, the Common Elements shall be used only for the purposes for which same were installed and none of said Common Elements shall be loaded or taxed beyond the capacity for which designed.

(j) Vermin, Insects or Other Pests. No vermin, insects, or other pests shall be allowed to remain in any Unit or Limited Common Element, nor shall any such Unit or Limited Common Element be permitted to remain in an unclean or unsanitary condition. In order to assure compliance with this subparagraph, the Condominium Board, its agents, servants, employees and contractors may enter any Unit or Limited Common Element at any reasonable hour of the day, after written notice of at least ten (10) days, for the purpose of inspecting such Unit or Limited Common Element (and any General Common Element accessible from said Unit or Limited Common Element) for the presence of any vermin, insects or other pests, and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests.

(k) Bottles, Trash or Garbage. No bottles, trash or garbage shall be discarded or temporarily or permanently stored upon any Common Element, except in the disposal facilities provided for such purpose.

(l) Articles Hung from Property. No clothing, curtain, rug, towel, or other article shall be shaken from or on, or thrown from, any window, door, patio, balcony, or General Common Element. Nothing shall be placed on or hung from any outside window, door, patio or

balcony sill, ledge, or railing, except for planters, hanging plants, seasonable decorations or similar decorative items, all of which may be subject to further rules and regulations enacted by the Condominium Board regarding their placement and use.

(m) Antennae. No radio aerial, antenna or satellite or other signal receiving dish, or other aerial or antenna for reception or transmission, shall be placed or kept on or about the Unit (including on the patio or balcony of such Unit), except on the following terms:

(i) An Owner may install, maintain and use on or about its Unit or patio or balcony, one (or, if approved, more than one) Small Antenna (as hereinafter defined) in an inconspicuous location, where the Small Antenna is screened from view from other Units in such a manner as is approved by the Architectural Committee, if any, of the Condominium Association, and if none, then by the Condominium Board, in accordance with Article XIII, Section 4 of the By-Laws. Notwithstanding the foregoing terms of this subsection, (a) if the requirement that a Small Antenna installed on or about a Unit or patio/balcony be placed in an inconspicuous location would impair such Small Antenna's installation, maintenance or use, then it may be installed, maintained and used at another approved location for said Unit where such installation, maintenance or use would not be impaired, and (b) if the prohibition against installing, maintaining and using more than one (1) Small Antenna on or about a Unit would result in any such impairment, then such Owner may install additional Small Antennae as are needed to prevent such impairment (but such installation shall otherwise be made in accordance with this subsection).

(ii) In determining whether to grant any approval pursuant to this Section, neither the architectural committee nor the Condominium Board shall withhold such approval, or grant it subject to any condition, if and to the extent that doing so would result in an impairment.

(iii) As used herein, (a) "impair" has the meaning given it in 47 Code of Federal Regulations Part 1, section 1.4000, as hereafter amended; and (b) "Small Antenna" means any antenna (and accompanying mast, if any) of a type, the impairment of the installation, maintenance or use of which is the subject of such regulation. Such antennae are currently defined thereunder as, generally, being one (1) meter or less in diameter or diagonal measurement and designed to receive certain types of broadcast or other distribution services or programming.

ARTICLE XI. GENERAL PROVISIONS

(a) Condominium By-Laws Amendments. The administration of the Condominium shall be governed by the Condominium By-Laws. Except as otherwise provided in the Condominium By-Laws, the Condominium By-Laws shall not be amended without the affirmative vote of Unit Owners having at least sixty-six and two-thirds percent (66 2/3%) of the votes appurtenant to all Units, and any amendment to the Condominium By-Laws involving any "Material Change", as said term is defined below, shall also require the affirmative vote of at least fifty-one percent (51%) of the Eligible Mortgagees, each such Eligible Mortgagee to have the number of votes appurtenant to the Unit or Units upon which it holds a Mortgage or

Mortgages. The term "Material Change" shall include a change to any of the following provisions:

- (i) voting rights;
- (ii) increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or the priority of assessment liens (except for an allocation of the costs of utility services in Subsequent Phases on the basis of usage, pursuant to Subparagraph (c)(ii) of Article IV hereof, and/or an allocation of the costs of cleaning, maintaining, repairing and/or replacing Limited Common Elements in Subsequent Phases to the Unit Owner(s) having the exclusive right to use such Limited Common Elements, pursuant to Subparagraph (c)(ii) of Article IV hereof);
- (iii) reductions in reserves for maintenance, repair and replacement of Common Elements;
- (iv) responsibility for maintenance and repairs;
- (v) reallocation of interests in the General or Limited Common Elements, or rights to their use (except in connection with the expansion of the Condominium pursuant to Article VIII hereof, the failure to rebuild a Unit following a casualty pursuant to paragraph (c) of this Article XI, or in connection with the condemnation of part of the Condominium pursuant to paragraph (e) of this Article XI, of the right to use the various Common Elements in each Subsequent Phase added to the Condominium by the Condominium Developer, and any reallocation of the right to use a Limited Common Element which is affected pursuant to Section 11- 108(b) of the Condominium Act);
- (vi) redefinition of any Unit boundaries;
- (vii) convertibility of Units into Common Elements or vice versa;
- (viii) expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium (except for the expansion of the Condominium pursuant to Article VIII hereof);
- (ix) insurance or fidelity bond requirements;
- (x) imposition of any restrictions on the leasing of Units;
- (xi) imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit;
- (xii) a decision by the Condominium Association to establish self-management if professional management had been required previously by the Condominium Documents or by an Eligible Mortgagee;

(xiii) restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;

(xiv) any provisions that expressly benefit Mortgage holders, insurers or guarantors; and

(xv) termination of the Condominium regime pursuant to paragraph (f) of this Article XI.

If a proposed amendment of the Condominium By-Laws involves any change described in items (i) through (xv) above, each Eligible Mortgagee who fails to submit to the Condominium Association a written response to the proposed amendment within sixty (60) days after the Eligible Mortgagee is given written notice (by certified or registered mail, return receipt requested) of the proposed amendment shall be deemed to have judged all changes resulting from the proposed amendment to be immaterial, and to have cast an affirmative vote with respect to the proposed amendment.

(b) Declaration and Condominium Plat Amendments.

(i) Except for those matters as to which the Condominium Act permits an amendment to this Declaration or the Condominium Plat by the Condominium Association without the express approval of its members (including, but not limited to, the reallocation of percentage interests and voting rights as provided in Paragraph (c) of this Article XI in connection with a failure to rebuild a Unit following a casualty or as provided in Paragraph (e) of this Article XI in connection with a condemnation of part of the Condominium), and except as otherwise provided in Article VIII hereof with respect to the expansion of the Condominium, amendments to this Declaration and the Condominium Plat shall be governed as follows:

(A) Except as provided in item (B) below, neither this Declaration nor the Condominium Plat shall be amended without the written consent of Unit Owners having at least eighty percent (80%) of the votes appurtenant to all Units and the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the Eligible Mortgagees, each such Eligible Mortgagee to have the number of votes appurtenant to the Unit or Units upon which it holds a Mortgage or Mortgages, and no amendment adopted pursuant to this item (A) shall take effect until an appropriate written instrument is recorded in the Land Records of Harford County, Maryland, which instrument shall be executed by the Unit Owners and Eligible Mortgagees whose approval was required for the adoption of such amendment.

(B) Neither this Declaration nor the Condominium Plat shall be amended so as to change:

- (1) the boundaries of any Unit,
- (2) the undivided percentage interest of any Unit Owner in the Common Elements,
- (3) the percentage interest of any Unit Owner in the Common

Profits and Common Expenses,

(4) the number of votes in the Condominium Association appurtenant to any Unit,

(5) residential Units to non-residential Units, or non-residential Units to residential Units,

(6) General Common Elements to Limited Common Elements, or Limited Common Elements to General Common Elements,

(7) any right of any Unit Owner pertaining to the use of any Limited Common Element appurtenant to his Unit, without the written consent of every Unit Owner and Mortgagee, and no amendment adopted pursuant to this item (B) shall take effect until an appropriate written instrument is recorded among the Land Records of Harford County, Maryland, which instrument shall be executed by every Unit Owner and Mortgagee.

(ii) Furthermore, this Declaration, the Condominium By-Laws and the Condominium Plat shall not be amended so as to change:

(A) any right reserved for the benefit of, or any obligation imposed upon the Condominium Developer, which rights include, but are not limited to, the Condominium Developer's right to expand the Condominium as provided in Article VIII hereof, and the Condominium Developer's right to develop, market and manage the Condominium Land, as provided in Article IX hereof,

(B) any provision required by any governmental authority, or

(C) any provision provided for the benefit of any public utility, without the written consent of the Condominium Developer, such governmental authority or such public utility, as applicable, and no such amendment shall take effect until an appropriate written instrument is recorded among the Land Records of Harford County, which instrument shall be executed by the Condominium Developer, such governmental authority or such public utility, as applicable.

(c) Failure to Rebuild Units. If the Unit Owners decide pursuant to the Condominium By-Laws not to rebuild one or more Units following a fire or other casualty, but the condominium regime is not terminated, then:

(i) the percentage interests (in the Common Elements and the Common Profits and Common Expenses) appurtenant to each damaged or destroyed Unit which is not rebuilt shall be divested from the Unit and reallocated among the remaining Units in proportion to the percentage interests appurtenant to said remaining Units immediately prior to the damage or destruction;

(ii) the votes appurtenant to each damaged or destroyed Unit which is not

rebuilt shall be divested from said Unit and shall not be reallocated among the remaining Units; and

(iii) the Condominium Association promptly shall prepare, execute and record an amendment to the Declaration reflecting the new arrangement of percentage interests and votes as above provided.

(d) Destruction or Damage. Notwithstanding any other provision of this Declaration to the contrary, if the Condominium is destroyed or damaged to the extent of at least two-thirds (2/3) of its then replacement cost, the Condominium may be terminated by the agreement of Unit Owners having at least eighty percent (80%) of the votes appurtenant to all Units. Upon such termination, the property shall be sold and the net proceeds of sale and the net proceeds of insurance shall be combined into one fund, which shall be distributed among all the Unit Owners in accordance with their respective undivided interests in the property as tenants in common, as determined pursuant to Paragraph (g) of this Article XI.

(e) Condemnation. The Condominium Association shall represent the Unit Owners in any condemnation proceeding (for the purposes of this Declaration, a condemnation includes any sale in settlement of a pending or threatened condemnation) to the extent said condemnation pertains to all or any part of the General Common Elements, except that each Unit Owner shall be entitled to assert a separate claim for the consequential damages to his Unit resulting from said condemnation. Any award made in connection with the Condemnation of all or any part of the Condominium, including net proceeds of any sale in settlement of a condemnation proceeding, shall be allocated among the Unit Owners as follows: (i) each Unit Owner shall be entitled to the entire amount of the award attributable to the taking of all or part of his Unit and for the consequential damages to said Unit resulting from said condemnation; (ii) any award attributable to the taking of General Common Elements shall be allocated among all Unit Owners in proportion to their respective percentage interests in the Common Elements. All such awards shall be payable to the Condominium Association, which shall distribute the amount(s) allocated to each Unit Owner pursuant to the preceding sentence in accordance with the priority of interests in his Unit, to the end and intent that all Mortgages and other liens on such Unit shall first be paid out of the award allocated to such Unit Owner, all in the order in which same appear. The Condominium Association shall not be obligated to replace property taken, but promptly shall undertake to restore the remaining property within the Condominium to a safe and habitable condition. The cost of such restoration shall be a Common Expense. Following the taking of all or part of any Unit, the percentage interests (in the Common Elements and in the Common Profits and Common Expenses) appurtenant to said Unit shall be reduced in the same proportion as the amount of floor area of said Unit so taken bears to the floor area of said Unit immediately prior to the taking, except that if the taking specifically includes part or all of the percentage interests appurtenant to said Unit, the taking authority shall have the portion of said percentage interests which is so taken, and the Owner of said Unit shall retain the portion of said percentage interests which is not so taken. To the extent that the total percentage interests appurtenant to a Unit are reduced as above provided, rather than being split between the taking authority and the Unit Owner, the severed percentage interests shall be reallocated among the remaining Units in proportion to the percentage interests appurtenant to such Units immediately prior to the taking. Following the taking of part of a Unit, the votes appurtenant to that Unit

shall be appurtenant to the remainder of that Unit, and following the taking of all of a Unit, the right to vote appurtenant to the Unit shall terminate, except, in such case, that if the taking specifically includes part or all of the votes appurtenant to a Unit, the taking authority shall have the portion of the votes so taken, and the Unit Owner of the Unit taken shall retain the portion of the votes which is not so taken. If the votes appurtenant to a Unit are terminated said votes shall not be reallocated among the remaining Units. Promptly after the taking is effected, the Condominium Association shall prepare, execute and record an amendment to this Declaration reflecting the new arrangement of percentage interests and votes as above provided.

Notwithstanding any other provision of this Declaration, if at least two-thirds (2/3) of the fair market value of the Condominium is taken under the power of eminent domain, the Condominium may be terminated by the agreement of Unit Owners having at least eighty percent (80%) of the total number of votes appurtenant to all Units. Upon such termination, (i) the award made in connection with the taking shall be distributed among the Unit Owners in the manner provided in this Paragraph (e) for the allocation of taking awards, if such award has not already been so distributed, (ii) the percentage interests and votes appurtenant to the Units taken in whole or in part shall be allocated in the manner provided in this Paragraph (e) for the allocation of percentage interests and votes appurtenant to Units so taken, and (iii) the Unit Owner of each Unit remaining a part of the Condominium after the taking shall own, as a tenant in common, until the property not taken is sold, an undivided interest in said property determined, to the extent permitted by law, as follows: Based upon fair market values in effect immediately prior to the termination of the regime, such undivided interest shall equal a fraction, the numerator of which is the sum of the fair market value of the portion of his Unit not taken, plus the fair market value of his right to use the Limited Common Elements appurtenant to his Unit which were not taken, plus his share based on his percentage interest in the Common Elements (adjusted as above provided, if appropriate, on account of the taking), of the fair market value of the General Common Elements not taken, and the denominator of which is the sum of the fair market values of all Units, Limited Common Elements and General Common Elements not taken, provided, however, that if any Unit or any General or Limited Common Element has been damaged or destroyed by fire or other casualty prior to said termination, an estimate of the fair market value of such Unit or General Common Element, or of the right to use such Limited Common Element, immediately prior to such damage or destruction shall be used, and further provided that if no such estimate can reasonably be made in the opinion of the appraiser(s) with respect to any such Unit or General or Limited Common Element, then each Unit Owner's undivided interest in the property not taken shall equal his percentage interest in the Common Elements immediately prior to said termination adjusted as above provided, if appropriate, on account of the taking.

(f) Termination. Except as otherwise provided in Paragraphs (d) and (e) of this Article XI, the Condominium shall not be terminated without the consent of Unit Owners having one hundred percent (100%) of the total number of votes appurtenant to all Units. No termination implemented pursuant to Paragraphs (d), (e) or (f) of this Article XI shall take effect until an appropriate written instrument executed by Unit Owners having the requisite percentage of the votes appurtenant to all Units is recorded among said Land Records.

(g) Ownership Upon Termination. Upon any termination of the condominium regime,

except for a termination implemented after a taking under the power of eminent domain as provided in Paragraph (e) of this Article XI, each Unit Owner shall own, as a tenant in common, from the time the Condominium is terminated until the time the property which constituted the Condominium is sold, an undivided interest in such property determined, to the extent permitted by law, as follows: Based upon fair market values in effect immediately prior to the termination of the regime, such undivided interest shall equal a fraction, the numerator of which is the sum of the fair market value of his Unit, plus the fair market value of his right to use the Limited Common Elements appurtenant to his Unit, plus his share, based upon his percentage interest in the Common Elements, of the fair market value of the General Common Elements, and the denominator of which is the sum of the fair market values of all Units, Limited Common Elements and General Common Elements, provided, however, that if any Unit or any General or Limited Common Element has been damaged or destroyed by fire or other casualty prior to said termination, an estimate of the fair market value of such Unit or General Common Element, or of such damage or destruction shall be used, and further provided that if no such estimate can reasonably be made in the opinion of the appraiser(s) with respect to any such Unit or General or Limited Common Element, then each Unit Owner's undivided interest in the property which constituted the Condominium shall equal his percentage interest in the Common Elements immediately prior to said termination.

(h) Rights and Procedures Upon Termination. Upon any termination of the condominium regime:

(i) The fair market value of the Units and Common Elements shall be determined by an independent appraiser selected by the Condominium Association. The decision of the appraiser shall be distributed to each Unit Owner and shall become final unless Unit Owners having at least twenty-five percent (25%) of the total number of votes appurtenant to all Units disapprove such decision by written notice to the Condominium Association within thirty (30) days after said distribution. If such decision is disapproved, the Unit Owners submitting such notices of disapproval shall, as a group, by majority vote, select a second independent appraiser within fourteen (14) days after the Condominium Association notifies all Unit Owners in writing of such disapproval, and the original appraiser and the second appraiser shall select a third appraiser within seven (7) days after the selection of the second appraiser. If the Owners disapproving the decision of the original appraiser fail to select an appraiser within the time specified, or if the two appraisers fail to agree upon a third appraiser within the time specified, the one or two designated appraisers, as the case may be, shall request the then Administrative Judge of the Circuit Court for Harford County to designate an appraiser or appraisers so that there will be three appraisers. A decision of the majority of the appraisers as to all fair market value required to be determined pursuant to this Article XI shall be final, conclusive and binding upon all parties. Each decision submitted by one or more appraisers to the Condominium Association shall be in writing, signed by the appraiser(s) making same, and shall briefly state the grounds of each determination of fair market value. The cost of the appraiser(s) shall be allocated among the Unit Owners in proportion to their respective percentage interests in the Common Elements of the Condominium.

(ii) So long as the tenancy in common exists, each Unit Owner and his successors in interest shall have the exclusive right to occupy the portion of the property that

formerly constituted his Unit, and shall retain all rights which he had immediately prior to the termination of the Condominium with respect to those portions of the property that formerly constituted Limited Common Elements.

(iii) Each Unit Owner's share of any proceeds, including, without limitation, sales proceeds, insurance proceeds and taking awards, distributed to the Unit Owners upon or in connection with the termination of the Condominium shall be distributed in accordance with the priority of interests in such Unit, to the end and intent that all Mortgages and other liens on such Unit shall first be paid out of the proceeds payable to such Unit Owner, all in the order in which same appear.

(i) No Waiver. The failure of the Condominium Association, the Condominium Board or the Manager, or any Unit Owner, in any one or more instances, to enforce or otherwise insist upon the strict performance of any restriction, condition, obligation or provision of any Condominium Document, or the failure of any such party to exercise any right, shall not be construed as a waiver or relinquishment for the future, whether in the same or in any other instance, of the benefit of such restriction, condition, obligation, provision or right, but the same shall remain in full force and effect unless expressly waived in writing.

(j) Enforceability. The terms, conditions, restrictions and provisions of this Declaration and the Condominium By-Laws shall be binding upon the Condominium Developer, its successors and assigns, all as part of a general plan or scheme for development of the Condominium, and all said terms, conditions, restrictions and provisions shall be held and construed to run with and bind the property, each Unit thereon, and all subsequent Unit Owners of the Units, except as otherwise expressly set forth in this Declaration or the Condominium By-Laws. All of said terms, conditions, restrictions and provisions shall inure to the benefit of and be enforceable by the Condominium Developer, its successors and assigns, and by any person or party then owning or having any recorded interest or estate in any Unit, against anyone violating or attempting to violate any of such terms, conditions, restrictions or provisions, provided, however, that, except as otherwise expressly provided herein, all rights reserved by and for the benefit of the Condominium Developer under this Declaration and the Condominium By-Laws shall be exercisable and enforceable only by the Condominium Developer, its successors, and any assignee to whom the Condominium Developer specifically assigns such rights in writing.

(k) Relationships. Nothing contained in this Declaration or the Condominium By-Laws shall be deemed or construed by any Unit Owner, nor by any third party, as creating the relationship of principal and agent, partnership or joint venture between the Unit Owners or any of them. Further, no provisions contained in this Declaration or the Condominium By-Laws shall be deemed to create any relationship between any Unit Owners other than the relationship expressly created under a condominium regime, nor to confer upon a Unit Owner any interest in any other Unit Owner's Unit, nor to create any responsibility whatsoever on a Unit Owner for any debt, liability or obligation of any other Unit Owner.

(l) Severability. If any term, condition, restriction or provision of this Declaration or the application thereof to any person or circumstance shall, at any time or to any extent, be held to be invalid or unenforceable, the validity and enforceability of the remainder of this

Declaration, or the application of such term, condition, restriction or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, condition, restriction and provision of this Declaration shall be valid and be enforced to the fullest extent permitted by law.

(m) Conflicts. In the event of any conflict among the provisions of this Declaration, the Condominium Plat or the Condominium By-Laws, the provisions of each shall control in the succession hereinbefore listed in this Paragraph (m), commencing with this Declaration.

(n) Miscellaneous Provisions. No change of conditions or circumstances shall operate to terminate or modify any of the provisions of this Declaration. No provision of this Declaration nor the application thereof to any Unit, Unit Owner or other person or entity in one or more instances shall be deemed waived by the Condominium Developer or the Condominium Association, except by a written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. No reliance upon or waiver of one or more such provisions shall constitute a waiver of any other such provision. As used herein, each gender shall include all other genders, and the singular shall include the plural, and vice versa. All headings of the articles and paragraphs herein are for the purpose of reference only and shall not be deemed to limit, modify or otherwise affect any of the provisions hereof.

(o) Mortgages.

(i) Each Unit Owner who conveys his Unit by way of any Mortgage shall give written notice thereof to the Condominium Board, setting forth the name and address of his Mortgagee. The Condominium Board shall maintain all such Mortgage information in a book or other record designated "Mortgage Book". The Condominium Board shall also include in the Mortgage Book the name and address of any holder, insurer or guarantor of a Mortgage who furnishes to the Condominium Association a written notice stating the name and address of such holder, insurer or guarantor and the Unit number and address of the Unit subjected to the Mortgage of such holder, insurer or guarantor (the "Mortgaged Unit").

(ii) The Condominium Board shall furnish to each Mortgage holder, insurer and guarantor of record in its "Mortgage Book" timely written notice of: (A) any condemnation loss or casualty loss which affects a material portion of the Condominium or which affects the Mortgaged Unit; (B) any delinquency in the payment of assessments or charges owed by the Unit Owner of the Mortgaged Unit, where such delinquency has continued for a period of sixty (60) days; (C) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Condominium Association; (D) any proposed action which would require the consent of a specified percentage (such as a majority, 66 2/3%, 80%, or 100%) of the Eligible Mortgagees or of all Mortgagees; and (E) the giving of any default or violation notice by the Condominium Association to the Unit Owner of the Mortgaged Unit.

WITNESS the hand of the Condominium Developer on the day and year first above written.

WITNESS/ATTEST:

NVR, INC.

Elizabeth DeFranks

By: [Signature] (SEAL)
Ed Levendusky, Vice President

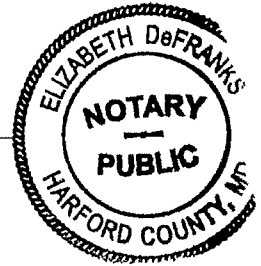
STATE OF MARYLAND, COUNTY OF Hartford TO WIT:

I HEREBY CERTIFY, that on this 30 day of June, 2005, before me, the subscriber, a Notary Public of the State of Maryland, personally appeared Ed Levendusky, Vice President of NVR, Inc., and he acknowledged the foregoing Declaration to be the act and deed of said corporation.

AS WITNESS my hand and Notarial Seal.

My Commission Expires: 2/1/09

Elizabeth DeFranks
Notary Public



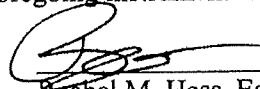
I hereby affirm under penalty of perjury that the notice requirements of Section 11-102.1 of the Condominium Act, if applicable, have been fulfilled.

NVR, INC.

By: [Signature]
Ed Levendusky, Vice President

ATTORNEY CERTIFICATION

The undersigned, an attorney duly admitted to practice and in good standing before the Court of Appeals of Maryland, certifies that the foregoing instrument was prepared by her.


Rachel M. Hess, Esquire

CONDOMINIUM DECLARATION

EXHIBIT A

All that property designated as Phase 1 and Phase 7, as shown on the Condominium Plat entitled, "Condominium Plat – Phases 1 and 7 Hearthstone at Village Square Condominium", dated 6/23/05 and recorded among the Land Records of Harford County, Maryland, in Plat Book 14, folio 11-14

CONDOMINIUM DECLARATION

EXHIBIT B (By-Laws attached)

**Current Unaudited Financial Documents
Hearthstone at Village Square Condominium Inc.**

3706 Crondall Lane
Suite 105
Owings Mills MD 21117

Tidewater Property Management
3706 Crondall Lane
Suite 105
Owings Mills MD 21117

ASSETS

12520	Operating Account	<u>9,948.95</u>	
	Subtotal Operating		9,948.95
13010	Reserve Money Markets	146,146.95	
13030	Reserves - Other	<u>428,123.84</u>	
	Subtotal Reserves		574,270.79
14000	Prepaid Expense	3,143.82	
14030	Prepaid Insurance	1,796.00	
15021	Account Receivables	264.42	
15100	Owner Receivables	<u>2,375.33</u>	
	Subtotal Other Assets		7,579.57
	Total Assets		<u>591,799.31</u>

LIABILITIES & EQUITY

CURRENT LIABILITIES

21500	Due to Reserves	68,688.00	
22000	Accounts Payable	18,035.00	
22020	Income Taxes Payable	334.00	
22500	Prepaid Owner Assessments	<u>10,340.77</u>	
	Subtotal Current Liabilit		97,397.77

RESERVES

33300	Reserves	<u>336,003.07</u>	
	Subtotal Reserves		336,003.07

EQUITY

33000	Retained Earnings	130,915.74	
	Current Year Net Income/(Loss)	<u>27,482.73</u>	
	Subtotal Equity		158,398.47
	TOTAL LIABILITIES & EQUITY		<u>591,799.31</u>

Hearthstone at Village Square Condominium, Inc.
Income/Expense Statement
12/31/2017

3706 Crondall Lane
Suite 105
Owings Mills MD 21117

Tidewater Property Management
3706 Crondall Lane
Suite 105
Owings Mills MD 21117

Description	Current Period Actual	Current Period Budget	Current Period Variance	Year-To-Date Actual	Year-To-Date Budget	Year-To-Date Variance	Yearly Budget
INCOME							
41000 Association Fees	20,088.00	14,040	(6,048.00)	241,056.00	168,480	(72,576.00)	168,480
41560 Extraordinary Reserves	0.00	5,040	5,040.00	0.00	60,480	60,480.00	60,480
44000 Late Charge Fees	15.00	0	(15.00)	315.00	0	(315.00)	0
45000 Misc. Income	0.00	0	0.00	244.63	0	(244.63)	0
45500 Interest Income	98.62	0	(98.62)	37,071.81	0	(37,071.81)	0
INCOME	20,201.62	19,080	(1,121.62)	278,687.44	228,960	(49,727.44)	228,960
EXPENSES							
ADMINISTRATIVE							
50200 Bank Charge	0.00	0	0.00	25.00	0	(25.00)	0
50300 Legal	0.00	87	87.00	0.00	1,000	1,000.00	1,000
50350 Tax Return/Audit	0.00	140	140.00	1,325.00	1,625	300.00	1,625
51050 Management Fee	945.81	927	(18.81)	11,272.43	11,124	(148.43)	11,124
51150 Office Expense	5,452.66	75	(5,377.66)	8,194.74	900	(7,294.74)	900
ADMINISTRATIVE	6,398.47	1,229	(5,169.47)	20,817.17	14,649	(6,168.17)	14,649
UTILITIES							
55000 Electric	948.22	1,394	445.78	12,891.37	16,761	3,869.63	16,761
56250 Telephone	312.44	377	64.56	4,680.40	4,590	(90.40)	4,590
56500 Water and Sewer	2,810.04	3,339	528.96	37,094.22	40,035	2,940.78	40,035
UTILITIES	4,070.70	5,110	1,039.30	54,665.99	61,386	6,720.01	61,386
GROUNDS							
60400 Landscape Contract	375.00	1,153	778.00	14,929.63	13,803	(1,126.63)	13,803
62650 Repairs and Maintenance	2,894.00	883	(2,011.00)	29,502.81	10,640	(18,862.81)	10,640
62850 Snow Removal	2,520.00	960	(1,560.00)	7,930.00	11,498	3,568.00	11,498
GROUNDS	5,789.00	2,996	(2,793.00)	52,362.44	35,941	(16,421.44)	35,941
BUILDINGS							
65000 Elevator Contract	0.00	1,213	1,213.00	19,105.29	14,600	(4,505.29)	14,600
65250 Janitorial Services	1,220.00	700	(520.00)	10,401.55	8,400	(2,001.55)	8,400
65550 Gutter Cleaning	0.00	187	187.00	0.00	2,200	2,200.00	2,200
66300 Fire Sprinkler Maintenance	0.00	87	87.00	0.00	1,000	1,000.00	1,000
66350 Fire Extinguisher Maintenance	0.00	38	38.00	995.76	500	(495.76)	500
66400 Emergency Exit Lighting	0.00	225	225.00	2,283.58	2,700	416.42	2,700
66450 Fire Alarm Systems	0.00	250	250.00	3,383.80	3,000	(383.80)	3,000
67850 Extermination	495.00	163	(332.00)	3,156.13	2,000	(1,156.13)	2,000
BUILDINGS	1,715.00	2,863	1,148.00	39,326.11	34,400	(4,926.11)	34,400
INSURANCE/TAX							
80000 Insurance	0.00	1,842	1,842.00	22,823.00	22,104	(719.00)	22,104
81000 Misc. Taxes	0.00	0	0.00	730.00	0	(730.00)	0
INSURANCE/TAX	0.00	1,842	1,842.00	23,553.00	22,104	(1,449.00)	22,104
RESERVE							
97000 Reserves	5,040.00	5,040	0.00	60,480.00	60,480	0.00	60,480
RESERVE	5,040.00	5,040	0.00	60,480.00	60,480	0.00	60,480
TOTAL EXPENSES	23,013.17	19,080	(3,933.17)	251,204.71	228,960	(22,244.71)	228,960
Current Year Net Income/Loss	(2,811.55)	0	2,811.55	27,482.73	0	(27,482.73)	0

**Insurance Dec Page
Hearthstone at Village Square Condominium Inc.**



CERTIFICATE OF LIABILITY INSURANCE

HEART-3

OP ID: KH

DATE (MM/DD/YYYY)

08/16/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Schoenfeld Ins. Assoc., Inc. 6225 Smith Ave Baltimore, MD 21209	CONTACT NAME: PHONE (A/C, No, Ext): 410-602-2000		FAX (A/C, No): 410-602-1160
	E-MAIL ADDRESS: condo@schoenfeldins.com		
		INSURER(S) AFFORDING COVERAGE	NAIC #
		INSURER A: Foremost Insurance	10806
INSURED Hearthstone at Village Square c/o Tidewater Property Mgmt. 3706 Crondall Lane, Suite 105 Owings Mills., MD 21117		INSURER B:	
		INSURER C:	
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY			PAS04869410	08/10/2017	08/10/2018	EACH OCCURRENCE	\$ 2,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 75,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person)	\$ 5,000
A	<input checked="" type="checkbox"/> D&O \$2 Million			PAS04869410	08/10/2017	08/10/2018	PERSONAL & ADV INJURY	\$ 2,000,000
A	<input checked="" type="checkbox"/> Fidelity \$400,000			PAS04869410	08/10/2017	08/10/2018	GENERAL AGGREGATE	\$ 4,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	\$ 4,000,000
	<input checked="" type="checkbox"/> POLICY	<input type="checkbox"/> PRO-JECT	<input type="checkbox"/> LOC					\$
A	AUTOMOBILE LIABILITY			PAS04869410	08/10/2017	08/10/2018	COMBINED SINGLE LIMIT (Ea accident)	\$ 2,000,000
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS	<input type="checkbox"/> NON-OWNED AUTOS				BODILY INJURY (Per accident)	\$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/>	<input type="checkbox"/>				PROPERTY DAMAGE (PER ACCIDENT)	\$
								\$
A	UMBRELLA LIAB	<input checked="" type="checkbox"/>	OCCUR	PAS04869410	08/10/2017	08/10/2018	EACH OCCURRENCE	\$ 5,000,000
	EXCESS LIAB		CLAIMS-MADE				AGGREGATE	\$ 5,000,000
	DED <input checked="" type="checkbox"/>	RETENTION \$	0					\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY		Y/N				WC STATUTORY LIMITS	OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)		<input type="checkbox"/>	N/A			E.L. EACH ACCIDENT	\$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$
							E.L. DISEASE - POLICY LIMIT	\$
A	Property Section All Risk Repl.Cost			PAS04869410	08/10/2017	08/10/2018	Blkt.Bldg	26,276,000
							Ded.	5,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

PROOF OF INSURANCE

PROOF OF INSURANCE

PROOF OF INSURANCE

CERTIFICATE HOLDER**CANCELLATION**

PROOF OF

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SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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NOTEPADINSURED'S NAME **Hearthstone at Village Square****HEART-3
OP ID: KH**PAGE 2
Date **08/16/2017**

The Master Policy for Hearthstone at Village Square Condominium is written in accordance with the Maryland Condominium Act, Section 11-114, to include revisions implemented in October 2009, updated/posted in January 2011. Property Section/Replacement Cost of the Master Policy is written on an All Risk/SPECIAL Form basis, excluding ANY Betterments & Improvements installed by Unit owner's, other than the Developer. Homeowners are recommended to purchase a Homeowners Policy designed for Condominium Owners, commonly known as a HO6 Policy.

Fidelity Bond is included, as per the Maryland Condominium Act, Section 11-114, to include the Management Company as an Employee at Full Limit scheduled on the Fidelity Bond Policy.

Additional Coverage Notes:

72 Residential Units

Wind/Hail Coverage - Included (no separate deductible)

Equipment Breakdown Coverage - Included for Common Areas and Association Responsibility (please refer to Association By Laws)

Ordinance Coverage - Included



CERTIFICATE OF LIABILITY INSURANCE

HEART-3

OP ID: KH

DATE (MM/DD/YYYY)

08/16/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Schoenfeld Ins. Assoc., Inc. 6225 Smith Ave Baltimore, MD 21209	CONTACT NAME: PHONE (A/C, No, Ext): 410-602-2000	FAX (A/C, No): 410-602-1160
	E-MAIL ADDRESS: condo@schoenfeldins.com	
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A: Foremost Insurance		10806
INSURED Hearthstone at Village Square c/o Tidewater Property Mgmt. 3706 Crondall Lane, Suite 105 Owings Mills,, MD 21117	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

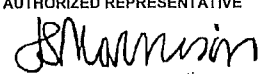
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY	X		PAS04869410	08/10/2017	08/10/2018	EACH OCCURRENCE	\$ 2,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 75,000
A	D&O \$2 Million			PAS04869410	08/10/2017	08/10/2018	MED EXP (Any one person)	\$ 5,000
A	Fidelity \$400,000			PAS04869410	08/10/2017	08/10/2018	PERSONAL & ADV INJURY	\$ 2,000,000
GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC							GENERAL AGGREGATE	\$ 4,000,000
							PRODUCTS - COMP/OP AGG	\$ 4,000,000
								\$
A	AUTOMOBILE LIABILITY			PAS04869410	08/10/2017	08/10/2018	COMBINED SINGLE LIMIT (Ea accident)	\$ 2,000,000
	<input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	BODILY INJURY (Per person)				\$	
			BODILY INJURY (Per accident)				\$	
			PROPERTY DAMAGE (PER ACCIDENT)				\$	
A	UMBRELLA LIAB	<input checked="" type="checkbox"/>	OCCUR	PAS04869410	08/10/2017	08/10/2018	EACH OCCURRENCE	\$ 5,000,000
	EXCESS LIAB		CLAIMS-MADE				AGGREGATE	\$ 5,000,000
	DED	<input checked="" type="checkbox"/>	RETENTION \$				0	\$
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N	N/A				WG STATUTORY LIMITS	OTHER
							E.L. EACH ACCIDENT	\$
							E.L. DISEASE - EA EMPLOYEE	\$
							E.L. DISEASE - POLICY LIMIT	\$
A	Property Section All Risk Repl.Cost			PAS04869410	08/10/2017	08/10/2018	Blkt.Bldg Ded.	26,276,000 5,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Tidewater Property Management is included as an Employee with respects to Fidelity Bond at Full Limit.
 Tidewater Property Managmeent is included as an additional insured as per form E3316-ED2 included in policy #PAS 04869410

CERTIFICATE HOLDER**CANCELLATION**

TIDEWAT Tidewater Property Management 3706 Crondall Lane, Suite 105 Owings Mills, MD 21117	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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NOTEPADINSURED'S NAME **Hearthstone at Village Square****HEART-3
OP ID: KH**PAGE 2
Date **08/16/2017**

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Additional Coverage Notes:

72 Residential Units

Wind/Hail Coverage - Included (no separate deductible)

Equipment Breakdown Coverage - Included for Common Areas and Association Responsibility (please refer to Association By Laws)

Ordinance Coverage - Included

Litigation
Hearthstone at Village Square Condominium Inc.

This document is currently either not available or not applicable for this association.

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Owner Forms
Hearthstone at Village Square Condominium Inc.

UNIT OWNER INFORMATION FORM

Please complete this form in full and return to Tidewater within ten (10) days of receipt!

It is important that your Association has this information on file in the event of a fire, security and/or medical emergency. Please complete the following form and return it to:
Tidewater Property Management, Inc., 3706 Crondall Lane, #105, Owings Mills, MD 21117-2231.
You may also complete and fax the form to: **443-548-0196.**

Community Name: _____

Owners Full Name: (1) _____

Owners Full Name: (2) _____

Address: _____

Parking Space (If Applicable): _____

Mailing Address (if different from above): _____

Phone Numbers: (1) Day _____ (2) Day _____
Evening _____ Evening _____
Cell _____ Cell _____

Primary E-mail Address: _____

Do you have a pet or pets residing in the home? Yes _____ No _____

If yes, please give the type of animal and description:

If your condominium or home is rented, please provide the following information about your tenants **and attach a photocopy of the lease in accordance with your association documents:**

Name of Lessee: (1) _____

Phone Numbers: Day _____ Evening _____

Name of Lessee: (2) _____

Phone Numbers: Day _____ Evening _____

Name(s) of all person(s) residing in the unit:

1) Name: _____ Age: _____

2) Name: _____ Age: _____

3) Name: _____ Age: _____

4) Name: _____ Age: _____

In case of emergency contact:

Name: _____ Relationship _____

Address: _____

Phone Number: Day _____ Evening _____

Please contact your Property Manager if you have any questions concerning this form.

Reserve Study
Hearthstone at Village Square Condominium Inc.

CAPITAL RESERVE STUDY

FOR THE

Hearthstone at Village Square

Bel Air, Maryland



Management Company: Tidewater Property
Contact Name: Ms. Debra Bell

Project Number: 15-0529
Date: October 26, 2015

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Executive Summary

The Hearthstone at Village Square is a 72 unit complex, located in Bel Air, Maryland. Access to the complex is by Williams Street and West Broadway. The community consists of six, three-story buildings, contained stacked garden style dwelling units of varying models and sizes.

The garden style dwelling units exist as one story units with the grade level units having concrete patios and second and third story units having wooden balconies off their units. Horizontal vinyl siding is utilized on exterior exposure for ease of maintenance and visual appeal. A sense of architectural variety is achieved by alternating stone facades with the vinyl siding.

All roadways and parking areas are asphalt paved and are provided with concrete curb and gutter. Cast-in-place concrete sidewalks are located along the interior roadway, where necessary to provide unit access.

Roof drainage is provided by gutters and leaders which terminate at splash blocks on grade. Concrete curbing enhances street gutter drainage to storm water catch basins.

Level of Service Level 2: Update with Site Visit
Fiscal Year of Study 2015

Current Status of Reserve Fund (Component Method)

Current Balance	\$261,550
Fully Funded Balance	\$518,833
Percent Funded	50.41%

Reserve Budget Recommendations

	Prior Budget Year Contribution	Component Method *	5% Threshold *	10% Threshold *
Contribution/Year	\$34,560	\$73,504	\$58,284	\$59,588
Contribution/Unit	\$480	\$1,021	\$810	\$828
Contribution/Unit/Month	\$40	\$85	\$67	\$69

* Please note that this is the contribution for the period of January 2015 through December 2015.

Reserve Study Disclosures

General - Becht Engineering BT is not aware of any involvement with this Association, which would lead to an actual or perceived conflict of interest.

Physical Analysis - The inspections performed to determine the current physical condition of the common elements were visual in nature; no destructive testing or invasive inspections were performed. Quantities were taken from a combination of field counts/measurements and plan take-offs.

Personnel Credentials - Preparation of this Reserve Study was performed by a CAI designated Reserve Specialist and licensed Building Inspector.

Completeness - This Reserve Study assumes that proper preventative and corrective maintenance has been and will continue to be performed on the common elements. Failure to properly maintain the common elements may lead to premature failure. It should be noted that higher rates of inflation, lower earned interest rates or prematurely failing components can result in a negative closing cash balance. In addition, it is important to note that the capital fund contributions each year are assumed to rise at the assumed rate of inflation. Failure to raise the annual contributions with inflation will reduce the closing balance and may lead to a future shortfall.

Reliance on Client Data - This Reserve Study was prepared based on certain information provided by an official representative of the Association. This information includes the current asset balance of the Reserve Fund and the ages of the common elements and dates of most recent replacements.

Scope - This Reserve Study is a reflection of the information provided to us and assembled for the Association's use for budgeting purposes, not for the purpose of performing an audit, quality/forensic analysis or background checks of historical records. Interpretation of contradictions that may exist within the governing document's definition of common elements is not within the scope of this Study.

Reserve Balance - The actual and projected Reserve Fund Balance is based upon information provided by the Association and was not audited.

Component Quantities - Where this Reserve Study is an update of a previously prepared Study, the Association is considered to have deemed previously developed component listings and quantities as accurate and reliable.

Estimated Replacement Costs - Replacement costs are to be considered estimated projections of the cost to replace common elements in kind. These cost estimates are to be considered preliminary until such time as a project specific design or scope of work is developed. These costs can be affected by many variables including inflation, project scope and hidden damage conditions.

Reserve Projects - While the information provided in this Study is to be considered reliable, on-site inspections are not to be considered a project audit or quality inspection.

Introduction

The purpose of a Capital Reserve Study is to estimate the amount of money that must be funded annually to replace those common element components that will require replacement before the end of the effective life of the project.

Mortgage lenders recognize the conditions of inadequate reserves. Reserves are important in preserving the qualities of a particular complex or building and therefore can affect property values. Consequently, capital reserves are directly related to the security and risk of a lender's investment and the marketability of the property.

The Capital Reserve Study develops a recommended basic annual contribution based upon current replacement costs. Inflation may increase future costs unpredictably, and the accumulation of interest on the reserve fund deposits increases available funds. Accurate projection of these factors is not possible. However, the effects of inflation and interest are shown via cash flow projections using assumed inflation and interest rates. Accurate reserve funding requires regular updates. The Community Associations Institute recommends yearly reviews and a formal study every three years.

Capital Reserve Methodology

In preparing this study, when provided, we reviewed the master deed and offering statement to identify the common element components. The Association owns these building and site components. Only components with estimated remaining lives of 30 years or less have been included in the capital reserve fund. Components with estimated remaining lives that are greater than 30 years, such as building structures, piping and electrical wiring are usually replaced during a major renovation and financed at that time. Including these components in the reserve fund would result in an unrealistically high-recommended annual contribution to the capital reserve.

Quantities of the components to be included in the reserve fund were then determined by field measurements, as well as a review of building and site plans, if available.

Estimates of the costs to replace each component were derived from published industry standards, such as the R.S. Means Company cost-estimating guides and from our own experience in designing and supervising construction of similar projects. These cost estimates are to be considered preliminary until such time as a project specific design or scope of work is developed.

Finally, estimated remaining lives were determined for each of the included components based on the reported or evident present age, available industry data related to typical useful lives and the condition of the component, as determined by our physical inspection.

The capital reserve fund is not intended to cover annual maintenance. If maintenance items are included in the Capital Reserve Study, the tax status of the reserve fund can be jeopardized. However, expected lives are based on the assumption that proper annual maintenance is being performed. Therefore, this annual maintenance should be included in the Association's budget and maintenance fee. Without proper maintenance, accelerated deterioration can be expected, with shortened lives. Please note, it is only possible to reserve for future expenditures and that a current need must be financed separately by borrowing or assessments.

This Capital Reserve Study is developed as an aid in the proper financial planning of the Association. As such, the common element components included are evaluated for their physical condition and only for the purpose of estimating their remaining lives. Identification of possible deficient conditions is beyond the intent and scope of the Capital Reserve Study.

Capital Reserve Calculation

We have provided two Capital Reserve calculation methods as described below.

Component Method

The first method provided in this reserve study is what is known as the Component Method. This is the most conservative approach to calculating the reserve requirement. The Component Method analyzes each component individually and assumes that the money collected for each item will only be used to replace that item. Our program uses assumed rates of interest and inflation in the calculation of the annual contribution and fully funded balance. We compare the actual balance in the Association's Reserve Fund with the calculated fully funded balance and determine if a surplus or deficit condition exists. If a deficit condition exists, an additional contribution is calculated for each component to offset the deficit.

Threshold Funding Method

The second calculation method is known as the Threshold Funding Method. This method pools all the components and assumes that the money contributed to the fund is available for replacement of any item. Looking out over the next 30 years, the annual contribution is determined by lowering the contribution until the closing balance for any given year reaches a predetermined threshold. We typically provide two Threshold Method scenarios. These thresholds are based on a percentage of the current replacement cost of all the components in the Reserve Study. Basing the threshold on a percentage of the replacement cost of all components keeps the minimum proportional to the needs of a specific community.

This minimizes the annual contribution while maintaining a minimum closing balance. Determining the optimum minimum closing balance is a subjective task. Certainly, the lower the minimum acceptable balance is the greater the risk that the fund will experience a deficit. It should be noted that this method only considers Reserve Account balances over the next 30 years. Large capital expenditures just beyond the 30-year window will not be considered using this method until in the future they fall within the 30-year window.

Capital Reserve Recommendations

The Hearthstone at Village Square has a total of 19 components in the reserve fund with a current Replacement Cost of \$1,480,230. Hearthstone at Village Square presently has a total of \$261,550 in the reserve fund. Using the Component Method, we have determined that the Basic Annual Contribution to the reserve fund should be \$53,666. The fully funded balance required is \$518,833. This leaves deficit of \$257,283 in the reserve fund. The deficit will be offset on an annual basis, for each reserve component, based on the estimated remaining lives. The total of the next budget year contribution to the Contribution Adjustment is \$19,838. This results in a Total Contribution to the reserve fund for the next budget year of \$73,504.

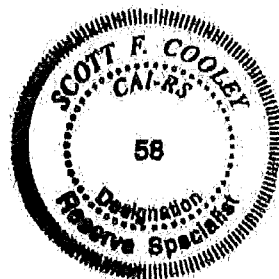
Based on your evaluation of the preferred calculation method, we suggest that you plan your annual contributions over the next few years according to the appropriate cash flow schedule. Each year for the next three years, you may choose to review these assumptions. At no later than three years, we suggest that you contact us for an update based on a proper engineering review of the facility and replacement costs.

It should be noted that higher rates of inflation, lower earned interest rates or prematurely failing components can result in a negative closing cash balance. In addition, it is important to note that the capital fund contributions each year are assumed to rise at the assumed rate of inflation. Failure to raise the annual contributions with inflation will reduce the closing balance.

We recommend that the Association review this Capital Reserve Study with their Certified Public Accountant to be utilized in the preparation of their annual budget.



Scott F. Cooley RS
Senior Project Manager
CAI Reserve Specialist #58



Component Narrative

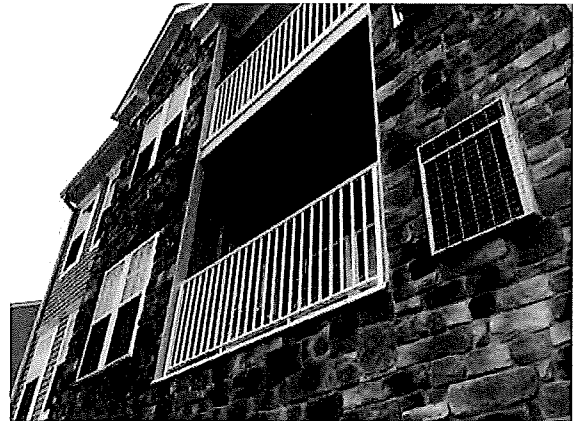
Project Name: Hearthstone at Village Square	Interest Rate: 2.00%
Project Location: Bel Air, Maryland	Inflation Rate: 2.00%
Project Number: 15-0529	
Date of Study: October 2015	
Month Contributions Commence: January 2015	

Architectural

Description: Balcony Decks

Quantity: 48 EA	Cost Per Unit: \$2,900.00	Replacement Cost: \$139,200	
	Typical Life: 30	Est Rem Life: 20	

Comment:
The estimated cost is for the replacement of the stacked balcony wood decks on all buildings. This includes all flooring, framing, and rails.



Description: Carpeting

Quantity: 1,210 SY	Cost Per Unit: \$38.00	Replacement Cost: \$45,980	
	Typical Life: 12	Est Rem Life: 5	

Comment:
The estimated cost is for the replacement of the carpeting within the common hallways and stairways of the buildings.



Component Narrative

Project Name:	Hearthstone at Village Square	Interest Rate:	2.00%
Project Location:	Bel Air, Maryland	Inflation Rate:	2.00%
Project Number:	15-0529		
Date of Study:	October 2015		
Month Contributions Commence:	January 2015		

Architectural

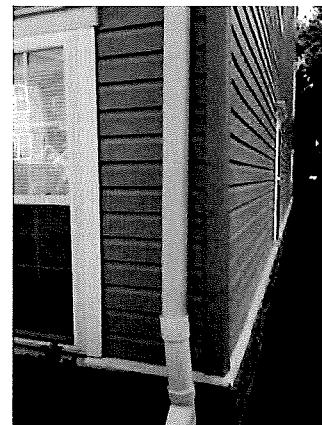
Description:	Gutters		
Quantity:	1,400 LF	Cost Per Unit:	\$8.50
		Replacement Cost:	\$11,900
		Typical Life:	25
		Est Rem Life:	15

Comment:
The estimated cost is for the replacement of the aluminum gutters on all of the buildings.



Description:	Leaders (Downspouts)		
Quantity:	1,440 LF	Cost Per Unit:	\$7.50
		Replacement Cost:	\$10,800
		Typical Life:	25
		Est Rem Life:	15

Comment:
The estimated cost is for the replacement of the aluminum leaders (downspouts) on all of the buildings.



Component Narrative

Project Name:	Hearthstone at Village Square	Interest Rate:	2.00%
Project Location:	Bel Air, Maryland	Inflation Rate:	2.00%
Project Number:	15-0529		
Date of Study:	October 2015		
Month Contributions Commence:	January 2015		

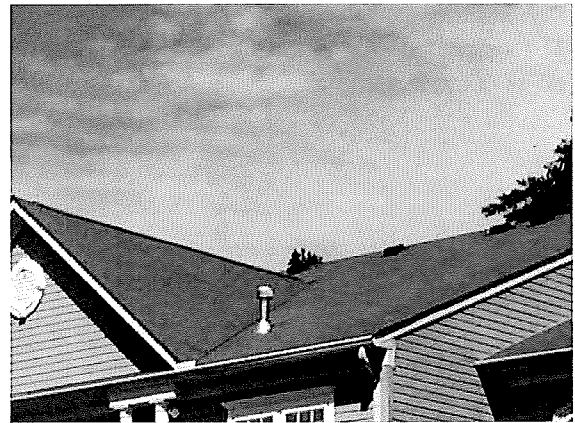
Architectural

Description: Roof, Shingles

Quantity:	70,640 SF	Cost Per Unit:	\$3.75	Replacement Cost:	\$264,900
		Typical Life:	20	Est Rem Life:	10

Comment:

The estimated cost includes full removal of the existing shingles and materials with new shingles and materials on all buildings. It is recommended that continual maintenance be performed on the building roofs to fully reach their typical life.

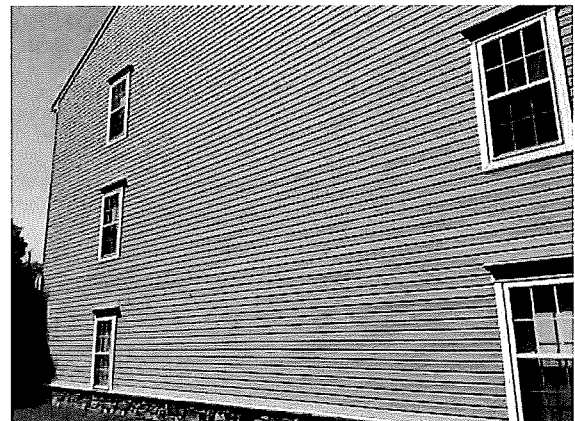


Description: Siding, Vinyl

Quantity:	70,320 SF	Cost Per Unit:	\$7.00	Replacement Cost:	\$492,240
		Typical Life:	40	Est Rem Life:	30

Comment:

The estimated cost is for the replacement of the vinyl siding on all buildings. This includes all trim components as well.



Component Narrative

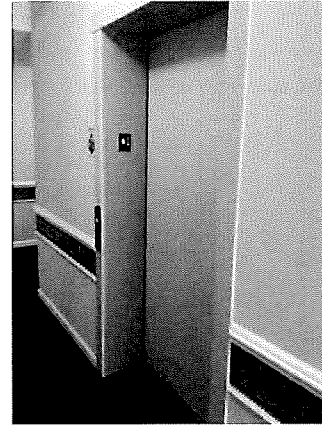
Project Name:	Hearthstone at Village Square		Interest Rate:	2.00%
Project Location:	Bel Air, Maryland		Inflation Rate:	2.00%
Project Number:	15-0529			
Date of Study:	October 2015			
Month Contributions Commence:	January 2015			

Electrical

Description: Elevators (Overhaul)

Quantity:	6 EA	Cost Per Unit:	\$50,000.00	Replacement Cost:	\$300,000
		Typical Life:	40	Est Rem Life:	30

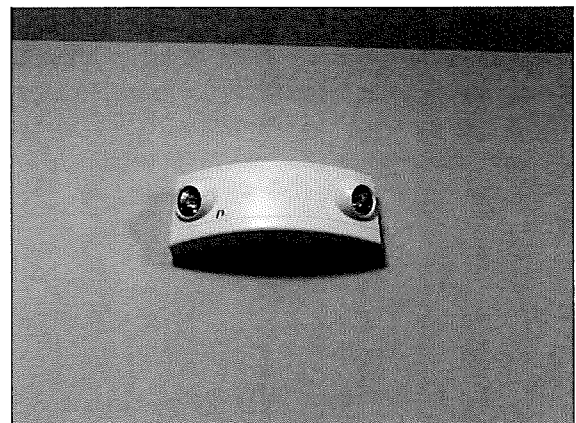
Comment:
The estimated cost is for an overhaul of the elevators in each building. This also will include the elevator controls and relays.



Description: Emergency Lighting

Quantity:	72 EA	Cost Per Unit:	\$350.00	Replacement Cost:	\$25,200
		Typical Life:	20	Est Rem Life:	10

Comment:
The estimated cost is for the replacement of the emergency lighting located throughout all of the buildings.



Component Narrative

Project Name:	Hearthstone at Village Square	Interest Rate:	2.00%
Project Location:	Bel Air, Maryland	Inflation Rate:	2.00%
Project Number:	15-0529		
Date of Study:	October 2015		
Month Contributions Commence:	January 2015		

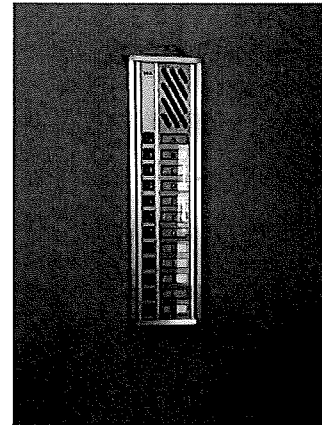
Electrical

Description: Entry Security System

Quantity:	6 EA	Cost Per Unit:	\$4,500.00	Replacement Cost:	\$27,000
		Typical Life:	20	Est Rem Life:	10

Comment:

The estimated cost is for the replacement of the entry call box system located in the vestibule of each building.

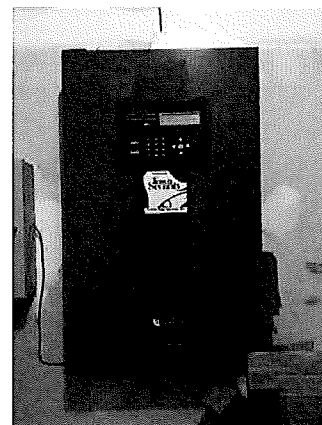


Description: Fire Protection System

Quantity:	1 LS	Cost Per Unit:	\$25,000.00	Replacement Cost:	\$25,000
		Typical Life:	20	Est Rem Life:	10

Comment:

An allowance has been included as an alternative to funding for a one time full replacement of the entire fire protection system. The items included are the fire detectors, fire strobes, fire annunciator panels, and the fire sprinkler system. This allowance figure can be adjusted during future reserve updates.



Component Narrative

Project Name:	Hearthstone at Village Square	Interest Rate:	2.00%
Project Location:	Bel Air, Maryland	Inflation Rate:	2.00%
Project Number:	15-0529		
Date of Study:	October 2015		
Month Contributions Commence:	January 2015		

Mechanical

Description:	HVAC Split System (Air Handler)		
Quantity:	4 EA	Cost Per Unit:	\$1,375.00
		Replacement Cost:	\$5,500
		Typical Life:	15
		Est Rem Life:	5

Comment:
The estimated cost is for the replacement of the air handlers that serve the common hallways of Buildings 104, 117, 120, and 130.



Description:	HVAC Split System (Air Handler) Bldgs 102 and 118		
Quantity:	2 EA	Cost Per Unit:	\$1,375.00
		Replacement Cost:	\$2,750
		Typical Life:	15
		Est Rem Life:	15

Comment:
The estimated cost is for the replacement of the air handlers that serve the common hallways of Buildings 102 and 118. These have recently been replaced.



Component Narrative

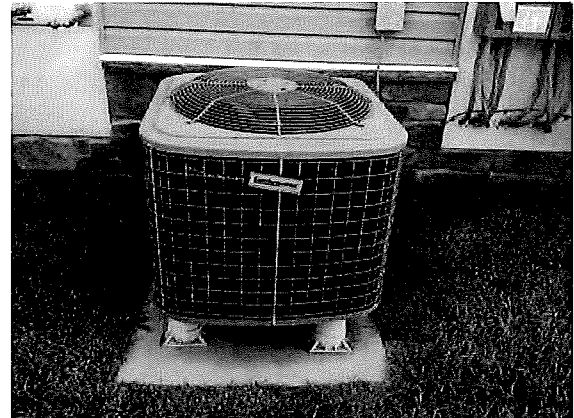
Project Name: Hearthstone at Village Square	Interest Rate: 2.00%
Project Location: Bel Air, Maryland	Inflation Rate: 2.00%
Project Number: 15-0529	
Date of Study: October 2015	
Month Contributions Commence: January 2015	

Mechanical

Description: HVAC Split System (Compressor)

Quantity: 4 EA	Cost Per Unit: \$3,375.00	Replacement Cost: \$13,500
	Typical Life: 15	Est Rem Life: 5

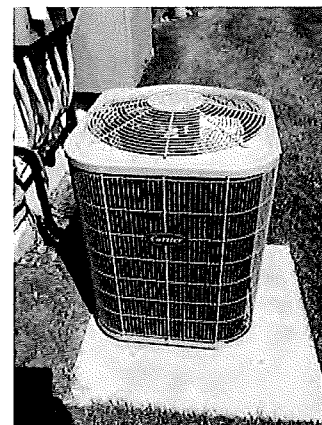
Comment:
The estimated cost is for the replacement of the outdoor compressors that serve the common hallways of Buildings 104, 117, 120, and 130.



Description: HVAC Split System (Compressor) Bldgs 102 and 118

Quantity: 2 EA	Cost Per Unit: \$3,375.00	Replacement Cost: \$6,750
	Typical Life: 15	Est Rem Life: 15

Comment:
The estimated cost is for the replacement of the outdoor compressors that serve the common hallways of Buildings 102 and 118. These have recently been replaced.



Component Narrative

Project Name:	Hearthstone at Village Square	Interest Rate:	2.00%
Project Location:	Bel Air, Maryland	Inflation Rate:	2.00%
Project Number:	15-0529		
Date of Study:	October 2015		
Month Contributions Commence:	January 2015		

Site

Description:	Asphalt Paving		
Quantity:	4,009 SY	Cost Per Unit:	\$20.00
		Replacement Cost:	\$80,180
		Typical Life:	20
		Est Rem Life:	10

Comment:

The estimated cost is for the replacement of the asphalt paving and parking throughout the community. The replacement of asphalt includes milling the entire top surface approximately 2 inches in depth and repairing around all storm water drains and man hole covers where needed. After all areas have been milled and repaired, a new application of 2 inches of asphalt top coat will be applied.

Asphalt paving requires regular maintenance, including crack filling and pot hole repair to prevent accelerated damage.



Description:	Concrete Curb/Gutter (10%)		
Quantity:	180 LF	Cost Per Unit:	\$32.00
		Replacement Cost:	\$5,760
		Typical Life:	20
		Est Rem Life:	10

Comment:

The estimated cost is for the replacement of 10% of the concrete curb/gutter within 20 year cycles throughout the community.



Component Narrative

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015
 Month Contributions Commence: January 2015

Interest Rate: 2.00%
 Inflation Rate: 2.00%

Site

Description: Concrete Patios (Allowance)

Quantity:	1 LS	Cost Per Unit:	\$5,000.00	Replacement Cost:	\$5,000
		Typical Life:	20	Est Rem Life:	10

Comment:

An allowance has been included as an alternative to funding for a one time full replacement of the concrete patios at the grade level units. This allowance figure can be adjusted during future reserve updates.

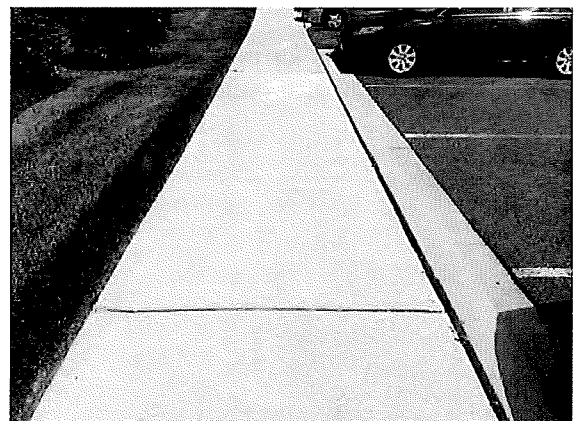


Description: Concrete Walkways/Stairs (20 %)

Quantity:	1,140 SF	Cost Per Unit:	\$8.00	Replacement Cost:	\$9,120
		Typical Life:	20	Est Rem Life:	10

Comment:

The estimated cost is for the replacement of 20% of the concrete walkways/stairs within 20 year cycles throughout the community.



Component Narrative

Project Name:	Hearthstone at Village Square	Interest Rate:	2.00%
Project Location:	Bel Air, Maryland	Inflation Rate:	2.00%
Project Number:	15-0529		
Date of Study:	October 2015		
Month Contributions Commence:	January 2015		

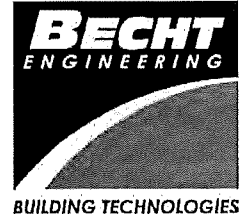
Site

Description:	R.R. Tie Retaining Wall		
Quantity:	105 LF	Cost Per Unit:	\$90.00
		Replacement Cost:	\$9,450
		Typical Life:	20
		Est Rem Life:	10

Comment:
The estimated cost is for the replacement of the railroad tie wood retaining wall located adjacent to the neighboring business near the large parking area.



Capital Reserve Calculations

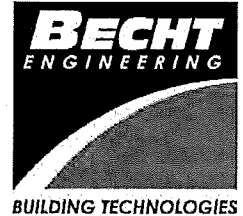


Reserve Summary

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015
 Month Contributions Commence: January 2015

Interest Rate: 2.00%
 Inflation Rate: 2.00%

	Replacement Cost	RESERVES			CONTRIBUTION		Total
		Present Fund	Required Fund	Surplus (Deficit)	Basic Annual	Adjustment*	
Architectural	\$965,020	\$170,295	\$337,812	(\$167,517)	\$34,931	\$12,713	\$47,644
Electrical	\$377,200	\$57,267	\$113,600	(\$56,333)	\$11,360	\$3,154	\$14,514
Mechanical	\$28,500	\$6,385	\$12,667	(\$6,281)	\$1,900	\$1,256	\$3,156
Site	\$109,510	\$27,603	\$54,755	(\$27,152)	\$5,476	\$2,715	\$8,191
TOTALS	\$1,480,230	\$261,550	\$518,833	(\$257,283)	\$53,666	\$19,838	\$73,504



Component Schedule

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015
 Month Contributions Commence: January 2015

Interest Rate: 2.00%
 Inflation Rate: 2.00%

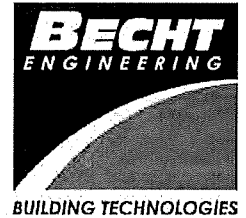
Description	Replacement Cost	Est. Rem. Life	Typical Life	Basic Annual Contrib.	Percent Total	Present Fund	Required Fund	Surplus (Deficit)	Contrib. Adjustment
Architectural									
Balcony Decks	\$139,200	20	30	\$4,640	8.94%	\$23,391	\$46,400	(\$23,009)	\$1,150
Carpeting	\$45,980	5	12	\$3,832	5.17%	\$13,521	\$26,822	(\$13,301)	\$2,660
Gutters	\$11,900	15	25	\$476	0.92%	\$2,400	\$4,760	(\$2,360)	\$157
Leaders (Downspouts)	\$10,800	15	25	\$432	0.83%	\$2,178	\$4,320	(\$2,142)	\$143
Roof, Shingles	\$264,900	10	20	\$13,245	25.53%	\$66,770	\$132,450	(\$65,680)	\$6,568
Siding, Vinyl	\$492,240	30	40	\$12,306	23.72%	\$62,036	\$123,060	(\$61,024)	\$2,034
Electrical									
Elevators (Overhaul)	\$300,000	30	40	\$7,500	14.46%	\$37,808	\$75,000	(\$37,192)	\$1,240
Emergency Lighting	\$25,200	10	20	\$1,260	2.43%	\$6,352	\$12,600	(\$6,248)	\$625
Entry Security System	\$27,000	10	20	\$1,350	2.60%	\$6,806	\$13,500	(\$6,694)	\$669
Fire Protection System	\$25,000	10	20	\$1,250	2.41%	\$6,301	\$12,500	(\$6,199)	\$620
Mechanical									
HVAC Split System (Air Handler)	\$5,500	5	15	\$367	0.71%	\$1,848	\$3,667	(\$1,818)	\$364
HVAC Split System (Air Handler) Bldgs 102 and 118	\$2,750	15	15	\$183	0.00%	\$0	\$0	\$0	\$0
HVAC Split System (Compressor)	\$13,500	5	15	\$900	1.73%	\$4,537	\$9,000	(\$4,463)	\$893
HVAC Split System (Compressor) Bldgs 102 and 118	\$6,750	15	15	\$450	0.00%	\$0	\$0	\$0	\$0
Site									
Asphalt Paving	\$80,180	10	20	\$4,009	7.73%	\$20,210	\$40,090	(\$19,880)	\$1,988
Concrete Curb/Gutter (10%)	\$5,760	10	20	\$288	0.56%	\$1,452	\$2,880	(\$1,428)	\$143
Concrete Patios (Allowance)	\$5,000	10	20	\$250	0.48%	\$1,260	\$2,500	(\$1,240)	\$124
Concrete Walkways/Stairs (20 %)	\$9,120	10	20	\$456	0.88%	\$2,299	\$4,560	(\$2,261)	\$226
R.R. Tie Retaining Wall	\$9,450	10	20	\$473	0.91%	\$2,382	\$4,725	(\$2,343)	\$234
Totals	\$1,480,230			\$53,666	100.00%	\$261,550	\$518,833	(\$257,283)	\$19,838



Component Detail

Project Name:	Hearthstone at Village Square		Interest Rate:	2.00%
Project Location:	Bel Air, Maryland		Inflation Rate:	2.00%
Project Number:	15-0529			
Date of Study:	October 2015			
Month Contributions Commence:	January 2015			

Architectural	Quantity	Replacement Cost	RESERVES			CONTRIBUTION		
			Present Fund	Required Fund	Surplus (Deficit)	Basic Annual	Adjustment*	Total
Balcony Decks	48 EA	\$139,200	\$23,391	\$46,400	(\$23,009)	\$4,640	\$1,150	\$5,790
Carpeting	1,210 SY	\$45,980	\$13,521	\$26,822	(\$13,301)	\$3,832	\$2,660	\$6,492
Gutters	1,400 LF	\$11,900	\$2,400	\$4,760	(\$2,360)	\$476	\$157	\$633
Leaders (Downspouts)	1,440 LF	\$10,800	\$2,178	\$4,320	(\$2,142)	\$432	\$143	\$575
Roof, Shingles	70,640 SF	\$264,900	\$66,770	\$132,450	(\$65,680)	\$13,245	\$6,568	\$19,813
Siding, Vinyl	70,320 SF	\$492,240	\$62,036	\$123,060	(\$61,024)	\$12,306	\$2,034	\$14,340
TOTALS		\$965,020	\$170,295	\$337,812	(\$167,517)	\$34,931	\$12,713	\$47,644

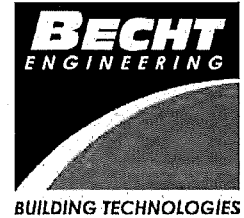


Component Detail

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015
 Month Contributions Commence: January 2015

Interest Rate: 2.00%
 Inflation Rate: 2.00%

Electrical	Quantity	Replacement Cost	RESERVES			CONTRIBUTION		
			Present Fund	Required Fund	Surplus (Deficit)	Basic Annual	Adjustment*	Total
Elevators (Overhaul)	6 EA	\$300,000	\$37,808	\$75,000	(\$37,192)	\$7,500	\$1,240	\$8,740
Emergency Lighting	72 EA	\$25,200	\$6,352	\$12,600	(\$6,248)	\$1,260	\$625	\$1,885
Entry Security System	6 EA	\$27,000	\$6,806	\$13,500	(\$6,694)	\$1,350	\$669	\$2,019
Fire Protection System	1 LS	\$25,000	\$6,301	\$12,500	(\$6,199)	\$1,250	\$620	\$1,870
TOTALS		\$377,200	\$57,267	\$113,600	(\$56,333)	\$11,360	\$3,154	\$14,514

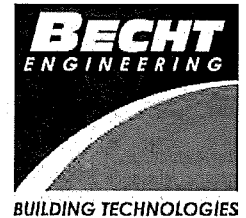


Component Detail

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015
 Month Contributions Commence: January 2015

Interest Rate: 2.00%
 Inflation Rate: 2.00%

Mechanical	Quantity	Replacement Cost	RESERVES			CONTRIBUTION		
			Present Fund	Required Fund	Surplus (Deficit)	Basic Annual	Adjustment*	Total
HVAC Split System (Air Handler)	4 EA	\$5,500	\$1,848	\$3,667	(\$1,818)	\$367	\$364	\$730
HVAC Split System (Air Handler) Bldgs 102 and 118	2 EA	\$2,750	\$0	\$0	\$0	\$183	\$0	\$183
HVAC Split System (Compressor)	4 EA	\$13,500	\$4,537	\$9,000	(\$4,463)	\$900	\$893	\$1,793
HVAC Split System (Compressor) Bldgs 102 and 118	2 EA	\$6,750	\$0	\$0	\$0	\$450	\$0	\$450
TOTALS		\$28,500	\$6,385	\$12,667	(\$6,281)	\$1,900	\$1,256	\$3,156

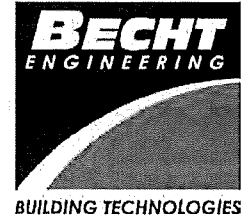


Component Detail

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015
 Month Contributions Commence: January 2015

Interest Rate: 2.00%
 Inflation Rate: 2.00%

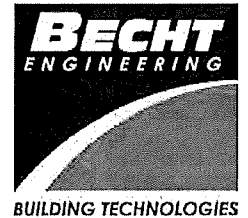
Site	Quantity	Replacement Cost	RESERVES			CONTRIBUTION		
			Present Fund	Required Fund	Surplus (Deficit)	Basic Annual	Adjustment*	Total
Asphalt Paving	4,009 SY	\$80,180	\$20,210	\$40,090	(\$19,880)	\$4,009	\$1,988	\$5,997
Concrete Curb/Gutter (10%)	180 LF	\$5,760	\$1,452	\$2,880	(\$1,428)	\$288	\$143	\$431
Concrete Patios (Allowance)	1 LS	\$5,000	\$1,260	\$2,500	(\$1,240)	\$250	\$124	\$374
Concrete Walkways/Stairs (20%)	1,140 SF	\$9,120	\$2,299	\$4,560	(\$2,261)	\$456	\$226	\$682
R.R. Tie Retaining Wall	105 LF	\$9,450	\$2,382	\$4,725	(\$2,343)	\$473	\$234	\$707
TOTALS		\$109,510	\$27,603	\$54,755	(\$27,152)	\$5,476	\$2,715	\$8,191



Disbursement Schedule

Project Name:	Hearthstone at Village Square	Interest Rate:	2.00%
Project Location:	Bel Air, Maryland	Inflation Rate:	2.00%
Project Number:	15-0529		
Date of Study:	October 2015		
Month Contributions Commence:	January 2015		

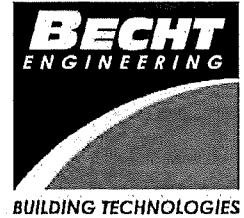
Year	Description	Base Cost	Future Replacement Cost
2020			
	Carpeting	\$45,980	\$50,766
	HVAC Split System (Air Handler)	\$5,500	\$6,072
	HVAC Split System (Compressor)	\$13,500	\$14,905
		\$64,980	\$71,743
2025			
	Asphalt Paving	\$80,180	\$97,739
	Concrete Curb/Gutter (10%)	\$5,760	\$7,021
	Concrete Patios (Allowance)	\$5,000	\$6,095
	Concrete Walkways/Stairs (20 %)	\$9,120	\$11,117
	Emergency Lighting	\$25,200	\$30,719
	Entry Security System	\$27,000	\$32,913
	Fire Protection System	\$25,000	\$30,475
	R.R. Tie Retaining Wall	\$9,450	\$11,520
	Roof, Shingles	\$264,900	\$322,912
		\$451,610	\$550,510
2030			
	Gutters	\$11,900	\$16,016
	HVAC Split System (Air Handler) Bldgs 102 and 118	\$2,750	\$3,701
	HVAC Split System (Compressor) Bldgs 102 and 118	\$6,750	\$9,085
	Leaders (Downspouts)	\$10,800	\$14,535
		\$32,200	\$43,337
2032			
	Carpeting	\$45,980	\$64,383
		\$45,980	\$64,383



Disbursement Schedule

Project Name:	Hearthstone at Village Square	Interest Rate:	2.00%
Project Location:	Bel Air, Maryland	Inflation Rate:	2.00%
Project Number:	15-0529		
Date of Study:	October 2015		
Month Contributions Commence:	January 2015		

Year	Description	Base Cost	Future Replacement Cost
<hr/>			
2035			
	Balcony Decks	\$139,200	\$206,844
	HVAC Split System (Air Handler)	\$5,500	\$8,173
	HVAC Split System (Compressor)	\$13,500	\$20,060
		\$158,200	\$235,077
<hr/>			
2044			
	Carpeting	\$45,980	\$81,653
		\$45,980	\$81,653
<hr/>			
2045			
	Asphalt Paving	\$80,180	\$145,235
	Concrete Curb/Gutter (10%)	\$5,760	\$10,433
	Concrete Patios (Allowance)	\$5,000	\$9,057
	Concrete Walkways/Stairs (20 %)	\$9,120	\$16,520
	Elevators (Overhaul)	\$300,000	\$543,408
	Emergency Lighting	\$25,200	\$45,646
	Entry Security System	\$27,000	\$48,907
	Fire Protection System	\$25,000	\$45,284
	HVAC Split System (Air Handler) Bldgs 102 and 118	\$2,750	\$4,981
	HVAC Split System (Compressor) Bldgs 102 and 118	\$6,750	\$12,227
	R.R. Tie Retaining Wall	\$9,450	\$17,117
	Roof, Shingles	\$264,900	\$479,830
	Siding, Vinyl	\$492,240	\$891,625
		\$1,253,350	\$2,270,270



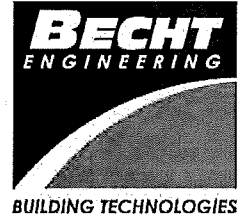
Reserve Fund Scenario

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015
 Month Contributions Commence: January 2015

Calculation Method: Component

Interest Rate: 2.00%
 Inflation Rate: 2.00%

Year	Opening Balance	Annual Contribution	Contribution Adjustment	Disbursements	Earned Interest	Closing Balance
2015	\$261,550	\$53,666	\$19,838	\$0	\$6,027	\$341,082
2016	\$341,082	\$54,739	\$20,235	\$0	\$7,634	\$423,690
2017	\$423,690	\$55,834	\$20,640	\$0	\$9,302	\$509,466
2018	\$509,466	\$56,951	\$21,053	\$0	\$11,034	\$598,504
2019	\$598,504	\$58,090	\$21,474	\$0	\$12,832	\$690,900
2020	\$690,900	\$59,252	\$17,579	\$71,743	\$14,650	\$710,638
2021	\$710,638	\$60,437	\$17,931	\$0	\$15,062	\$804,067
2022	\$804,067	\$61,646	\$18,289	\$0	\$16,947	\$900,949
2023	\$900,949	\$62,878	\$18,655	\$0	\$18,902	\$1,001,385
2024	\$1,001,385	\$64,136	\$19,028	\$0	\$20,929	\$1,105,478
2025	\$1,105,478	\$65,419	\$5,759	\$550,510	\$22,881	\$649,026
2026	\$649,026	\$66,727	\$5,874	\$0	\$13,767	\$735,395
2027	\$735,395	\$68,062	\$5,992	\$0	\$15,510	\$824,958
2028	\$824,958	\$69,423	\$6,112	\$0	\$17,317	\$917,810
2029	\$917,810	\$70,811	\$6,234	\$0	\$19,191	\$1,014,046
2030	\$1,014,046	\$72,228	\$5,955	\$43,337	\$21,128	\$1,070,019
2031	\$1,070,019	\$73,672	\$6,074	\$0	\$22,264	\$1,172,030
2032	\$1,172,030	\$75,146	\$6,195	\$64,383	\$24,322	\$1,213,309
2033	\$1,213,309	\$76,649	\$6,319	\$0	\$25,165	\$1,321,441
2034	\$1,321,441	\$78,181	\$6,445	\$0	\$27,346	\$1,433,414
2035	\$1,433,414	\$79,745	\$4,865	\$235,077	\$29,585	\$1,312,532
2036	\$1,312,532	\$81,340	\$4,962	\$0	\$27,186	\$1,426,019
2037	\$1,426,019	\$82,967	\$5,061	\$0	\$29,474	\$1,543,522
2038	\$1,543,522	\$84,626	\$5,163	\$0	\$31,843	\$1,665,153
2039	\$1,665,153	\$86,319	\$5,266	\$0	\$34,295	\$1,791,033
2040	\$1,791,033	\$88,045	\$5,371	\$0	\$36,833	\$1,921,282
2041	\$1,921,282	\$89,806	\$5,479	\$0	\$39,458	\$2,056,024
2042	\$2,056,024	\$91,602	\$5,588	\$0	\$42,173	\$2,195,388
2043	\$2,195,388	\$93,434	\$5,700	\$0	\$44,982	\$2,339,503
2044	\$2,339,503	\$95,303	\$5,814	\$81,653	\$47,885	\$2,406,852
2045	\$2,406,852	\$97,209	\$0	\$2,270,270	\$49,190	\$282,981

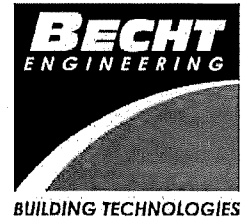


Reserve Fund Scenario

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015
 Month Contributions Commence: January 2015

Calculation Method: 5% of Rep. Cost
 Minimum Balance: \$74,012
 Interest Rate: 2.00%
 Inflation Rate: 2.00%

Year	Opening Balance	Annual Contribution	Contribution Adjustment	Disbursements	Earned Interest	Closing Balance
2015	\$261,550	\$58,284	\$0	\$0	\$5,862	\$325,696
2016	\$325,696	\$59,450	\$0	\$0	\$7,158	\$392,304
2017	\$392,304	\$60,639	\$0	\$0	\$8,503	\$461,446
2018	\$461,446	\$61,852	\$0	\$0	\$9,899	\$533,197
2019	\$533,197	\$63,089	\$0	\$0	\$11,347	\$607,633
2020	\$607,633	\$64,351	\$0	\$71,743	\$12,850	\$613,091
2021	\$613,091	\$65,638	\$0	\$0	\$12,973	\$691,702
2022	\$691,702	\$66,951	\$0	\$0	\$14,559	\$773,212
2023	\$773,212	\$68,290	\$0	\$0	\$16,204	\$857,706
2024	\$857,706	\$69,656	\$0	\$0	\$17,909	\$945,271
2025	\$945,271	\$71,049	\$0	\$550,510	\$19,675	\$485,485
2026	\$485,485	\$72,470	\$0	\$0	\$10,495	\$568,450
2027	\$568,450	\$73,919	\$0	\$0	\$12,170	\$654,539
2028	\$654,539	\$75,397	\$0	\$0	\$13,908	\$743,844
2029	\$743,844	\$76,905	\$0	\$0	\$15,710	\$836,459
2030	\$836,459	\$78,443	\$0	\$43,337	\$17,579	\$889,144
2031	\$889,144	\$80,012	\$0	\$0	\$18,650	\$987,806
2032	\$987,806	\$81,612	\$0	\$64,383	\$20,640	\$1,025,675
2033	\$1,025,675	\$83,244	\$0	\$0	\$21,415	\$1,130,334
2034	\$1,130,334	\$84,909	\$0	\$0	\$23,527	\$1,238,770
2035	\$1,238,770	\$86,607	\$0	\$235,077	\$25,714	\$1,116,014
2036	\$1,116,014	\$88,339	\$0	\$0	\$23,277	\$1,227,630
2037	\$1,227,630	\$90,106	\$0	\$0	\$25,529	\$1,343,265
2038	\$1,343,265	\$91,908	\$0	\$0	\$27,861	\$1,463,034
2039	\$1,463,034	\$93,746	\$0	\$0	\$30,276	\$1,587,056
2040	\$1,587,056	\$95,621	\$0	\$0	\$32,777	\$1,715,454
2041	\$1,715,454	\$97,533	\$0	\$0	\$35,366	\$1,848,353
2042	\$1,848,353	\$99,484	\$0	\$0	\$38,045	\$1,985,882
2043	\$1,985,882	\$101,474	\$0	\$0	\$40,817	\$2,128,173
2044	\$2,128,173	\$103,503	\$0	\$81,653	\$43,685	\$2,193,708
2045	\$2,193,708	\$105,573	\$0	\$2,270,270	\$45,018	\$74,029



Reserve Fund Scenario

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015
 Month Contributions Commence: January 2015

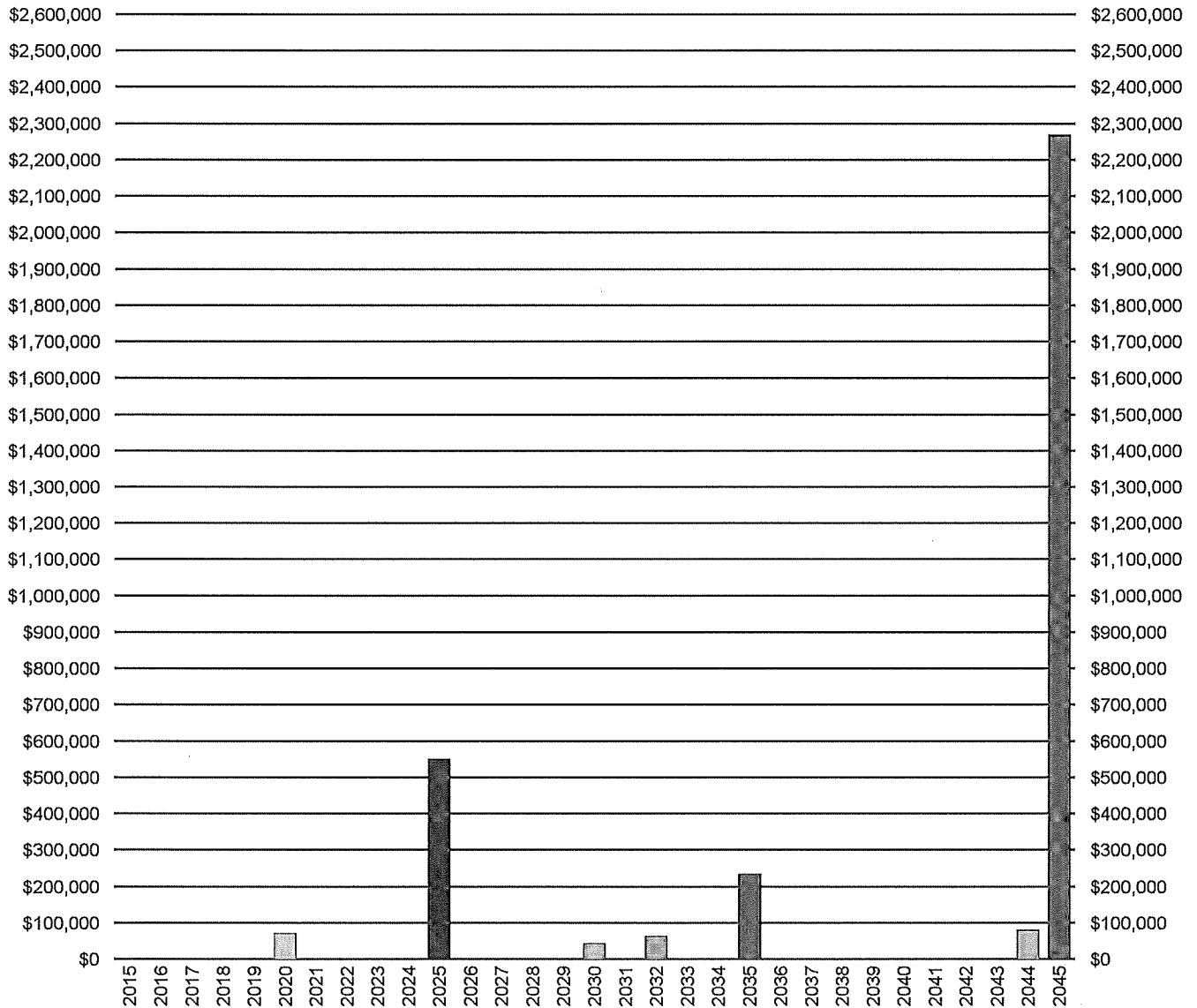
Calculation Method: 10% of Rep. Cost
 Minimum Balance: \$148,023
 Interest Rate: 2.00%
 Inflation Rate: 2.00%

Year	Opening Balance	Annual Contribution	Contribution Adjustment	Disbursements	Earned Interest	Closing Balance
2015	\$261,550	\$59,588	\$0	\$0	\$5,877	\$327,015
2016	\$327,015	\$60,780	\$0	\$0	\$7,199	\$394,994
2017	\$394,994	\$61,996	\$0	\$0	\$8,572	\$465,562
2018	\$465,562	\$63,236	\$0	\$0	\$9,996	\$538,794
2019	\$538,794	\$64,501	\$0	\$0	\$11,475	\$614,770
2020	\$614,770	\$65,791	\$0	\$71,743	\$13,008	\$621,826
2021	\$621,826	\$67,107	\$0	\$0	\$13,164	\$702,097
2022	\$702,097	\$68,449	\$0	\$0	\$14,783	\$785,329
2023	\$785,329	\$69,818	\$0	\$0	\$16,463	\$871,610
2024	\$871,610	\$71,214	\$0	\$0	\$18,204	\$961,028
2025	\$961,028	\$72,638	\$0	\$550,510	\$20,007	\$503,163
2026	\$503,163	\$74,091	\$0	\$0	\$10,866	\$588,120
2027	\$588,120	\$75,573	\$0	\$0	\$12,581	\$676,274
2028	\$676,274	\$77,084	\$0	\$0	\$14,361	\$767,719
2029	\$767,719	\$78,626	\$0	\$0	\$16,206	\$862,551
2030	\$862,551	\$80,199	\$0	\$43,337	\$18,120	\$917,533
2031	\$917,533	\$81,803	\$0	\$0	\$19,237	\$1,018,573
2032	\$1,018,573	\$83,439	\$0	\$64,383	\$21,275	\$1,058,904
2033	\$1,058,904	\$85,108	\$0	\$0	\$22,100	\$1,166,112
2034	\$1,166,112	\$86,810	\$0	\$0	\$24,263	\$1,277,185
2035	\$1,277,185	\$88,546	\$0	\$235,077	\$26,503	\$1,157,157
2036	\$1,157,157	\$90,317	\$0	\$0	\$24,122	\$1,271,596
2037	\$1,271,596	\$92,123	\$0	\$0	\$26,430	\$1,390,149
2038	\$1,390,149	\$93,965	\$0	\$0	\$28,821	\$1,512,935
2039	\$1,512,935	\$95,844	\$0	\$0	\$31,297	\$1,640,076
2040	\$1,640,076	\$97,761	\$0	\$0	\$33,861	\$1,771,698
2041	\$1,771,698	\$99,716	\$0	\$0	\$36,514	\$1,907,928
2042	\$1,907,928	\$101,710	\$0	\$0	\$39,260	\$2,048,898
2043	\$2,048,898	\$103,744	\$0	\$0	\$42,102	\$2,194,744
2044	\$2,194,744	\$105,819	\$0	\$81,653	\$45,041	\$2,263,951
2045	\$2,263,951	\$107,935	\$0	\$2,270,270	\$46,448	\$148,064

Disbursements by Year

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015

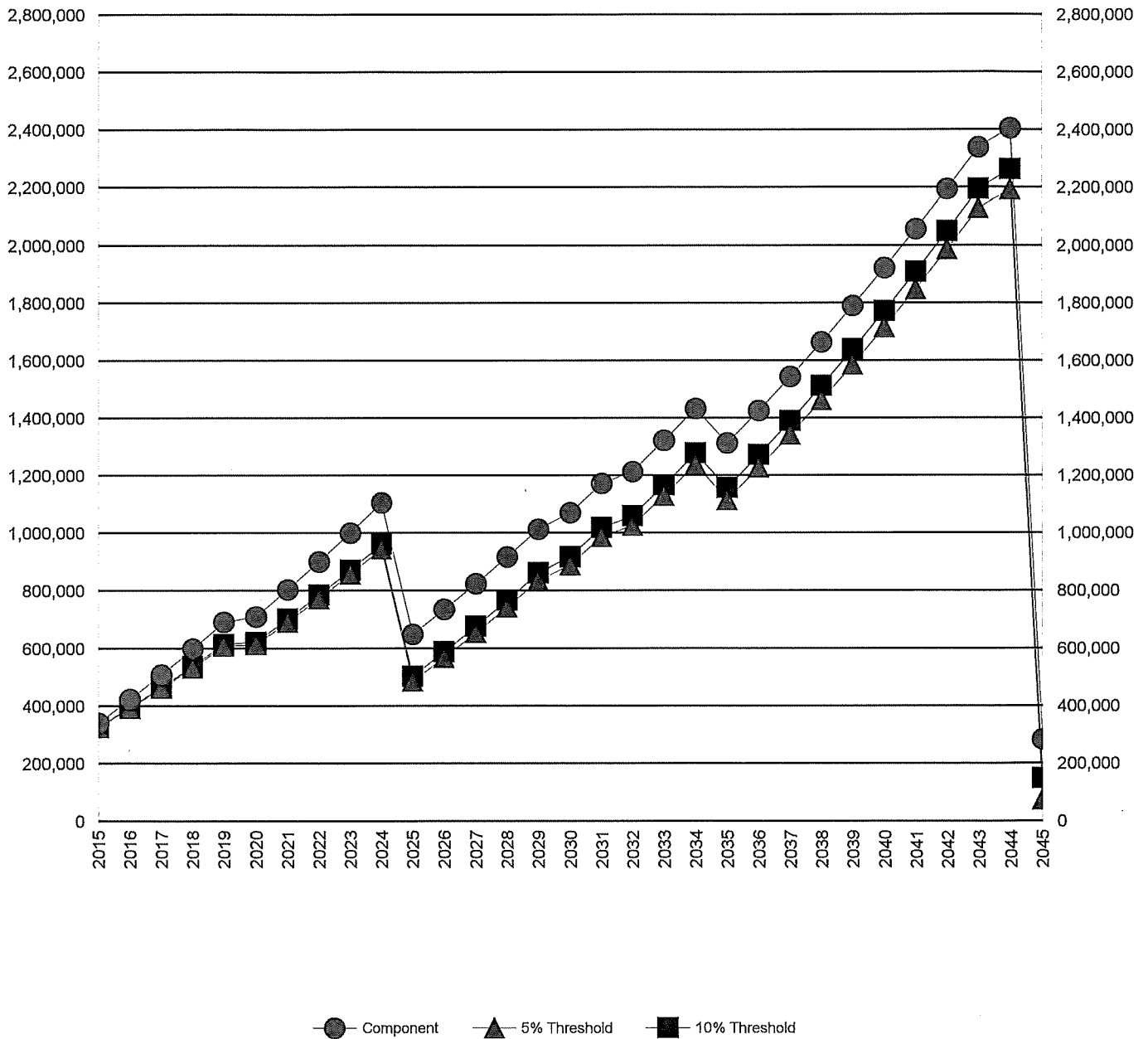
Interest Rate: 2.00%
 Inflation Rate: 2.00%



Reserve Fund Closing Balance

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015

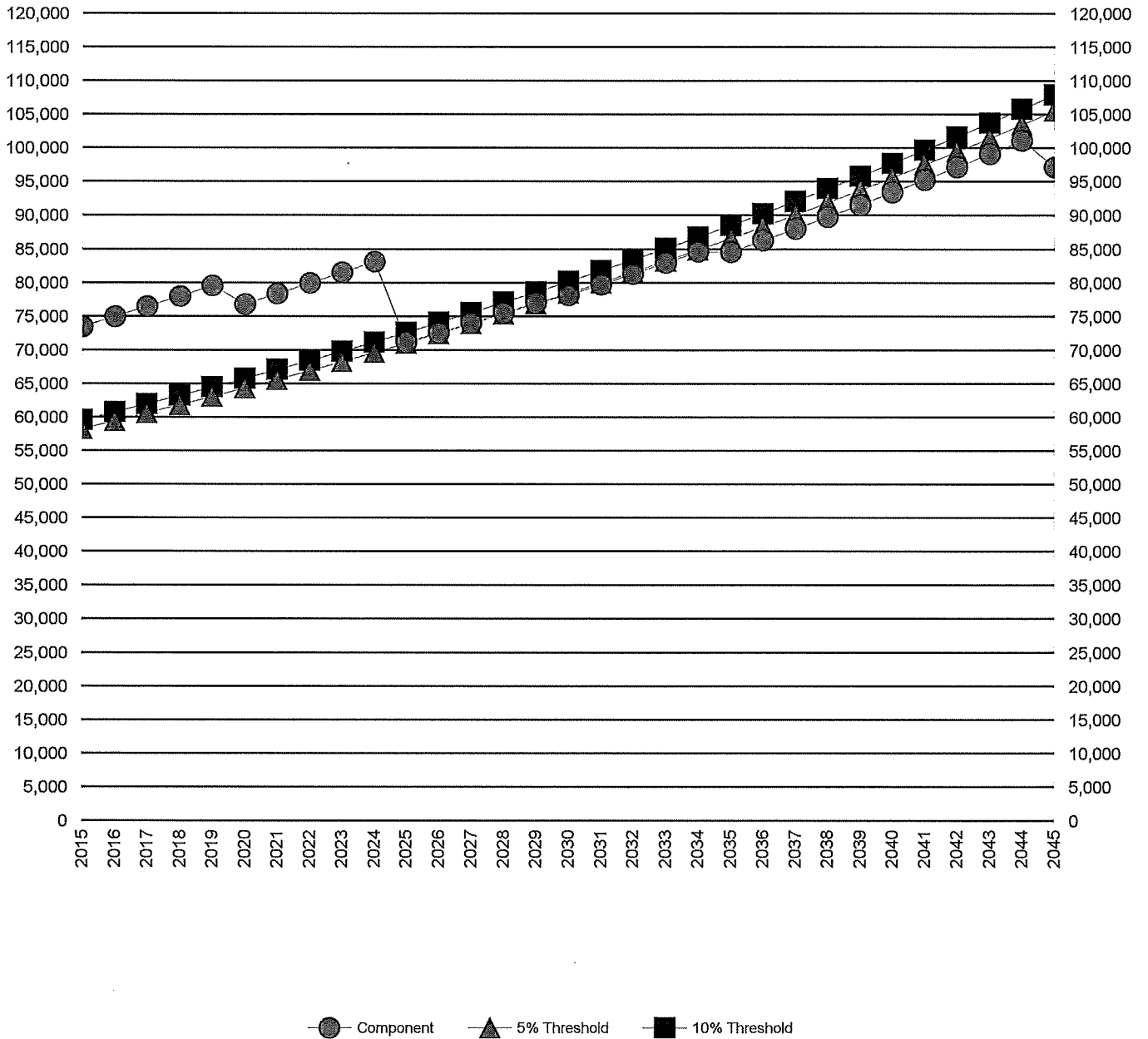
Interest Rate: 2.00%
 Inflation Rate: 2.00%



Reserve Fund Contributions

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015

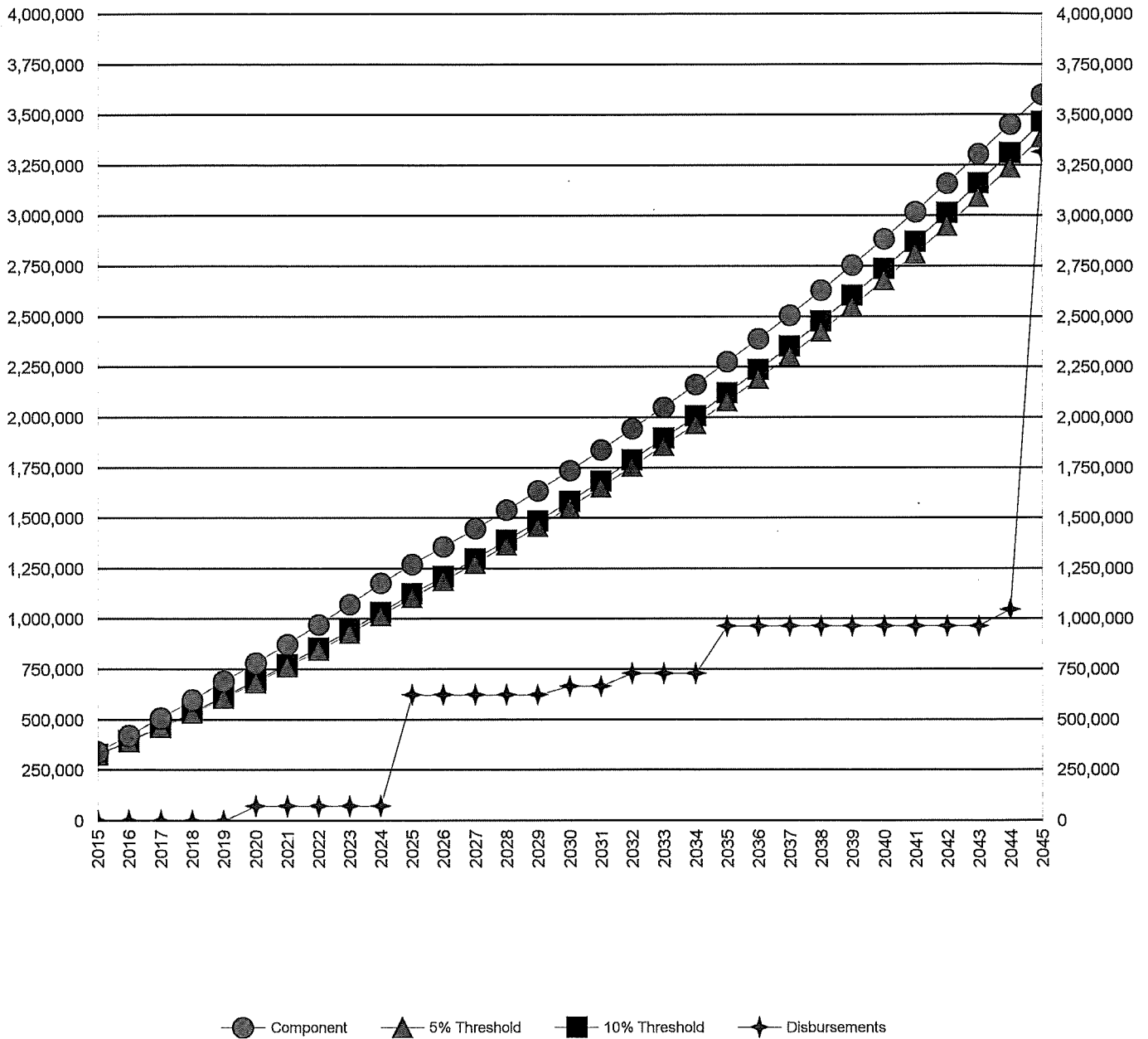
Interest Rate: 2.00%
 Inflation Rate: 2.00%



Cumulative Contributions and Disbursements

Project Name: Hearthstone at Village Square
 Project Location: Bel Air, Maryland
 Project Number: 15-0529
 Date of Study: October 2015

Interest Rate: 2.00%
 Inflation Rate: 2.00%



Definitions

Definitions

Base Cost - See definition "Current Replacement Cost Allowance." This calculation, based on current costs, is increased according to the assumed rates of inflation in the "Disbursement Schedule."

Basic Annual Contribution - This is the amount that should have been contributed each year, while considering assumed rates of interest and inflation, to accumulate a reserve equal to the Current Replacement Cost at the anticipated replacement time (end-of-life). This is roughly calculated.

Contribution Adjustment - If the capital reserve fund for a component is not fully funded, this is the increase in annual contributions that would be required to fully fund the reserve before the estimated end-of-life. If the capital reserve fund for a component is over-funded, this is the decrease in annual contributions that would offset the over-funded condition.

Contribution, Total - This is the recommended Basic Annual Contribution plus the "Contribution Adjustment" (see definition) required to make up for past underfunding before replacement of the component is estimated to be required. The amount can decrease in future years because the required Contribution Adjustment decreases each year in which a reserve fund for a capital component is fully funded.

Current Replacement Cost - The estimated cost to replace a component in kind at the time of the Study.

Estimated Remaining Life - The anticipated number of years before replacement of this component can be expected to be necessary. This is based on the normal life, the current age, and an engineering assessment that considers site-specific condition.

Deficit - This shows the amount that the Present Fund is undercapitalized. It is the present fund minus the Required Fund. A positive number (surplus) means excess cash reserves have been set aside to date. A negative number indicates a deficit in the Present Fund; this underfunding can be made up in one of two ways: 1) an increase in the annual fees to catch up or, 2) a special assessment between now and when the component requires replacement. This Study assumes the second method is used and recommends annual makeup on that basis.

Interest - Interest accumulated on the capital reserve fund deposit based on the assumed interest rate listed at the top of the "Projected Cash Flow" pages.

Inflation - The increased cost of future replacement expenditures are based on an assumed rate of inflation.

Opening Balance - On the "Projected Cash Flow" pages, this is the reported total reserve fund on deposit

for the condominium Association.

Percent Funded - Represents the ratio of the Reserve Fund balance to the Required Fund or Fully Funded Balance. This is a measure of the financial health of the Reserve Fund and an indicator of the risk of the future necessity of special assessments.

Percentage Of Total - Percent of total recommended Basic Annual Contribution. This shows the significance of specific components relative to required contributions to the capital reserve fund.

Present Age - Age of the component at the time of this Study.

Present Fund - Present funds set aside for capital component replacement at this time. If present funds are not reserved for specific components but are an unallocated pool, the total present funds allocated between the components according to the Percentage Of Total column.

Required Fund - This amount should have been set aside for each component in the fund to be considered fully funded.

Surplus - This shows the amount that the Present Fund is overcapitalized. It is the present fund minus the Required Fund. A positive number (surplus) means excess cash reserves have been set aside to date.

Typical Life - The anticipated number of years that a component may be expected to provide adequate service. Please note that this is based on industry standards. A component may outlive, or require replacement prior to, its typical life.

**Resolutions and Policies
Hearthstone at Village Square Condominium Inc.**

**Hearthstone at Village Square Condominiums, Inc.
FINING RESOLUTION**

WHEREAS, Hearthstone at Village Square Condominium Association, Inc. (the "Association") is a lawfully constituted homeowners association pursuant to Maryland law and the Association's Declaration and By-Laws; and

WHEREAS, Pursuant to the powers of the Association vested by Article V Section 3f of the By-Laws, the Board of Directors (the "**Board**") is empowered to establish Rules and to enforce the Declaration, By-Laws, and Rules and in furtherance of same does hereby establish penalties for infractions of such Rules and regulations

NOW THEREFORE, the Board on behalf of the Association hereby adopts the following Fining Resolution.

- A. Prior to the imposition of any fine, the Board of Directors shall comply with the following procedures:
1. Demand – The Board of Directors shall send a written demand letter to the alleged violator specifying the following:
 - a. The alleged violation;
 - b. the action required to abate the violation; and
 - c. a time period of not less than ten (10) days during which the violation may be abated without further sanction if such violation is continuing, or for non-continuing violations, a statement that any further violations, a statement that any further violation of the same rule may result in the imposition of a sanction after notice and a hearing.
 2. Notice – If, within ten (10) days of the aforementioned demand letter, the violation continues past the specified period for abatement or if the same rule is subsequently violated, the Board of Directors shall serve the alleged violator with written notice of a hearing to be held. The notice shall contain the following information:
 - a. The nature of the alleged violation;
 - b. the time and place of the hearing which shall not be less than ten (10) days from the giving of the notice;
 - c. an invitation to attend the hearing on his or her behalf;
 - d. a statement that failure to attend the hearing may result in the automatic imposition of a sanction; and
 - e. the proposed sanction to be imposed.
 - f. the amount of the fine to be assessed.

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3. Hearing – At the hearing the alleged violator has the right to be heard. Proof of notice and invitation to be heard shall be placed in the minutes of the hearing. The minutes of the hearing shall contain a written statement of the results of the hearing, including any sanction imposed.

B. Violations that occur over a period of time shall be deemed a separate offense. The amount of the fine shall be Twenty Five Dollars (\$25.00) for the first violation notice, Fifty Dollars (\$50.00) for the second violation for the same offense, One Hundred Dollars (\$100.00) for the third violation of the same offense and Five Hundred Dollars (\$500.00) for fourth and subsequent violations of the same offense.

C. In addition to levying fines, the Board of Directors may utilize any and all other remedies available to it in law or equity to enforce the Declaration, By-Laws, or the Rules against the violating owner.

ATTEST:

Hearthstone at Village Square
Condominium Association, Inc.:

Harold L. Vance
Vice President

By: David C. Coats
President

This Policy shall become effective on: January 1, 2012 .

Rules and Regulations
Hearthstone at Village Square Condominium Inc.

Procedures for the Enforcement of the By-Laws, Declarations,
and Rules of the Hearthstone at Village Square HOA

One of the duties of the Board of Directors of Hearthstone at Village Square is to "impose and collect reasonable fines for violation of the rules and regulations of the Condominium Association" (Article V, section 3f). Such rules and regulations can be adopted by the Board provided that the procedures outlined in Article X, section 1 and 2 are followed.

A proposed addition to Hearthstone at Village Square rules and regulations to become effective January 1, 2012 is as follows:

Fines may be assessed to Unit Owners who are in violation of the Condominium Declaration, By-Laws, or Rules and Regulations through the procedure outlined below:

- (a) A complaint of an alleged rules violation may be sent, in writing to the Board of Directors by any unit owner. The complaint must include:

1. The date of the observed occurrence
2. The name and address of the violator
3. A description of the violation
4. The name, address, and signature of the person making the complaint

A form for this purpose may be obtained from the management company or a member of the Board of Directors.

- (b) Upon reception of a written complaint, a letter advising the responsible Unit Owner of the violation will be sent by the management company requesting compliance within a specified amount of time. This notification to cease and desist will contain the following information:

1. The alleged violation
2. The action required to abate the violation
3. A time period, not less than 10 days, during which the violation may be abated without further sanction, if the violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not continuing.

(c) If the violation continues past the time allowed for abatement or if a second violation occurs, the Board will send the responsible unit owner a written notice of a hearing to be held by the Board in session. This notice shall include:

1. The nature of the alleged violation
2. The time and place of the hearing, which time may not be less than 10 days from the giving of the notice
3. An invitation to attend the hearing and produce any statement, evidence, and witnesses on his/her behalf
4. The proposed sanction to be imposed.

The hearing shall be held in executive session. Proof of notice and the invitation to be heard will be entered into the minutes.

(d) After following the above procedures, The Board of Directors may proceed with sanctions against a Unit Owner who is found to be in violation of the Condominium Declaration, By-Laws, or Rules and Regulations in the form of the fines listed below. Also, the responsible Unit Owner will be assessed for the costs borne by the association to correct the violation, any legal costs, and any unpaid fines accrued.

First Offense	\$25.00
Second Offense	\$50.00
Third Offense	\$100.00
Fourth and any Subsequent Offenses	\$500.00

A unit owner who is found to be in violation will be notified in writing of an imposed fine. The fine will be subject to collection within 15 days of the notification.

(e) All costs expended by the Board in enforcing these Rules, such as the costs of towing an illegally parked vehicle, shall be assessed and may be collected in the same manner and against the same person as fines.

The rules and regulations which are subject to the procedures for enforcement are to be found in the Hearthstone at Village Square Declarations and By-Laws, and will include any additional rules passed by the Board of Directors. These rules and regulations include but are not limited to, the following:

1. Residents must be 55 years of age or older with a spouse of any age or other person 40 years of age or older. Persons under 40 years of age, other than a spouse, shall not reside in a unit for more than a total of 30 days in a calendar year.
2. No resident shall park or store a camper, boat, commercial vehicle, or inoperative vehicle in the Condominium parking areas.
3. No motor vehicle shall be washed, rinsed, waxed, or repaired in the Condominium parking areas.
4. The residents of a unit may keep a maximum of 2 dogs or 2 cats or 2 caged birds or a combination thereof as domestic pets.
5. Dogs may be walked on the General Common Elements only and must be on a leash. Dog owners are responsible for cleaning up after their pet.
6. No grill or other cooking apparatus may be stored or operated on any patio or balcony.
7. No personal property other than customary outdoor furniture and no more than two planters shall be left on any patio or balcony.
8. Residents shall not back into parking spaces which are in front of Condominium buildings.
9. All unit owners must have their dryer vent cleaned every two years and send proof of the cleaning to the property management company.
10. No resident may dig up the sod on common condominium ground for any purpose.

**AFFIDAVIT OF COMPLAINT
HEARTHSTONE AT VILLAGE SQUARE CONDOMINIUMS**

(Owner Information)
Complainant Name _____ Defendant Full Name _____

Address: _____ Address: _____

Phone Number: _____ Phone Number: _____

Description of complaint, including the description of the alleged violation, date and time and length of time, if applicable.

Attach photo if possible.

**The above information is true and correct to the best of my knowledge.
I understand that as a result of this complaint, the defendants may be charged with
a violation of the governing documents and/or condominium rules and regulations,
and that I may be required to attend a hearing.**

Signature: _____ Date: _____
COMPLAINANT

Signature: _____ Date: _____
COMPLAINANT

Mail completed form to:
Debra Bell, Community Association Manager
Hearthstone at Village Square
Tidewater Property Management, Inc.
3706 Crondall Lane Suite 016
Owings Mills, Md. 21117
443-548-0191 ext. 122

APPROVED RULE AND REGULATION
Hearthstone at Village Square Condominiums, Inc.

Effective **July 1, 2010**, every UNIT OWNER, at his or her own expense, is required to have his or her dryer vent professionally cleaned. The initial cleaning must take place on or before the 1st day of **DECEMBER 1, 2010**, and thereafter, the vents must be professionally cleaned every other year (i.e.: 2012, 2014, 2016, etc.) by the 1st day of **DECEMBER**.

Written proof of cleaning must be submitted to the management company prior to the aforementioned deadlines for the initial year and each year thereafter.

NON-COMPLIANCE

Failure to submit proof of cleaning to the management company on or before the deadlines set forth herein will be deemed a violation of this resolution. Violations of the terms and conditions of this resolution will be addressed in the same manner as a violation of the Condominium Declaration, By-Laws and Rules and Regulations, including but not limited to the imposition of sanctions, including monetary fines, after a notice and a hearing.

Hearthstone at Village Square Condominium, Inc.
APPROVED RULES SUPPLEMENTING
Article X. USE RESTRICTIONS of the
HEARTHSTONE AT VILLAGE SQUARE
CONDOMINIUM DECLARATION
*EFFECTIVE APRIL 1, 2013**

The following rules supplement Article X. USE RESTRICTIONS of the HEARTHSTONE AT VILLAGE SQUARE CONDOMINIUM DECLARATION. These rules will be enforced in accordance with the established Procedures for the Enforcement of the By-Laws, Declarations, and Rules of the Hearthstone at Village Square Condominium Association.

1) Section (h) Use of Common Areas. A planter is defined as any container placed on the floor or railing of a patio or balcony, or on a piece of furniture on a patio or balcony, that is filled with soil or other growing medium, and normally contains living or artificial plants. **A maximum of two planters and two hanging plants may be left overnight on any patio or balcony.** Patio or balcony planters left overnight on any patio or balcony shall conform to the following:

- Round Planters – diameter shall not exceed 22 inches
- Square and Rectangular Planters – sum of length plus width shall not exceed 36 inches
- Oval Planters – sum of the principle axes shall not exceed 36 inches
- Other Planter Shapes – maximum dimensions shall be as determined by the Board of Directors generally following the above

All dimensions are exterior dimensions measured at point of greatest extent. In cases of dispute, the Board of Directors shall determine the final measurement(s) of the planter.

Any planter placed on a balcony railing shall be entirely on the inside of the railing. The brackets and/or support system for the planter shall be adequate to carry the weight of the planter.

The use of any trellis with a planter is not allowed.

The Unit Owner is responsible for maintenance of any planters on their patio or balcony. The Unit Owner shall insure that no debris or water from their planter(s) impacts lower units. Special care shall be taken when watering to prevent excess water from dripping on lower units. Unit Owners shall remove snow from their planters in order to prevent melt water from forming ice on a lower patio or balcony.

2) Section (h) Use of Common Areas. No one shall plant any flowers, ground covers, shrubs, bushes, trees, etc., or install any decorative items in the lawns or landscaped areas of the Condominium, including the existing mulched beds. Stepping stones may be placed in mulched beds to allow access to patios provided that the existing shrubbery is not impacted.

3) Section (l) Articles Hung from Property. A hanging plant is defined as any plant, with associated container and growing medium, that is suspended from the ceiling of a patio or balcony by an appropriate hanging system.

No planters or hanging plants shall be hung from any outside window. Any planters attached to a balcony railing shall be counted in the “planters left overnight on a patio or balcony” allowed under Article X Section (h) Use of Common Areas. **A total of four plant containers- two planters on the patio or balcony and two hanging plants are allowed.**

A maximum of two hanging or suspended plants may be left overnight on any patio or balcony. Hanging plants left overnight on any patio or balcony shall conform to the following:

Round Hanging Plant – container diameter shall not exceed 16 inches

Square Hanging Plant – container side shall not exceed 12 inches

Oval Hanging Plant – sum of the principle axes of the container shall not exceed 24 inches

Other Hanging Plant Shapes – maximum dimensions shall be as determined by the Board of Directors generally following the above

All dimensions are exterior dimensions measured at point of greatest extent. In cases of dispute, the Board of Directors shall determine the final measurement(s) of the planter.

The above rules for maintenance of planters shall apply to hanging plants. In addition, the Unit Owner shall ensure that the anchor and hanging system for the plant are adequate to support the weight of the plant.

Special Assessments
Hearthstone at Village Square Condominium Inc.

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Welcome Packages
Hearthstone at Village Square Condominium Inc.

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