

**Resale Certificate**  
**Master Association of Lake Arbor**

**Current Owner: The Maryland Department of Housing & Community Development**

**Property Address: 709 Streamside Drive**

**Upper Marlboro, MD 20721**

**Buyer: AUCTION - TBD AUCTION TBD**

**Buyer Address: AUCTION - TBD**

**AUCTION - TBD MD, 20721**

**Requestor Name: Shannon Stamm**

**Requestor Phone: 410-296-8440**

**Date Prepared: 07-17-2017**

#	Question	Response
A.	The amount of the current common expense assessment is: <b>\$171.00 per year (2017)</b> The current unit owner has unpaid expenses through:	<b>To Be Determined at Closing - ORDER FINAL PAYOFF DEMAND @ HOMEWISED OCS.COM FOR FEE AT LEAST 10 DAYS PRIOR TO CLOSING</b>
	LIST OF FEES: <b>Master Association Dues (Annual Dues for Master Homeowners Association of Lake Arbor): \$171.00/year (2017).To Be Collected at Settlement if not paid.</b> <b>Special Assessment: N/A</b> <b>Collection Costs, Fines, Interest &amp; Late Fee : To Be Collected at Settlement where applicable)</b> <b>TRANSFER Fee: \$50.00 to be collected from Buyer at settlement (PAID TO VMC)</b>	

# Resale Certificate

## Master Association of Lake Arbor

#	Question	Response
	TOTAL FEES:	To Be Collected at Settlement - ORDER FINAL PAYOFF DEMAND @ HOMEWISED OCS.COM FOR A FEE AT LEAST 10 DAYS PRIOR TO CLOSING
B. 1)	Are there any "rights of first refusal" or other restraints on alienability of the unit that affect the proposed conveyance other than any restraint created by the unit owner?	No
2)	Are there any unsatisfied judgments against the Association as of the date of this certificate?	No
3)	Is the Association a party to any pending lawsuits, excluding assessment collection suits?	No
4)	Fire and Liability insurance policies are provided for the benefit of unit owners. Copies are available for inspection at the offices of Vista Management Co., Inc. The terms of the policies prevail over the description of coverage herein.	Contact Tucker Insurance @ 703-369-5566
5)	Does the Association have any knowledge of any violation of health or building codes with respect to the unit?	See Comments
	Unknown.	
6)	Does the Association have actual knowledge of any violation of the applicable health or building codes with respect to the common elements of the Association?	No
	To the best of our knowledge, there is no violation of health or building codes.	
7)	Does the Association have any knowledge of any alteration or improvement to the unit or limited common elements assigned to the unit that violated any provision of the declaration, bylaws or rules or regulations?	See Comments
	SEE INDIVIDUAL HOA RESALE DISCLOSURE CERTIFICATE	

## Resale Certificate

### Master Association of Lake Arbor

C. The following documents are attached hereto:

- 1) Declaration
- 2) Bylaws and Amendments
- 3) Rules and Regulations
- 4) Current Operating Budget with Reserve Fund for repairs and replacements for Fiscal Year
- 5) Association Insurance Certificate
- 6) Independent Auditor's Report

D. Permission/Release/Indemnification

1) PERMISSION. The Unit Owner and the Buyer give their permission to the Board for it, its agents, servants, and/or employees to provide a Resale Disclosure Packet containing information in regard to the management, operation, and affairs of the Association. The Association shall provide such packet at such time and to such extent as it deems, in its sole and absolute discretion, to be reasonable and proper. Such response may be limited so as to maintain all confidences as the Board deems appropriate and shall be made with reasonable dispatch.

2) RELEASE. The Unit Owner and Buyer hereby release and forever discharge the Board, its agents, specifically Vista Management Co., Inc., servants, and/or employees from all debts, demands, actions, causes of action, suits, dues, sum and sums of money, accounts, reckonings, bonds, specialties, covenants, contracts, controversies, agreements, promises, doings, omissions, variances, damages, extents, executions and liabilities, and any and all other claims of every kind, nature, and description whatsoever, both in law and equity, which against the Board, or its agents, servants, employees, successors, or assigns the Unit Owner and/or Buyer may now or in the future have in any way, directly or indirectly relating to the information provided hereunder.

3) INDEMNIFICATION. The Unit Owner and/or Buyer further agree to indemnify and hold the Board, its agents, specifically Vista Management Co., Inc., servants, and/or employees, harmless in regard thereto, including any and all attorneys fees and costs incurred by the Board, its agents, servants, and/or employees.

The Unit Owner is required to provide additional disclosures pursuant to State Law.

Certificate Received by:

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

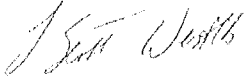
**Resale Certificate**  
**Master Association of Lake Arbor**

**Contact Information**

The information above was obtained by the following representative of the project's Homeowners Association

**Name: Scott Wertlieb**  
**Title: General Counsel**

**Phone: 301-649-1115**  
**Date: 07-17-2017**



Signature



**Resale Certificate**  
**Master Association of Lake Arbor**

**Comments**

INFORMATION PROVIDED CANNOT BE USED FOR SETTLEMENT PURPOSES. SETTLEMENT ATTORNEY MUST ORDER FINAL PAYOFF DEMAND @ HOMEWISEDOCS.COM FOR A FEE AT LEAST 10 DAYS PRIOR TO CLOSING TO RECEIVE REQUISITE ACCOUNT INFORMATION FOR COLLECTION AT CLOSING.

**Annual Financials**  
**Master Association of Lake Arbor**

**Principals**

Howard A. Goldklang, CPA, MBA  
Donald E. Harris, CPA  
Anne M. Sheehan, CPA  
S. Gail Moore, CPA

1801 Robert Fulton Drive, Suite 200  
Reston, VA 20191

**Associate Principals**

Jeremy W. Powell, CPA  
Renee L. Watson, CPA

**Managers**

Allison A. Day, CPA  
Matthew T. Stiefvater, CPA  
Sheila M. Lewis, CPA

**Independent Auditor's Report**

To the Board of Directors of  
Master Homeowners Association for Lake Arbor, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Master Homeowners Association for Lake Arbor, Inc., which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Master Homeowners Association for Lake Arbor, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter Regarding Assessments Receivable and Unappropriated Members' Equity (Deficit)**

Master Homeowners Association for Lake Arbor, Inc. raises funds for its operations and replacement reserves through assessments of its members. As explained in Note 3 and Note 6, as of December 31, 2015 the Association had a cumulative operating deficit of \$83,786 and an assessments receivable balance of \$304,428 (before deducting the allowance for doubtful assessments of \$295,843). The Association's ability to collect these delinquent funds is uncertain. In order for the Association to operate effectively, it must be able to raise and collect sufficient funds from its members to meet its operational and replacement reserve needs. Our opinion on the financial statements is not modified with respect to this matter.

### **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Goldklang Group CPAs, P.C.*

Reston, Virginia  
February 2, 2017

MASTER HOMEOWNERS ASSOCIATION FOR LAKE ARBOR, INC.  
BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 143,789	\$ 170,929
Assessments Receivable - Net	8,585	5,807
Accounts Receivable - Other	1,988	6,198
Prepaid Expenses	<u>1,956</u>	<u>1,970</u>
Total Assets	<u>\$ 156,318</u>	<u>\$ 184,904</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts Payable	\$ 11,924	\$ 12,989
Prepaid Assessments	<u>66,137</u>	<u>59,763</u>
Total Liabilities	<u>\$ 78,061</u>	<u>\$ 72,752</u>
Replacement Reserves	\$ 162,043	\$ 198,788
Unappropriated Members' Equity (Deficit)	<u>(83,786)</u>	<u>(86,636)</u>
Total Members' Equity	<u>\$ 78,257</u>	<u>\$ 112,152</u>
Total Liabilities and Members' Equity	<u>\$ 156,318</u>	<u>\$ 184,904</u>

See Accompanying Notes to Financial Statements

MASTER HOMEOWNERS ASSOCIATION FOR LAKE ARBOR, INC.  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>INCOME:</u>		
Assessments	\$ 200,284	\$ 200,570
Interest	340	364
Other	<u>11,722</u>	<u>2,304</u>
Total Income	<u>\$ 212,346</u>	<u>\$ 203,238</u>
 <u>EXPENSES:</u>		
Management	\$ 45,420	\$ 45,420
Legal, Audit and Tax Preparation	16,645	22,205
Insurance	11,290	11,688
Administrative	8,574	7,838
Electricity	1,050	912
Pond Cleaning and Monitoring	1,775	2,275
Grounds Maintenance	99,034	103,932
Repairs and Maintenance	2,080	503
Bad Debt	<u>17,948</u>	<u>54,276</u>
Total Expenses	<u>\$ 203,816</u>	<u>\$ 249,049</u>
 Net Income (Loss) before Contribution to Reserves	 \$ 8,530	 \$ (45,811)
Contribution to Reserves	<u>(5,680)</u>	<u>(13,204)</u>
 Net Income (Loss)	 <u>\$ 2,850</u>	 <u>\$ (59,015)</u>

See Accompanying Notes to Financial Statements

MASTER HOMEOWNERS ASSOCIATION FOR LAKE ARBOR, INC.  
STATEMENTS OF MEMBERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Replacement Reserves	Unappropriated Members' Equity (Deficit)	Total Members' Equity
Balance as of December 31, 2013	\$ 187,784	\$ (27,621)	\$ 160,163
Addition:			
Contribution to Reserves	13,204		13,204
Deductions:			
Engineer Report	(2,200)		(2,200)
Net Loss	<u>                    </u>	<u>(59,015)</u>	<u>(59,015)</u>
Balance as of December 31, 2014	\$ 198,788	\$ (86,636)	\$ 112,152
Additions:			
Contribution to Reserves	5,680		5,680
Net Income		2,850	2,850
Deductions:			
Engineer Report	(8,100)		(8,100)
Sidewalks	(18,325)		(18,325)
Parking Lot	<u>(16,000)</u>	<u>                    </u>	<u>(16,000)</u>
Balance as of December 31, 2015	<u>\$ 162,043</u>	<u>\$ (83,786)</u>	<u>\$ 78,257</u>

See Accompanying Notes to Financial Statements

MASTER HOMEOWNERS ASSOCIATION FOR LAKE ARBOR, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income (Loss)	\$ 2,850	\$ (59,015)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Bad Debt Expense	17,948	54,276
Decrease (Increase) in:		
Assessments Receivable	(20,726)	(23,175)
Accounts Receivable - Other	4,210	(1,940)
Prepaid Expenses	14	(63)
Increase (Decrease) in:		
Accounts Payable	(1,065)	11,164
Prepaid Assessments	6,374	17,024
Net Cash Flows from Operating Activities	<u>\$ 9,605</u>	<u>\$ (1,729)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Received from Assessments (Reserves)	\$ 5,340	\$ 12,840
Received from Interest (Reserves)	340	364
Disbursed for Reserve Expenditures	<u>(42,425)</u>	<u>(2,200)</u>
Net Cash Flows from Investing Activities	<u>\$ (36,745)</u>	<u>\$ 11,004</u>
Net Change in Cash and Cash Equivalents	\$ (27,140)	\$ 9,275
Cash and Cash Equivalents at Beginning of Year	<u>170,929</u>	<u>161,654</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 143,789</u></u>	<u><u>\$ 170,929</u></u>

See Accompanying Notes to Financial Statements



MASTER HOMEOWNERS ASSOCIATION FOR LAKE ARBOR, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

NOTE 1 - NATURE OF OPERATIONS:

The Association is organized under the laws of the State of Maryland for the purposes of maintaining and preserving the common property of the Association. The Association is located in Mitchellville, Maryland and consists of 1,294 homes. The Board of Directors administers the operations of the community.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A) Method of Accounting - The financial statements are presented on the accrual method of accounting in which revenues are recognized when earned and expenses when incurred, not necessarily when received or paid.

B) Member Assessments - Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from homeowners. The Association's policy is to assess late and interest charges and to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in future years. The Association utilizes the allowance method of accounting for bad debt.

C) Common Property - Real property and common areas acquired from the declarant and related improvements to such property are not recorded in the Association's financial statements since the property cannot be disposed of at the discretion of the Board of Directors. Common property includes, but is not limited to, the land and site improvements.

D) Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions. Such estimates affect the reported amounts of assets and liabilities. They also affect the disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E) Cash Equivalents - For purposes of the statement of cash flows, the Association considers all highly liquid investments and interest - bearing deposits with an original maturity date of three months or less to be cash equivalents.

MASTER HOMEOWNERS ASSOCIATION FOR LAKE ARBOR, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(CONTINUED)

NOTE 3 - REPLACEMENT RESERVES:

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are generally not available for expenditures for normal operations.

The Association had a replacement reserve study conducted by Facility Engineering Associates, P.C. in 2001. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on this study.

The study recommends an annual contribution to reserves of \$14,215 for 2015. For 2015, the Association budgeted to contribute \$5,340 to reserves. During 2015, the Association also elected to contribute interest income of \$340 to replacement reserves.

Funds are being accumulated in replacement reserves based on estimates of future needs for repair and replacement of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material; therefore, amounts accumulated in the replacement reserves may or may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Board of Directors, on behalf of the Association, may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

As of December 31, 2015 and 2014, the Association had designated \$162,043 and \$198,788, respectively, for replacement reserves. These designated reserves were not fully funded due to the deficit in unappropriated members' equity.

NOTE 4 - INCOME TAXES:

For income tax purposes, the Association may elect annually to file either as an exempt homeowners association or as an association taxable as a corporation. As an exempt homeowners association, the Association's net assessment income would be exempt from income tax, but its interest income would be taxed. Electing to file as a corporation, the Association is taxed on its net income from all sources (to the extent not capitalized or deferred) at normal corporate rates after corporate exemption, subject to the limitation that operating expenses are deductible only to the extent of income from members. For 2015 and 2014, the Association's income taxes were calculated using the exempt method, which resulted in no tax liability.

The Association's policy is to recognize any tax penalties and interest as an expense when incurred. For the years ended December 31, 2015 and 2014, the Association did not incur any penalties and interest related to income taxes. The Association's federal and state tax returns for the past three years remain subject to examination by the Internal Revenue Service and the State of Maryland.

MASTER HOMEOWNERS ASSOCIATION FOR LAKE ARBOR, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(CONTINUED)

NOTE 5 - CASH AND CASH EQUIVALENTS:

As of December 31, 2015, the Association maintained its funds in the following Manner:

<u>Institution</u>	<u>Type Account</u>	<u>Cash and Cash Equivalents</u>
Mutual of Omaha	Checking	\$ 9,971
Mutual of Omaha	Money Market	<u>133,818</u>
	Total	<u>\$ 143,789</u>

NOTE 6 - ASSESSMENTS RECEIVABLE - NET:

The Association utilizes the allowance method of accounting for bad debt. Individual receivables are written off as a loss when a determination is made that they are uncollectible. Under the allowance method, collection efforts may continue and recovery of amounts previously written off are recognized as income in the year of collection.

	<u>2015</u>	<u>2014</u>
Assessments Receivable	\$ 304,428	\$ 284,985
Less: Allowance for Doubtful Assessments	<u>(295,843)</u>	<u>(279,178)</u>
Assessments Receivable - Net	<u>\$ 8,585</u>	<u>\$ 5,807</u>

NOTE 7 - CONTINGENCY - COLLECTIONS LEGAL EXPENSE:

The Association's attorney pursues collection of delinquent owner assessment balances. The attorney charges the unit owners directly for legal fees and turns over funds collected, less any legal fees, to the Association. The Association is charged any legal fees that have accrued on the account when a delinquent unit owner files for bankruptcy. The Association's financial statements do not reflect a liability or expense for legal fees related to collections for owners that have filed or may file for bankruptcy, as this amount cannot be determined.

NOTE 8 - SUBSEQUENT EVENTS:

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 2, 2017, the date the financial statements were available to be issued.

Subsequent to year-end, the Association plans on upgrading traffic circles for approximately \$9,000 and bridge repairs for approximately \$17,600. These projects will be funded through replacement reserves.

MASTER HOMEOWNERS ASSOCIATION FOR LAKE ARBOR, INC.  
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR  
REPAIRS AND REPLACEMENTS  
DECEMBER 31, 2015  
(UNAUDITED)

The Association has a replacement reserve study conducted by Facility Engineering Associates, P.C. in 2001 to estimate the remaining useful lives and replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common components at the date of the study. The estimated replacement costs presented below do not take into account the effects of inflation between the date of the study and the date the components will require repair or replacement; however, the Association's replacement reserve study does take inflation into consideration when evaluating future expenditures and recommended contributions to reserves. The study does not present the estimated remaining useful lives in a format that can be summarized. Therefore, the estimated remaining useful lives of the common property component are not presented below.

The following has been extracted from the Association's replacement reserve study and presents significant information about the components of common property.

<u>Component</u>	<u>2001 Estimated Replacement Cost</u>
Pavement and Walkways	\$ 230,000
Retaining Wall	3,750
Bridges	58,667
Tuck Pointing Masonry	1,600
Entrance Signs	2,500
Sight Lighting	2,000
Picnic and Exercise Stations	2,500

**Budget**  
**Master Association of Lake Arbor**

Approved by  
Board of Directors  
November 17, 2016

**MASTER ASSOCIATION AT LAKE ARBOR**  
**BUDGET FOR**  
**January 1, 2017 to December 31, 2017**

1292 Units

<u>ACCT #</u>	<u>ACCOUNT DESCRIPTION</u>	<u>2016 Budget</u> <u>10% Inc.</u> <u>\$171/Home</u>	<u>2017 Budget</u> <u>No Inc.</u> <u>\$171/Home</u>
	<b>GROSS RECEIPTS</b>		
04002	Condominium Fee Income	\$ 221,195	\$ 221,195
	Net Prepaid/(Delinquent) Fees	\$ (45,000)	\$ (45,000)
	<b>Subtotal</b>	<b>\$ 176,195</b>	<b>\$ 176,195</b>
	<b>OTHER RECEIPTS</b>		
04110	Returned Check/Late Fees	\$ 4,000	\$ 4,000
04130	Miscellaneous Income	\$ 300	\$ 300
04250	Prior Owner(s) Collection	\$ -	\$ -
04800	Interest Income	\$ 1,200	\$ 1,500
	<b>Subtotal</b>	<b>\$ 5,500</b>	<b>\$ 5,800</b>
	<b>TOTAL RECEIPTS</b>	<b>\$ 181,695</b>	<b>\$ 181,995</b>
	<b>EXPENSES</b>		
	<b>UTILITIES</b>		
05201	Electricity	\$ 1,200	\$ 1,200
05204	Telephone	\$ 300	\$ 300
	<b>Subtotal</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>
	<b>GROUND</b>		
05305	Maintenance - General	\$ 40,000	\$ 40,000
05306	Grounds - Improvements	\$ 18,000	\$ 18,000
05307	Maintenance - Traffic Circles	\$ 14,000	\$ 14,000
05317	Grounds - Non Contract	\$ 10,000	\$ 10,000
	<b>Subtotal</b>	<b>\$ 82,000</b>	<b>\$ 82,000</b>
	<b>REPAIRS &amp; MAINTENANCE</b>		
05507	General Repairs	\$ 2,000	\$ 2,000
05570	Lake Management	\$ 2,500	\$ 2,500
	<b>Subtotal</b>	<b>\$ 4,500</b>	<b>\$ 4,500</b>
	<b>ADMINISTRATIVE</b>		
06003	Postage	\$ 2,000	\$ 1,500
06005	Printing	\$ 1,000	\$ 800
06015	Insurance - Building	\$ 14,000	\$ 14,000
06020	Management Fee	\$ 45,420	\$ 45,420
06025	Dues/Subscriptions & Education	\$ 500	\$ -
06032	Recording Secretary	\$ 500	\$ 500
06035	Accounting Services	\$ 4,000	\$ 4,000
06040	Legal Services	\$ 4,000	\$ 6,000
06043	Misc. Administrative Expense	\$ 1,000	\$ 1,000
06045	Bad Debt Expense	\$ 1,000	\$ 1,000
	<b>Subtotal</b>	<b>\$ 73,420</b>	<b>\$ 74,220</b>
	<b>TOTAL OPERATING EXPENSES (Before Reserves)</b>	<b>\$ 161,420</b>	<b>\$ 162,220</b>
	<b>GROSS SURPLUS (DEFICIT)</b>	<b>\$ 20,275</b>	<b>\$ 19,775</b>
	<b>OTHER DISBURSEMENTS</b>		
06147	Interest Expense	\$ 1,200	\$ 1,500
06158	Reserve (Escrow) Payment	\$ 19,080	\$ 18,275
	<b>Subtotal</b>	<b>\$ 20,280</b>	<b>\$ 19,775</b>
	<b>NET REVENUE (LOSS)</b>	<b>\$ (5)</b>	<b>\$ -</b>

**RESERVES HELD BY ASSOCIATION AS OF October 31, 2016:**

Mutual of Omaha/Community Assn Banc

**\$ 153,131**

**Bylaws**  
**Master Association of Lake Arbor**

9754-021  
12/03/86  
WP-2515

## BY-LAWS

### MASTER HOMEOWNERS ASSOCIATION FOR LAKE ARBOR, INC.

#### ARTICLE I

##### **Name and Location**

Section 1. **Name and Location.** The name of the Association is as follows:

Master Homeowners Association for Lake Arbor, Inc.

Its principal office and mailing address are as follows:

9823 Central Avenue  
Largo, Maryland 20772

#### ARTICLE II

##### **Definitions**

Section 1. **Declarant.** "Declarant," as used herein, means Central Avenue Associates Limited Partnership, a Maryland limited partnership, and its designated successors and assigns in accordance with the Declaration.

Section 2. **Declaration.** "Declaration", as used herein, means that certain Master Declaration for Lake Arbor made the 1st day of December, 1986, by the Declarant, and recorded among the Land Records for Prince George's County, Maryland at Liber \_\_\_\_\_, Folio \_\_\_\_\_.

Section 3. **Dwelling Unit.** "Dwelling Unit", as used herein, means a residential dwelling built upon a Lot, and shall include, without limitation, single family houses, townhouses, apartment units, condominium units and cooperative units.

Section 4. **Member.** "Member", as used herein, means each Owner of a Lot, with one (1) membership for each such Lot owned.

Section 5. **Mortgagee.** "Mortgagee", as used herein, means the holder of any recorded mortgage, or the party secured by or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage", as used herein, shall include a deed of trust. "First Mortgage", as used herein, shall mean a Mortgage with priority over other Mortgages. "Mortgagee", as used herein, shall mean any Mortgagee and shall not be limited to institutional mortgagees. "Institutional Mortgagee", as used herein, shall include banks, trust companies,



insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), all corporations and any agency or department of the United States Government or of any state or municipal government holding a Mortgage on a Dwelling Unit.

**Section 6. 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.

### ARTICLE III

#### Membership

**Section 1. Membership.** Membership in the Association shall be as determined pursuant to the Declaration.

**Section 2. Liquidation Rights.** In the event of any voluntary or involuntary dissolution of the Association in accordance with the terms of the Declaration, each Member of the Association shall be entitled to receive out of the assets of the Association available for distribution to the Members an amount equal to that proportion of such assets which the number of votes held by such Member bears to the total number of memberships of the Association then issued and outstanding.

### ARTICLE IV

#### Meetings of Members

**Section 1. Place of Meeting.** Meetings of the Members owning Lots within the respective Director Districts shall be held at the principal office of the Association or at such other suitable place within the State of Maryland reasonably convenient to the Members as may from time to time be designated by the board of directors for the Subassociation for each such Director District.

**Section 2. Annual Meetings.** The annual meeting of Members owning Lots within the respective Director Districts shall be held at such times as set forth in the Supplemental Declaration for each such Director District.

**Section 3. Special Meetings - Advisory Voting.** Whenever the Declaration requires with respect to any matter the approval of a specified

percentage of Owners, each Director shall give notice thereof to each Member owning a Lot with the Director District represented by such Director. Such notice shall be given at least ninety (90) days prior to the meeting at which the Directors shall vote on such matter on behalf of the Members, and shall describe the matter in question and set forth the date and place of such meeting. At or after the giving of such notice, any Director may cause to be held in accordance with Section 5 hereof a special meeting of the Members owning Lots within the Director District represented by such Director (a) for purposes of taking a vote at such meeting with respect to the matter in question, or (b) for purposes of obtaining instructions and advice as to the manner in which such Director is to vote on the matter in question. If no meeting is called pursuant to the foregoing sentence and the Declaration requires the approval of a specified percentage of Owners with respect to a matter, any Owner may, by written notice to the Director representing the Director District in which any Lot owned by such Owner is situated, instruct such Director as to how to cast the vote attributable to such Lot on such matter. Such notice shall be mailed certified mail-return receipt requested at least three days prior to the date on which the Director is to vote on the matter in question, or delivered personally at least one day prior to the date on which the Director is to vote on the matter in question.

**Section 4. Special Meetings - General.** In addition to special meetings called pursuant to the foregoing Section 3, each Director may cause to be held in accordance with Section 5 hereof a special meeting of the Members owning Lots within the Director District represented by such Director for purposes of discussion of issues, obtaining instructions and advice as to Association matters, and for such other purposes as each such Director may determine.

**Section 5. Special Meetings.** It shall be the duty of the President of any Subassociation to call a special meeting of the Member owning Lots within the Director District comprising such Subassociation, as directed by the Director representing such Director District pursuant to Sections 3 and 4 hereof. 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 specifically stated in the notice.

**Section 6. Roster of Membership.** The Board of Directors of each Subassociation shall maintain a current roster of the names and addresses of each Member of such Subassociation to which written notice of special meetings of such Members held pursuant to these By-Laws shall be delivered or mailed. Each such Member shall furnish the Board of Directors with his name and correct mailing address.

**Section 7. Notice of Meetings.** It shall be the duty of the Secretary of the Subassociation to mail or otherwise deliver a notice of each

special meeting held pursuant to these By-Laws, stating the purpose thereof as well as the time and place where it is to be held, to each Member of record at his address as it appears on the membership books of the Subassociation or, if no such address appears, at his last known place of address, at least fifteen (15) but not more than ninety (90) days prior to such meeting. Notice by either such method shall be considered as notice served and proof of such notice shall be made by the affidavit of the person giving such notice. Attendance by a Member at any such special meeting shall be a waiver of notice by him of the time, place and purpose thereof, unless such attendance is for the express purpose of objecting to the notice thereof. Notice of any such special meeting of the Members of any Subassociation may also be waived in writing by any Member prior to, at or after any such meeting.

**Section 8. Quorum.** The presence, either in person or by proxy, of ten percent (10%) of the then Members of record of the Subassociation comprising any Director District shall be requisite for, and shall constitute a quorum for the transaction of business at, all special meetings of Members of any Subassociation held pursuant to these By-Laws. If the number of Members at any such meeting drops below the quorum and the question of a lack of quorum is raised, no business may thereafter be conducted.

**Section 9. Adjourned Meetings.** If any meeting of Members of any Subassociation held pursuant to these By-Laws cannot be held because a quorum has not attended, the Members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

**Section 10. Voting.** At every meeting of the Members called pursuant to these By-Laws, each Class A Owner shall be entitled to one (1) vote for each Lot owned by such Owner within the Director District in question, and each Class B Owner shall be entitled to three (3) votes for each Lot owned by such Owner within the Director District in question. Notwithstanding the foregoing, with respect to any Lot within the Director District in question which is improved or designed to be improved with rental apartments, each Class A Owner shall be entitled to one (1) vote per Dwelling Unit on such Lot, and each Class B Owner shall be entitled to three (3) votes per Dwelling Unit on such Lot. The vote of the Members representing a majority of the total votes of the membership present at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or of the Articles of Incorporation, the Declaration or these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of the co-owners of such membership present at any meeting unless any objection or protest by any owner of such membership is noted at such meeting.

In the event all of the co-owners of any membership who are present at any meeting are unable to agree on the manner in which the votes for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. In the event any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the President, any Vice President, Assistant Vice President, Secretary or Assistant Secretary of such corporation and filed with the Secretary of the Association, prior to or during the meeting. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protest by any other such trustee or partner is noted at such meeting, the officer presiding at such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

**Section 11. Proxies.** A Member may appoint any other Member or the Declarant or the Manager as his proxy. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors at or before the appointed time of each meeting. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the Member; provided, however, that no proxy is effective for a period in excess of one hundred eighty (180) days unless granted to a Mortgagee or lessee of the Dwelling Unit to which the votes are appurtenant.

**Section 12. Rights of Mortgagees and Federal Housing Commissioner.** Any Institutional Mortgagee of any Dwelling Unit who desires notice of the special meetings of the Members called pursuant to these By-Laws shall notify the Secretary of the Subassociation for the Director District in which such Dwelling Unit is located to that effect by Certified Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such Institutional Mortgagee and the name of the person to whom the notice of special meetings of the Members should be addressed. The Secretary of such Subassociation shall maintain a roster of all Institutional Mortgagees from whom such notices are received and it shall be the duty of such Secretary to mail or otherwise cause the delivery of a notice of each special meeting of the Members to each such Institutional Mortgagee, in the same manner, and subject to the same requirements and limitations as are provided in this Article for notice to the Members. Any such Institutional Mortgagee shall be entitled to designate a representative to attend any meeting of the Members and such representative may participate in the discussion at any such meeting of the Members and may, upon his request made to the Chairman in advance of the meeting, address the Members present at any such meeting. Such representative shall be entitled to

copies of the minutes of all meetings of the Members upon request made in writing to the Secretary.

**Section 13. Order of Business.** The order of business at all special meetings called pursuant to these By-Laws shall be as follows:

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and disposal of minutes of preceding meetings, if any.
- (d) The items specified in the notice of the meeting.

**Section 14. Rules of Order and Procedure.** The rules of order and all other matters of procedure at all special meetings of the Members shall be determined by the officer of the Subassociation presiding over such meetings.

**Section 15. Inspectors of Election.** The Board of Directors of the Subassociation, in advance of any special meeting of the Members, appoint an uneven number of one or more inspectors of election to act at the meeting and any adjournment thereof. In the event inspectors are not so appointed, the officer presiding over such meeting of Members shall appoint such inspectors of election.

## ARTICLE V

### Directors

**Section 1. Number and Qualifications.** The affairs of the Association shall be governed by the Board of Directors. The Owners of Lots in each Director District shall be entitled to elect one (1) Director to represent such Director District on the Board of Directors. In the event there exists an even number of Director Districts, the Directors thus elected shall at their initial meeting elect one additional Director to represent the Master Association at large. If such Directors are unable to agree upon such additional Director, such additional Director shall be appointed by the Declarant. Each Director shall be a natural person and a Member or a director, officer or partner of a member.

**Section 2. Initial Directors.** The initial Directors shall be selected by the Declarant. The names of the Directors who shall act as such from the date upon which the Declaration is recorded among the Land Records for Prince George's County, Maryland, until the termination of the Appointment Period or until such time as their successors are duly chosen and qualified are as follows: Gary S. Lachman, Kenneth S. Ramsey, and David A. Gitlitz.

**Section 3. Powers and Duties.** The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and (i) may do all such acts and things as are not by law or these By-Laws directed to be exercised and done by the Members and (ii) may vote on behalf of the members to the extent required by the Declaration. The powers and duties of the Board of Directors shall include, but not be limited to, providing for:

- (a) care, upkeep and surveillance of the Master Association Properties and services which are intended exclusively for the use of Members of the Association, their tenants and their guests in a manner consistent with law and the provisions of these By-Laws and the Declaration;
- (b) establishment, collection, use and expenditure of assessments and carrying charges from the Members and for the assessment, the filing and enforcement of liens therefor in a manner consistent with law and the provisions of these By-Laws and the Declaration;
- (c) designation, hiring and dismissal of the personnel necessary for the good working order of the Master Association Properties in a manner consistent with law and the provisions of these By-Laws and the Declaration;
- (d) promulgation and enforcement of such rules, regulations, restrictions or requirements as may be deemed proper respecting the use, occupancy and maintenance of the Master Association Properties, provided the same are consistent with law and the provisions of these By-Laws and the Declaration;
- (e) authorization, in their discretion, of the payment of patronage refunds from residual receipts or common profits when and as reflected in the annual report;
- (f) purchase of insurance upon the Master Association Properties, and the officers, directors and employees of the Association, in the manner provided for in these By-Laws;
- (g) repair, restoration or reconstruction of all or any part of the Master Association Properties after any casualty loss or eminent domain taking in a manner consistent with law and the provisions of these By-Laws and to otherwise improve the Master Association Properties;
- (h) to lease, grant licenses, easements, rights-of-way and other rights of use on all or any part of the Master Association Properties, subject to the limitation set forth in these By-Laws, the Declaration and Articles of Incorporation of the Association; and

(i) to purchase Lots in the Master Association Area and to lease, mortgage or convey the same, subject to the provisions of these By-Laws, the Declaration and the Articles of Incorporation.

**Section 4. Election and Term of Office.** The term of the Directors named herein shall expire upon termination of the Appointment Period. Subject to the limitations set forth in these By-Laws, the Director representing any Director District shall be elected in accordance with the Supplemental Declaration for such Director District. Each such Director shall be elected by majority vote of the Members owning Lots with the applicable Director District present in person or by proxy at the annual meeting for such Director District or a special meeting called for the purpose of electing a Director. For purposes of such election, the presence, in person or by proxy, of Members entitled to cast one-tenth (1/10) of the votes within such Director District shall constitute a quorum. For purposes of such election, there shall be two classes of Owners in each Director District: Class A Owners and Class B Owners. The Class A Owners shall consist of all Owners in each such Director District other than the Declarant and Developers to whom Declarant has assigned its voting rights under Section 3.4 of the Declaration, and each Lot (except a Lot improved or designed to be improved with rental apartments) within such Director District owned by a Class A Owner shall be entitled to one (1) vote. The one vote for such Lot shall be cast as the Owner (or if more than one Owner, then as all the Owners unanimously) of such Lot shall determine. The Class B Owners shall consist of the Declarant, and each Developer to whom the Declarant has assigned its voting rights under Section 3.4 of the Declaration, and each Lot (except a Lot improved or designed to be improved with rental apartments) within such Director District owned by a Class B Owner shall be entitled to three (3) votes. A Lot improved or designed to be improved with rental apartments shall, if owned by a Class A Owner, be entitled to one (1) vote per Dwelling Unit on such Lot, and if owned by a Class B Owner, be entitled to three (3) votes per Dwelling Unit on such Lot. The election of Directors by Owners of Lots within a Director District shall be by ballot. There shall be no cumulative voting. The term of office of each Director shall be fixed for a period of three (3) years. Directors shall hold office until their successors have been elected and hold their first regular meeting.

**Section 5. Vacancies.** Vacancies in the Board of Directors caused by any reason shall be filled by the Owners of Lots in the Director District represented by the Director whose retirement or removal causes such vacancy, in accordance with the provisions of the foregoing Section 4.

**Section 6. Removal of Directors.** At an annual meeting of the Members owning Lots within a Director District or at any special meeting duly called for such purpose, the Director representing such Director District may be removed with or without cause by the affirmative vote of the majority of the votes of the Members present and voting, in person or by proxy, and a successor

may then and there be elected to fill the vacancy thus created in accordance with the foregoing Section 4. Any Director representing any Director District whose removal has been proposed shall be given an opportunity to be heard at the meeting. The term of any Director who is a Member who becomes more than sixty (60) days delinquent in payment of any assessments or carrying charges due the Association may be terminated by resolution of the remaining Directors and the Director shall be replaced as provided in this Section.

**Section 7. Compensation.** Except upon resolution of two-thirds (2/3) of the then Members of the Association, no compensation shall be paid to Directors for their services as Directors. After the first annual meeting of the Members, no remuneration shall be paid to any Director who is also a Member for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have also been adopted by the Board of Directors before such services are undertaken. Directors may be reimbursed for the actual out-of-pocket expenses necessarily incurred in connection with their services as Directors.

**Section 8. Organization Meeting.** The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors.

**Section 9. Regular Meetings.** Regular meetings of the Board of Directors 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. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting.

**Section 10. Special Meetings.** Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-half (1/2) of the Directors.

**Section 11. Waiver of Notice.** Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive in writing notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting shall be a waiver of notice by him of the time, place and purpose thereof, unless such attendance is for the express purpose of objecting to the notice thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.



**Section 12. Quorum and Voting.** At all meetings of the Board of Directors 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 any meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. Notwithstanding the foregoing, with respect to any matter which the Declaration requires the Directors to approve voting on behalf of the Members of their respective Director Districts, each Director shall have the right to cast the number of votes enjoyed by the Owners of Lots within the Director District represented by such Director, and such matter shall be deemed approved if receiving the percentage of votes required by the Declaration.

**Section 13. Action Without Meeting.** Any action by the Board of Directors required or permitted to be taken may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

**Section 14. Rights of Mortgagees and Federal Housing Commissioner.** Any Institutional Mortgagee of any Dwelling Unit who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Certified Mail Return Receipt Requested. Any such notice shall contain the name and post office address of such Institutional Mortgagee and the name of the person to whom notice should be addressed. The Secretary of the Association shall maintain a roster of all Institutional Mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such Institutional Mortgagee, in the same manner and subject to the same requirements and limitations, as are otherwise provided in the Article for notice to the members of the Board of Directors. Any such Institutional Mortgagee shall be entitled to designate a representative to attend any regular or special meeting, address the members of the Board of Directors and may, upon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

**Section 15. Fidelity Bonds.** The Board of Directors shall require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty. The premiums for such bonds or insurance shall be paid by the Association.

## ARTICLE VI

### Officers

**Section 1. Designation.** The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be appointed by the Board of Directors. The President shall be a Member or a director, officer or a partner of a Member. Except for the President, the officers of the Association need not be Members or directors, officers or partners of Members. The Directors may appoint one or more assistant vice presidents, assistant secretaries and assistant treasurers 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. Appointment of Officers.** The officers of the Association shall be appointed annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

**Section 3. Removal of Officers.** Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

**Section 4. President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Board of Directors. 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 such committees from among the Members from time to time as he may, in his discretion, decide are appropriate to assist in the conduct of the affairs of the Association.

**Section 5. 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 assist the President generally and shall perform such other duties as shall from time to time be delegated to him by the Board of Directors.

**Section 6. Secretary.** The Secretary shall keep the minutes of all meetings of the Board of Directors. The Secretary shall have custody of the seal of the Association, if any. The Secretary shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may

direct and he shall, in general, perform all of the duties incident to the office of Secretary.

**Section 7. Treasurer.** The Treasurer shall have responsibility for funds and securities of the Association and shall be responsible for keeping, or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for causing the deposit of all monies and other valuable effects in the name, and to the credit of, the Association in such depositories as may from time to time be designated by the Board of Directors.

**Section 8. Notice and Hearing.** Whenever the Declaration requires or permits action after Notice and Hearing, such action shall or may be taken only after issuance of the notice described in Subsection (a) below and the hearing, or lapse of time for such hearing, described in Subsection (b) below.

(a) Notice of any such action shall be in writing and mailed or delivered to the Owner, Director or officer entitled to receive such notice at least twenty (20) days prior to such action, in accordance with the procedure for notice set forth in the Declaration. Proof of such notice shall be maintained in the records of the Board of Directors, and notice shall be deemed adequate if the Owner, Director or officer in question appears at the hearing described in the following Subsection (b).

(b) Within ten (10) days after receipt of the notice given pursuant to the foregoing Subsection (a), the Owner, Director or Officer entitled to a hearing may request a hearing as to such action by written notice mailed or delivered to the Board of Directors in accordance with the procedure for notice set forth in the Declaration. Such hearing shall be held within ten (10) days of the giving of such notice, at a time and place as determined by the Board of Directors, and shall be before such one or more Directors or representatives of the Board of Directors as the Board of Directors may determine. At such hearing, the Owner, Director or Officer in question shall have the right to present evidence and have a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing. In the event the Owner, Director or Officer in question fails to request a hearing within the aforementioned ten (10) day period, his right to a hearing on the action in question shall conclusively be deemed waived.

## ARTICLE VII

### Insurance

**Section 1. Insurance.** The Board of Directors of the Association shall obtain and maintain those policies of insurance required by the Declaration,

on the terms and conditions set forth therein, and such other policies on such terms and conditions as the Board of Directors may from time to time determine.

## ARTICLE VIII

### Casualty Damage - Reconstruction or Repair

Section 1. **Use of Insurance Proceeds.** In the event of damage or destruction to the Master Association Properties by fire or other casualty, the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications for the Master Association Properties with the proceeds of insurance available for that purpose, if any. The Association shall not use the proceeds of casualty insurance received as a result of damage or destruction of the Master Association Properties for purposes other than the repair, replacement or reconstruction of the Master Association Properties without the prior written consent and approval of the holders of all First Mortgages on the Dwelling Units.

Section 2. **Proceeds Insufficient.** In the event that the proceeds of insurance are not sufficient to repair damage or destruction of the Master Association Properties caused by fire or other casualty, or in the event such damage or destruction is caused by any casualty not insured against, then and in either of those events, upon resolution of the Board of Directors, the repair, replacement or reconstruction of the damage shall be accomplished by the Association at its common expense.

## ARTICLE IX

### Fiscal Management

Section 1. **Fiscal Year.** The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin at the date of recordation of the Declaration among the Land Records for Prince George's County, Maryland and shall terminate on the next succeeding December 31. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors.

Section 2. **Principal Office - Change of Same.** The principal office of the Association shall be as set forth in Article I of these By-Laws. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time;

provided, however, that no such change shall become effective until a certificate evidencing such change shall have been made by the Secretary or any Assistant Secretary of the Association and recorded with the State Department of Assessments and Taxation, as appropriate.

**Section 3. Books and Accounts.** Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting principles, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the Master Association Area, services provided with respect to the same and any other expenses incurred by the Association. The amount of any assessment required for payment of any capital expenditures or reserves of the Association may be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by the Members.

**Section 4. Auditing.** At the close of each fiscal year, the books and records of the Association shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Association shall furnish Members and any Mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Association, within ninety (90) days following the end of each fiscal year.

**Section 5. Inspection of Books.** The books and accounts of the Association, vouchers crediting the entries made thereupon and all other records maintained by the Association shall be available for examination by Members and their duly authorized agents and attorneys, and to the Institutional Mortgagee on any Dwelling Unit and its duly authorized agents or attorneys, during normal business hours, for purposes reasonably related to their respective interests and after reasonable notice.

**Section 6. Execution of Corporate Documents.** With the prior authorization of the Board of Directors, all notes, contracts, documents and other instruments shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time so authorized by the Board of Directors.

**Section 7. Seal.** The Board of Directors may provide a suitable corporate seal containing the name of the Association, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

## ARTICLE X

### Amendment

Section 1. **Amendments.** Subject to the other limitations set forth in these By-Laws, these By-Laws may be amended by the affirmative vote of Members representing two-thirds (2/3) of the then Members at any meeting of the Members owning Lots within the respective Director Districts duly called for such purpose in accordance with the provisions and requirements of these By-Laws. Notwithstanding the foregoing, the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments during the Appointment Period (as defined in the Declaration) and so long as there is Class B membership in the Association.

Section 2. **Proposal of Amendments.** Amendments to these By-Laws may be proposed by the Board of Directors or by petition signed by Members representing at least twenty-five percent (25%) of the total votes of the Association, which petition shall be delivered to the Secretary. A description of any proposed amendment shall accompany the notice of any special meeting of the Members at which such proposed amendment is to be considered and voted upon.

## ARTICLE XI

### Mortgagee Protection

Section 1. **Notice to Board of Directors.** Any Owner of any Dwelling Unit who mortgages such Dwelling Unit shall promptly notify the Board of Directors of the name and address of his Mortgagee and, if requested to do so, shall file a conformed copy of such Mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such Mortgages.

Section 2. **Consents.** Any other provision of these By-Laws to the contrary notwithstanding, neither the Members, the Board of Directors nor the Association shall, by act or omission, take any action which the Declaration or these By-Laws condition upon the prior consent or approval of any Mortgagee, Institutional Mortgage, the Federal Housing Administration, the Veterans Administration or the Maryland-National Capital Park and Planning Commission without first obtaining such consent or approval.

## ARTICLE XII

### Interpretation - Miscellaneous

Section 1. **Conflict.** These By-Laws are subordinate and subject to all provisions of the Declaration and of the Articles of Incorporation of the Association. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these By-Laws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 2. **Notices.** Unless another type of notice is hereinelsewhere specifically provided for, any and all notices called for in the Declaration and in these By-Laws shall be given in writing.

Section 4. **Severability.** In the event any provision or provisions of these By-Laws shall be deemed to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof can be given effect.

Section 5. **Waiver.** No restriction, condition, obligation or provisions 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 6. **Captions and Gender.** The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

Section 7. **Applicable Law.** These By-Laws shall be governed by and construed in accordance with the laws of the State of Maryland.

### CERTIFICATION

I, the undersigned, hereby certify (i) that I am the duly elected and acting Secretary of the Master Homeowners Association for Lake Arbor, Inc., a Maryland corporation, and (ii) that the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the \_\_\_\_ day of \_\_\_\_\_, 198\_\_.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this \_\_\_\_ day of \_\_\_\_\_, 198\_\_.

\_\_\_\_\_[SEAL]  
Secretary

**CC&Rs-Condo Declaration**  
**Master Association of Lake Arbor**



LIBER 6495 FOLIO 919

MASTER DECLARATION

FOR

LAKE ARBOR

DEC 8 3 30 PM '86

REC'D

COMMONWEALTH LAND TITLE

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List of Exhibits

Exhibit "A": Legal Description of Master Association Area  
 Exhibit "B": Director Districts

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## MASTER DECLARATION

### FOR

### LAKE ARBOR

THIS MASTER DECLARATION is made this 1st day of December, 1986 by CENTRAL AVENUE ASSOCIATES LIMITED PARTNERSHIP, a Maryland limited partnership (the "Declarant").

### WITNESSETH:

WHEREAS, Declarant is the owner of the parcels of real property located in Prince George's County, Maryland and described in attached Exhibit "A"; and

WHEREAS, Declarant, its successors or assigns, intends to develop the aforesaid property as a planned community accommodating a mix of residential, recreational and other land uses;

NOW, THEREFORE, in consideration of the premises, the provisions hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Declarant hereby impose upon the property described in attached Exhibit "A", and upon any subsequent properties annexed hereto in accordance with the provisions of this Declaration, the covenants, conditions, restrictions, easements, reservations, rights-of-way, equitable servitudes and other provisions hereinafter set forth, which shall run with such property and any such subsequently annexed properties and shall be binding upon, and inure to the benefit of, all parties having any right, title or interest in such property and properties and their heirs, personal and legal representatives, successors and assigns and Declarant hereby declares that all of such property and properties shall hereinafter be owned, held, sold, transferred, conveyed, hypothecated, encumbered, leased, rented, used, occupied, maintained, altered and improved subject to the following provisions, all of which are declared to be in furtherance of a common scheme for developing and improving such property.

### 1. DEFINITIONS

Unless otherwise expressly provided in this Declaration, the following terms shall have the following meanings:

1.1 Administrative Functions. "Administrative Functions" shall mean all functions of, for and on behalf of the Master Association that are necessary or proper to be performed by the Master Association under this Declaration, except Recreation Functions; and shall include, without limitation: (a) providing management and administration of the Master Association; (b)

providing architectural review, control and approval services; (c) contracting for professional services such as attorneys, Managers and accountants; (d) obtaining casualty insurance, liability insurance and other insurance for the Master Association; (e) obtaining director's and officer's liability insurance for officers, directors and agents of the Master Association; (f) obtaining fidelity bonds for any Person handling funds of the Master Association; (g) paying real estate, personal property or other taxes, if any, levied against the Master Association Properties; (h) incurring filing fees, recording costs and bookkeeping fees; (i) obtaining and maintaining offices and office furniture and equipment; (j) providing on a temporary basis public services commonly associated with municipal or other local governments, including, without limitation, road maintenance, security protection, parks and recreational services, animal control, vegetation control, insect and pest control, parking facilities, drainage facilities and trash and solid waste disposal services; and (k) performing such other administrative, management, maintenance and operational tasks reasonably associated with or reasonably necessary in connection with operating the Master Association and managing, maintaining and operating the Master Association Properties.

1.2 AFCA or Administrative Functions Common Assessment. "AFCA" or "Administrative Functions Common Assessment" shall mean the assessment levied pursuant to Section 7.2 hereof to finance the Administrative Functions.

1.3 Applicant. "Applicant" shall mean as defined in Section 9.3(a) hereof.

1.4 Appointment Period. "Appointment Period" shall mean the period of time commencing as of the date of Recordation of this Declaration and continuing until the earlier to occur of (a) the date which is 120 days after conveyance of seventy-five percent (75%) of the total number of Lots in the Master Association Area by Declarant or the Developers to the first Owners other than Declarant or the Developers, (b) December 31, 1993, or (iii) Recordation by Declarant of a written instrument declaring the Appointment Period under this Declaration terminated.

1.5 Articles of Incorporation. "Articles of Incorporation" shall mean the Articles of Incorporation of the Master Association, which have been or will be filed, as the same may be amended from time to time.

1.6 Assessment. "Assessment" shall mean a Common Assessment, a Special Assessment or a Reimbursement Assessment, as applicable.

1.7 Assessment Year. "Assessment Year" shall mean the calendar year.

1.8 Board of Directors. "Board of Directors" shall mean the Board of Directors of the Master Association.

1.9 Budget. "Budget" shall mean a written, reasonably itemized estimate of the expenses to be incurred by the Master Association in performing its functions under this Declaration and prepared pursuant to Section 7.3 hereof.

1.10 By-Laws. "By-Laws" shall mean the By-Laws of the Master Association which have been or will be adopted by the Board of Directors of the Master Association, as the same may be amended from time to time.

1.11 Common Assessment. "Common Assessment" shall mean the assessments made for the purpose of financing the annual or other periodic costs of operating the Master Association, including expenses incurred in connection with any authorized function of the Master Association, which are to be paid by each Owner to the Master Association for the purposes provided herein and charged to such Owner and to the Lot of such Owner.

1.12 Condominium Unit. "Condominium Unit" shall mean: (a) "condominium unit" as defined in the Maryland Condominium Act or (b) that portion of real property owned by a cooperative housing corporation to which a shareholder is entitled to exclusive occupancy.

1.13 County Records. "County Records" shall mean the real estate records in the office of Land Records for Prince George's County, Maryland.

1.14 Declarant. "Declarant" shall mean Central Avenue Associates Limited Partnership, a Maryland limited partnership, and its respective designated successors and assigns. A Person shall be deemed a "designated successor and assign" of said Central Avenue Associates Limited Partnership, a Maryland limited partnership as Declarant only if specifically so designated in a duly Recorded written instrument as a successor or assign of Declarant under this Declaration and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Declaration which are specifically designated in such Recorded written instrument. Notwithstanding the foregoing, a successor to said Central Avenue Associates Limited Partnership, a Maryland limited partnership by reason of partial or complete dissolution and distribution of its limited partnership assets or by reason of consolidation or merger shall be deemed a successor or assign of said Central Avenue Associates Limited Partnership, a Maryland limited partnership as Declarant under this Declaration.

1.15 Declaration. "Declaration" shall mean this Master Declaration for Lake Arbor, as the same may be amended from time to time.

1.16 Design Review Board. "Design Review Board" shall mean the board established pursuant to Article 9 hereof for purposes of exercising the rights, powers and duties set forth in Article 9 hereof.

1.17 Design Review Representative. "Design Review Representative" shall mean the representative of the Design Review Board which may be appointed pursuant to Section 9.8 hereof.

1.18 Developer. "Developer" shall mean any Person which purchases from Declarant one or more unimproved portions of the Master Association Area for purposes of constructing improvements thereon.

1.19 Director. "Director" shall mean the natural Person selected by the Owners of Lots within a Director District pursuant to Section 3.2 hereof for purposes of (a) serving on the Board of Directors and (b) casting votes on behalf of the Owners pursuant to Section 3.5 hereof.

1.20 Director Districts. "Director District" shall mean a geographical area constituting a portion of the Master Association Area for purposes of electing Directors. The initial Director Districts are designated in attached Exhibit "B", and additional Director Districts may be established pursuant to Section 2.4 hereof in property annexed into the Master Association Area.

1.21 Dwelling Unit. "Dwelling Unit" shall mean a residential dwelling, built upon a Lot and shall include, without limitation, single family houses, townhouses, apartment units, condominium units, and cooperative units.

1.22 FHA. "FHA" shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development, including such department or agency of the United States government as may succeed to the FHA in insuring notes secured by Mortgages on residential real estate.

1.23 FHLMC. "FHLMC" shall mean the Federal Home Loan Mortgage Corporation or the Mortgage Corporation created by Title III of the Emergency Home Finance Act of 1970, including any successor thereto.

1.24 First Mortgage. "First Mortgage" shall mean and refer to any Mortgage having priority of Record over all other Mortgages.

1.25 First Mortgagee. "First Mortgagee" shall mean and refer to any Person named as a mortgagee or beneficiary under any First Mortgage.

1.26 FNMA. "FNMA" shall mean the Federal National Mortgage Association, a government-sponsored private corporation established as such pursuant to Title VIII of the Housing and Urban Development Act of 1968, including any successor thereto.

1.27 GNMA. "GNMA" shall mean the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, including any successor thereto.

1.28 Government Mortgage Agencies. "Government Mortgage Agencies" shall mean FHA, FHLMC, FNMA, GNMA and VA, and any similar entity, public or private, authorized, approved or sponsored by any governmental agency to insure, guarantee, make or purchase Mortgage loans.

1.29 Improvement. "Improvement" shall mean (a) the construction, installation, erection, remodeling or expansion of any building, structure, dock, dam or other improvement, including utility facilities; (b) the demolition or destruction, by voluntary action, of any building, structure or other improvement; (c) the grading, excavation, filling or similar substantial disturbance to the surface of the land, including, without limitation, change of grade, change of ground level, change of drainage pattern or change of stream bed; (d) landscaping, planting, clearing or removing of trees, shrubs, grass or plants; (e) placing, installing, modifying or erecting any solar panels or other solar equipment, antennas, aerials, microwave dishes, wires, boxes, any evaporative, cooling, air conditioning or heating equipment, or any other similar items of equipment on the roof or exterior of any improvements or on any other portion of a Lot which is visible from any part of another Lot or from any part of the Master Association Area; (f) erection, construction, removal, modification, substitution or remodeling of fences, walls, patios, decks, planters or other similar improvements; and (g) any change, remodeling or alteration of any previously approved improvement to Property, including any change of exterior appearance, color or texture.

1.29 Index. "Index" shall mean the index number for the applicable month of the applicable year for the item identified as "All Items" in the Consumer Price Index for All Urban Consumers, U.S. City Average (1967=100), issued by the U.S. Bureau of Labor Statistics. In the event that the Index is discontinued or substantially modified, then the Board of Directors shall substitute an index which, in the reasonable opinion of the Board of Directors, is most nearly identical to the Index as defined above.

1.30 Lot. "Lot" shall mean (a) any separate plot of land within the Master Association Area shown upon any Recorded subdivision plat, or (b) any Condominium Unit within the Master Association Area, but shall not include any property owned by a public body, the Master Association or a Subassociation. Notwithstanding the foregoing, in the event that any Director District has not been further subdivided or subjected to a condominium or cooperative regime by Recorded plat, and such Director District is zoned or authorized by the applicable governmental authority for a certain maximum number of Dwelling Units, then unless and until Recordation of a final subdivision or condominium plat or plats for such Director District, the number of Lots in such Director

District shall be deemed to be such maximum number of Dwelling Units. Upon Recordation of a final subdivision or condominium plat or plats for such Director District, the number of Lots in such Director District shall thereupon ipso facto be as shown on such plat or plats. In the event that any Director District has not been further subdivided or subjected to a condominium or cooperative regime by Recorded plat, and there exists a bona fide dispute as to the maximum number of Dwelling Units for which such Director District is zoned or authorized, the Board of Directors shall review the zoning and/or authorization with respect to such Director District and, after Notice and Hearing, determine the number of such Dwelling Units for purposes of this Declaration.

1.31 Maintenance Funds. "Maintenance Funds" shall mean the accounts into which the Board of Directors shall deposit monies paid to the Master Association and from which disbursements shall be made in the performance of the functions of the Master Association.

1.32 Manager. "Manager" shall mean any one or more Persons employed by the Master Association to perform any of the duties, powers or functions of the Master Association.

1.33 Master Association. "Master Association" shall mean the Master Homeowners Association for Lake Arbor, a Maryland nonstock corporation, its successors and assigns.

1.34 Master Association Area. "Master Association Area" shall mean collectively ~~all of the parcels of~~ real property described in attached Exhibit "A" together with any real property which hereafter becomes subject to this Declaration pursuant to the provisions of Section 2.2 hereof.

1.35 Master Association Properties. "Master Association Properties" shall mean all real and personal property, if any, now or hereafter owned by the Master Association or with respect to which the Master Association holds an easement for the use, care or maintenance, held for the common use and enjoyment of all the Owners as provided herein and/or for other purposes as may be permitted by this Declaration.

1.36 Maximum AFCA. "Maximum AFCA" shall mean the largest amount of AFCA, established pursuant to Section 7.4(a) hereof, which the Master Association may levy in a single assessment year.

1.37 MNCPPC. "MNCPPC" shall mean the Maryland-National Capital Park and Planning Commission.

1.38 Mortgage. "Mortgage" shall mean any unreleased mortgage or deed of trust or other similar instrument of Record, given voluntarily by the Owner of a Lot, encumbering the Lot to secure the performance of an obligation



or the payment of a debt and which is required to be released upon performance of the obligation or payment of the debt. "Mortgage" shall not include a judgment lien, mechanic's lien, tax lien or other similar involuntary lien or involuntary encumbrance upon a Lot.

1.39 Mortgagee. "Mortgagee" shall mean the Person who is the mortgagee or beneficiary under a Mortgage.

1.40 Notice and Hearing. "Notice and Hearing" shall mean a written or actual notice and the reasonable opportunity for a public hearing before the Board of Directors or a tribunal appointed by the Board of Directors, in the manner provided in the By-Laws.

1.41 Notice of Completion. "Notice of Completion" shall mean written notice to the Design Review Board of the completion of any improvement, as required by Section 9.4(b) hereof.

1.42 Notice of Default. "Notice of Default" shall mean as defined in Section 7.11(b) hereof.

1.43 Notice of Lien. "Notice of Lien" shall mean as defined in Section 7.11(d) hereof.

1.44 Notice of Noncompliance. "Notice of Noncompliance" shall mean as defined in Section 9.4(d) hereof.

1.45 Owner. "Owner" shall mean the Person (including Declarant), or if more than one (1), all Persons collectively, who hold fee simple title of Record to a Lot, including contract sellers but excluding those having such interest merely as security for the performance of an obligation. The Owner of a Lot developed as rental apartments shall be the Owner for purposes of this Declaration, and not the lessees or tenants thereof.

1.46 Person. "Person" shall mean a natural person, a corporation, a general partnership, limited partnership or any other entity.

1.47 Record, Recorded or Recordation. "Record," "Recorded" or "Recordation" shall mean the filing for record of any document in the County Records.

1.48 Reimbursement Assessment. "Reimbursement Assessment" shall mean a charge against a particular Owner and such Owner's Lot for the purpose of reimbursing the Master Association for expenditures and other costs of the Master Association in curing any violation attributable to the Owner or any Related User of the Owner, of this Declaration, the Articles of Incorporation, the By-Laws or the Rules and Regulations, together with late charges, interest and costs as provided for herein.

1.49 Related User. "Related User" shall mean a Person who obtains all or certain rights of an Owner by reason of such Person claiming or being entitled to such rights by, through or under such Owner. Without limiting the generality of the foregoing, "Related User" shall include any occupant, tenant, family or household member or contract purchaser of an Owner who resides in a Dwelling Unit located on a Lot owned by such Owner and any natural Person who is a guest or invitee of such Owner or of any of the foregoing.

1.50 Rules and Regulations. "Rules and Regulations" shall mean the rules and regulations adopted from time to time by the Board of Directors, and any amendments thereto, pursuant to the provisions of this Declaration.

1.51 Special Assessment. "Special Assessment" shall mean a charge against an Owner and such Owner's Lot to finance the costs to the Master Association of capital repairs, maintenance, replacements and Improvements, pursuant to the provisions of Section 7.9 hereof.

1.52 Subassociation. "Subassociation" shall mean any Maryland profit or nonprofit corporation or unincorporated association, and its successors and assigns, organized and established or authorized pursuant to, or in connection with, one or more Supplemental Declarations and the membership of which is comprised of Owners of Lots within all or part of the area burdened by the Supplemental Declarations.

1.53 Supplemental Declaration. "Supplemental Declaration" shall mean a written instrument containing covenants, conditions, restrictions, reservations, easements, equitable servitudes or other provisions, which is Recorded with respect to any portion of the Master Association Area.

1.54 VA. "VA" shall mean the Veterans Administration of the United States of America, including such department or agency of the United States government as may succeed to the VA in its present function of issuing guarantees with respect to notes or loans secured by Mortgages, including any successor thereto.

## 2. PROPERTY SUBJECT TO DECLARATION

2.1 Initial Area. The Master Association Area shall consist of all of the real property described in Exhibit "A" hereto. The Master Association shall have the right to expand or contract the Master Association Area in accordance with the provisions of this Article 2.

2.2 Expansion. The Master Association (or Declarant during the Appointment Period) shall have the right to annex to the Master Association and make subject to this Declaration any and all real property located in Prince

George's County, Maryland by (i) action of Declarant during the Appointment Period and thereafter by vote of Directors representing two thirds (2/3rds) of the voting power of all Owners in the Master Association excluding any voting power of the Declarant, (ii) unanimous vote of the fee simple record owners of the real property to be annexed, (iii) written approval of FHA or VA, during the Appointment Period and so long as there is any Class B membership pursuant to Section 3.4 hereof, and (iv) the consent of any Government Mortgage Agency or the MNCPPC if required elsewhere by the terms of this Declaration. Such annexation shall be effective upon Recordation of an amendment to this Declaration reciting the foregoing votes and approvals and legally describing the real property to be annexed. Nothing contained herein shall constitute a representation by Declarant that any particular real property shall be annexed to the Master Association and made subject to this Declaration.

2.3 Contraction. The Master Association (or Declarant during the Appointment Period) shall have the right to withdraw from the Master Association and remove from the effect of this Declaration one or more Director Districts or any part of a Director District by (i) action of Declarant during the Appointment Period and thereafter by vote of Directors representing two thirds (2/3rds) of the voting power of all Owners in the Master Association excluding any voting power of the Declarant, (ii) unanimous vote of the Owners of Lots within the Director District or portion of a Director District to be withdrawn, (iii) written approval of FHA or VA during the Appointment Period and so long as there is any Class B membership pursuant to Section 3.4 hereof, and (iv) the consent of any Government Mortgage Agency or the MNCPPC if required elsewhere by the terms of this Declaration. Such withdrawal shall be effective upon Recordation of an amendment to this Declaration reciting the foregoing votes and approvals and legally describing the Director District or Districts to be withdrawn.

2.4 Additional Director Districts. In the event of annexation of any real property to the Master Association in accordance with Section 2.2 hereof, there shall be designated in the Recorded Instrument effecting such annexation the Director District or Districts into which such real property shall be divided for purposes of this Declaration. Such Director Districts shall be determined by the Master Association by grouping Lots into districts as most nearly equal to the average number of Dwelling Units within existing Director Districts with reference, as applicable, to such factors as (a) the contiguity or configuration of Lots and (b) the grouping of Lots into projects or developments developed or owned by a single owner. In the event that the foregoing districting results in a Director District containing more than 15% in excess of the average number of Dwelling Units within existing Director Districts, the Master Association may group a portion of such Lots as necessary with an existing Director District, provided that such grouping does not result in such Director District containing more than 15% in excess of the average number of Dwelling Units within existing Director Districts.

### 3. MASTER ASSOCIATION OPERATIONS

3.1 Master Association. The Master Association has been or will be formed as a non-stock corporation under the laws of the State of Maryland. The Master Association shall have the duties, powers and rights set forth in this Declaration, the Articles of Incorporation, By-Laws and the Maryland Corporation Act.

3.2 Board of Directors. The affairs of the Master Association shall be managed by a Board of Directors. Action by or on behalf of the Master Association may be taken by the Board of Directors or any duly authorized executive committee, officer, Manager, agent or employee without a vote of the Owners, except as otherwise specifically provided in this Declaration.

(a) Number. The Owners of Lots in each Director District shall be entitled to elect one (1) Director to represent such Director District on the Board of Directors. In the event there exists an even number of Director Districts, the Directors thus elected shall at their initial meeting elect one additional Director to represent the Master Association at large. If such Directors are unable to agree upon such additional Director, such additional Director shall be appointed by Declarant.

(b) Election, Term, Qualifications. Subject to the limitations set forth in this Declaration, the manner of election, term and qualifications of the Directors shall be as set forth in the Articles of Incorporation and By-Laws.

(c) Delegation. The Board of Directors may, by resolution, delegate portions of its rights and powers to an executive committee, other committees, tribunals, Managers, or officers, agents and employees of the Master Association, but such delegation shall not relieve the Board of Directors of responsibility for the management of the affairs of the Master Association.

(d) Appointment Period. Notwithstanding the foregoing, during the Appointment Period (i) the number of Directors on the Board of Directors entitled to vote on matters before the Board of Directors shall be three (3) and the Declarant shall have the sole and exclusive right to appoint all three (3) such Directors, and (ii) each Director District shall elect in accordance with Section 3.2(b) hereof one Director who shall not be entitled to vote on matters before the Board of Directors but who shall represent such Director District in matters requiring the vote by Owners within such Director District and shall act in an advisory capacity to the Board of Directors with respect to matters affecting such Director District.

(e) Power and Authority. Except where this Declaration, the Articles of Incorporation or the By-Laws expressly provide otherwise, the Board of Directors shall have full power and authority to act for and on behalf of the

Master Association in all matters. Wherever an action is authorized or required in this Declaration to be taken by the Master Association, such action may or shall be taken by the Board of Directors acting for and on behalf of the Master Association, except where this Declaration, the Articles of Incorporation or the By-Laws specifically require such action to be taken by the Owners. Except as otherwise expressly set forth herein, each member of the Board of Directors shall have one vote within the Board of Directors.

3.3 Membership in Master Association. Each Owner of a Lot shall be a member of the Master Association, with one (1) membership for each such Lot owned. The Person or Persons who constitute the Owner of a Lot shall automatically be the holder of the membership in the Master Association appurtenant to such Lot, and such membership shall automatically pass with fee simple title to the Lot. Declarant shall hold a separate membership in the Master Association for each Lot owned by Declarant. Membership in the Master Association shall not be assignable separate and apart from fee simple title to a Lot, except that an Owner may assign some or all of such Owner's rights as an Owner to use Master Association Properties to a Related User and may arrange for a Related User to perform some or all of such Owner's obligations as provided in this Declaration, provided that no Owner shall thereby be relieved of the responsibility for all of the obligations of an Owner under this Declaration.

3.4 Voting Rights of Owners. Each Owner shall have the right to vote for (a) the election of the Directors representing the Director District in which any Lot owned by such Owner is located, and (b) any other matter for which the Owners of Lots within a Director District are specifically given the right to vote under this Declaration. With respect to each of the foregoing, there shall be two classes of Owners in each Director District: Class A Owners and Class B Owners. The Class A Owners shall consist of all Owners in each such Director District other than Declarant and Developers to whom Declarant has assigned its voting rights hereunder, and each Lot (except a Lot improved or designed to be improved with rental apartments) within such Director District owned by a Class A Owner shall be entitled to one (1) vote. The one vote for such Lot shall be cast as the Owner (or if more than one Owner, then as all the Owners unanimously) of such Lot shall determine. The Class B Owners shall consist of the Declarant, and each Developer, or other successor or assignee of Declarant to whom Declarant has assigned its voting rights hereunder, and each Lot (except a Lot improved or designed to be improved with rental apartments) within such Director District owned by a Class B Owner shall be entitled to three (3) votes. A Lot improved or designed to be improved with rental apartments shall, if owned by a Class A Owner, be entitled to one (1) vote per Dwelling Unit in such Lot, and, if owned by a Class B Owner, be entitled to three (3) votes per Dwelling Unit on such Lot. Unless otherwise required hereunder, the election of Directors by the Owners of Lots within a Director District, or the approval of any other matter for which the Owners of Lots within a Director District are specifically given the right to vote under this Declaration, shall be by majority

of the voting power in such Director District present at the annual or special meeting of such Director District, in person or by proxy. The By-Laws shall provide for the time, manner, place, conduct and voting procedures for meetings of Owners for the purpose of voting for the foregoing matters by the Owners of Lots within a Director District. The Class B Owners in any Director District shall cease and be converted to Class A Owners upon the earlier to occur of (i) the date which is 120 days after conveyance or lease of seventy-five percent (75%) of the total number of Lots in such Director District by Declarant or the Developers to the first Owners or tenants other than Declarant or the Developers, or (ii) December 31, 1993.

3.5 Voting Rights of Directors. With respect to any matter required hereunder to be put to a vote of all Owners, each Director shall have the right to cast the number of votes enjoyed by the Owners of Lots within such Director's Director District pursuant to the foregoing Section 3.4, and whenever the approval of a specified percentage of Owners is required with respect to any matter hereunder, such approval may be given by Directors acting on behalf of such specified percentage of Owners. Subject to the following qualifications, at each meeting of Directors called for the purpose of taking such vote, each Director shall cast the votes which he or she represents in such manner as such Director may, in his or her sole and reasonable discretion, deem appropriate, acting on behalf of all the Owners owning Lots in such Director's Director District. Notwithstanding the foregoing, the ByLaws shall provide a procedure by which either the Director or a specified percentage of the Owners in any Director District may call a meeting of the Owners within the Director District to vote with respect to any issue requiring a vote of the Directors pursuant to this Section 3.5. If such a meeting is called, then the Director representing such Director District shall cast all of the voting power in such Director District in the same proportion, as nearly as possible without counting fractional votes, as the Owners in such Director District shall have, in person or by proxy, cast their voting power in favor of and in opposition to such issue. A Director shall have the authority, in his or her sole discretion, to call a special meeting of the Owners in such Director's Director District in the manner provided in the By-Laws for the purpose of obtaining instructions as to the manner in which such Director is to vote on any issue to be voted on by the Owners. If no meeting of the Owners is called with respect to an issue, any Owner shall have the right to instruct the Director representing such Owner's Director District as to how to cast the vote attributable to such Owner on such issue by delivering to such Director written direction at any time prior to the time when such Director casts the vote on behalf of the Director District on such an issue. If a Director receives such written direction, such Director shall cast the vote attributable to such Owner in accordance with that instruction. When a Director is voting in his or her own discretion, without instruction from the Owners whom such Director represents, then such Director may cast all of the votes which he or she represents as a unit or such Director may apportion some of such votes in favor of a given proposition and some of such votes in opposition to such proposition.

It shall be conclusively presumed for all purposes of Master Association business that any Director casting votes on behalf of the Owners in such Director's District will have acted with the authority and consent of all such Owners. All agreements and determinations lawfully made by the Master Association in accordance with the voting procedures established herein, and in the By-Laws, shall be deemed to be binding on all Owners and their successors and assigns.

3.6. Supplemental Declarations. Any Supplemental Declaration recorded with respect to any Director District shall establish such procedures as may reasonably be necessary to effectuate the requirements set forth in this Article 3.

#### 4. DUTIES AND POWERS OF MASTER ASSOCIATION

4.1 General Duties and Powers of Master Association. The Master Association has been formed to further the common interests of the Owners. The Master Association, acting through the Board of Directors or through Persons to whom the Board has delegated such powers, shall have the duties, rights and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interests of the Owners, to maintain, improve and enhance Master Association Properties and to improve and enhance the attractiveness, desirability and safety of the Master Association Area.

4.2 Duty to Manage and Care for Property. The Master Association shall manage, operate, care for, maintain, repair, construct, reconstruct, restore and renovate all Master Association Properties, and keep the same in a reasonably safe, attractive and desirable condition for the use and enjoyment of the Owners. The Master Association shall have a reasonable right of entry upon any Lot to make emergency repairs and to do other work reasonably necessary under this Declaration for the proper performance of its duties hereunder and the proper maintenance and operation of the Master Association Properties.

4.3 Duty to Pay Taxes. It is the intent of this Declaration that insomuch as the interest of each Owner in the use of the Master Association Properties is an interest in real property appurtenant to the Lot of such Owner, any value attributable to such interest shall be included in the assessment for each such Lot and not for the Master Association Properties. The Master Association shall take such actions as may be reasonably necessary to cause any real estate taxes, general or special, attributable to the use and enjoyment of Master Association Properties to be apportioned to, and levied by the applicable taxing authority directly on, the Owners. In the event any or all such taxes or assessments are levied upon the Master Association, the Master Association shall pay such taxes and assessments levied and all taxes and assessments payable by the Master Association. The Master Association shall have the right to contest in good faith any such taxes or assessments provided that the Master Association

shall contest the same by appropriate legal proceedings which shall have the effect of preventing the collection of the tax or assessment and the sale or foreclosure of any lien for such tax or assessment and provided that the Master Association shall keep and hold sufficient funds to pay and discharge such taxes and assessments, together with any interest and penalties which may accrue with respect thereto, if the contest of such taxes and assessments is unsuccessful.

#### 4.4 Duty to Insure.

(a) Duty to Maintain Casualty Insurance. The Master Association shall obtain and maintain in full force and effect at all times, to the extent reasonably obtainable, casualty, fire and extended coverage insurance with respect to all insurable improvements and personal property owned or operated by the Master Association, including coverage for vandalism and malicious mischief and, if available and if deemed appropriate by the Board of Directors, coverage for flood, earthquake and war risk. If any part of the insurable Master Association Properties is located in an area identified by the Federal Emergency Management Agency as having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program, then the Master Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, flood insurance insuring such part of the Master Association Properties. Casualty, fire and extended coverage insurance with respect to insurable improvements shall, to the extent reasonably obtainable, be for the full insurable value based on current replacement cost.

(b) Duty to Maintain Liability Insurance. The Master Association shall obtain and maintain in full force and effect at all times, to the extent reasonably obtainable, broad form comprehensive liability insurance against public liability for bodily injury and property damage, including, if the Master Association owns or operates motor vehicles, automobile liability. Such policies shall be in an amount determined by the Board of Directors in their sole discretion to be required for prudent owners or operators of substantially similar properties in the Washington, D.C. metropolitan area.

(c) General Provisions Respecting Insurance. Insurance obtained by the Master Association may contain such deductible provisions as good business practice may dictate. Insurance obtained by the Master Association shall, to the extent reasonably possible without undue cost (i) cover each Owner without each Owner necessarily being specifically named and (ii) contain a waiver of rights of subrogation as against the Master Association, each Owner and any Related User of such Owner and as against any officer, director, agent or employee of any of the foregoing. Insurance obtained by the Master Association shall, to the extent reasonably possible and provided Declarant reimburses the Master Association for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a



waiver of rights of subrogation as against Declarant and any officer, director, agent or employee of Declarant. Insurance policies and insurance coverage shall be reviewed at least annually by the Board of Directors to ascertain whether coverage under the policies is sufficient in the light of the then-current values of the Master Association Properties and in the light of the then-possible or potential liabilities of the Master Association. Casualty, fire and extended coverage insurance may be provided under blanket policies covering the Master Association Properties and/or property of any Subassociation and/or property of Declarant. In any insurance policies obtained by the Master Association, there may be named as an insured, on behalf of the Master Association, the Master Association's authorized representative (including any trustee with whom the Master Association may enter into any insurance trust agreement or any successor to such trustee), who shall, in such event, have exclusive authority to negotiate losses under any such insurance policies. Each Owner hereby irrevocably appoints the Master Association, or any such insurance trustee designated by the Master Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (w) the collection and appropriate disposition of the proceeds thereof; (x) the negotiation of losses and execution of releases of liability; (y) the execution of all documents; and (z) the performance of all other acts necessary to accomplish such purpose. The Master Association or any such insurance trustee shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for the Owners and their First Mortgagees, as their interests may appear and as elsewhere may be provided in this Declaration. No provision in this Section or in this Declaration shall give an Owner, or any other Person, priority over any rights of a First Mortgagee, pursuant to its First Mortgage, in the case of distribution to such Owner of insurance proceeds.

(d) Fidelity Coverage Required. To the extent reasonably obtainable, the Master Association shall obtain and keep in full force and effect at all times a fidelity policy or bond providing fidelity coverage against dishonest acts on the part of Directors, trustees, employees and volunteers of the Master Association responsible for handling funds collected and held for the benefit of the Owners or otherwise belonging to or administered by the Master Association. Such fidelity policy or bond shall name the Master Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half (1-1/2) times the estimated annual operating expenses and reserves of the Master Association. In connection with such coverage, an appropriate endorsement to the policy or bond to cover any Persons who serve without compensation shall be added if the policy or bond would not otherwise cover volunteers. The fidelity policy or bond shall provide that it may not be cancelled or substantially modified (including cancellation for non-payment of premiums) without at least thirty (30) days' prior written notice to FHA, FHLMC, FNMA and VA.

(e) Other Insurance and Bonds. The Master Association shall obtain such other insurance as may be required by law, including workmen's compensation insurance. The Master Association shall have the power to obtain such other insurance (including directors' and officers' liability insurance) and such fidelity, indemnity or other bonds as the Master Association shall deem necessary or desirable. The Master Association shall obtain and keep in full force and effect such insurance and bonds as may be required from time to time by Government Mortgage Agencies to the extent that any such Government Mortgage Agency holds, or has agreed to insure or to guarantee, any Mortgage, except to the extent such insurance or bond is not reasonably obtainable or has been waived in writing by such Government Mortgage Agency.

4.5 Duty to Prepare Budgets. The Master Association shall prepare Budgets for the Master Association as elsewhere provided in this Declaration.

4.6 Duty to Levy and Collect Assessments. The Master Association shall levy and collect Assessments as elsewhere provided in this Declaration.

4.7 Duty to Provide for Financial Review of Books. The Master Association shall provide for an annual financial review of the books and accounts of the Master Association by a Certified Public Accountant. Copies of any written report resulting from such review shall be made available to any Owner, Mortgagee, insurer or guarantor of any Mortgage, or to a Government Mortgage Agency who requests a copy of the same upon payment by such Owner, Mortgagee, insurer, guarantor, or Government Mortgage Agency of the reasonable cost of copying the same.

4.8 Duties with Respect to Architectural Approvals. The Master Association shall assist the Design Review Board in exercising its design review function as provided in Article 9 of this Declaration.

4.9 Power to Acquire Property and Construct Improvements. The Master Association may acquire property or interests in property for the common benefit of Owners, including Improvements and personal property. The Master Association may construct Improvements on property and may repair, maintain, remodel and demolish existing Improvements.

4.10 Power to Adopt Rules and Regulations. The Master Association may from time to time adopt, amend, repeal and enforce Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Master Association, the use and enjoyment of Master Association Properties and the use of any other property within the Master Association Area, including Lots. Any such Rules and Regulations shall be reasonable and uniformly applied. Such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors. Notice of the adoption, amendment or repeal of any Rule or

Regulation shall be given in writing to each Owner at the address for notices to Owners as elsewhere provided in this Declaration or the By-Laws, and copies of the currently effective Rules and Regulations shall be made available to each Owner upon request and payment of the reasonable expense of copying the same. Each Owner shall comply with such Rules and Regulations and shall be responsible for compliance therewith by the Related Users of such Owner. In the event of any conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

4.11 Power to Enforce Declaration and Rules and Regulations. The Master Association shall have the power to enforce the provisions of this Declaration and of the Rules and Regulations and shall take such action as the Board of Directors deems necessary or desirable to cause such compliance by each Owner and each Related User of such Owner. Without limiting the generality of the foregoing, the Master Association shall have the power to enforce the provisions of this Declaration and of such Rules and Regulations by any one or more of the following means: (a) by entry upon any property within the Master Association Area after Notice and Hearing (except in the event of an emergency), without liability to the Owner thereof, for the purpose of enforcement or assuring compliance with this Declaration or such Rules and Regulations; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or such Rules and Regulations; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Declaration or such Rules and Regulations; (d) by exclusion, after Notice and Hearing, of any Owner or Related User of such Owner from use of any recreational facilities on the Master Association Properties for a maximum period of sixty (60) days following any breach of this Declaration or such Rules and Regulations by such Owner or such Related User, unless the breach is a continuing breach in which case such suspension may continue so long as such breach continues; (e) by levying and collecting, after Notice and Hearing, a Reimbursement Assessment against any Owner for breach of this Declaration or such Rules and Regulations by such Owner or a Related User of such Owner; and (f) by levying and collecting, after Notice and Hearing, reasonable and uniformly applied fines and penalties, established in advance in such Rules and Regulations, from any Owner or Related User of such Owner for breach of this Declaration or such Rules and Regulations by such Owner or such Related User.

4.12 Power to Provide Public Functions. The Master Association shall have the power to acquire, construct, operate, manage, maintain, repair and replace public facilities and to provide public functions of any type, either now or at any time in the future. The fact that the Master Association may not be providing a particular public function at any point in time shall not estop it from thereafter providing such public function. Notwithstanding the foregoing, any public functions performed by the Master Association shall only be for such reasonable period of time during which any applicable city, county, state or



other governmental agency or body is not able or willing to perform such public function in a manner as reasonably required. Furthermore, so long as the FHA or the VA is insuring or guaranteeing loans or has agreed to insure or guarantee loans on any portion of the Master Association Area with respect to the initial sales by Declarant, then the prior approval of the FHA or the VA shall be required before the Master Association may perform any public functions under this Declaration in the event such prior approval is then required by the FHA or the VA. For purposes of this Section 4.12, "public functions" shall mean providing services commonly associated with municipal or other local governments, including, without limitation, road and sidewalk maintenance, security protection, parks and recreational services, animal control, vegetation control, insect and pest control, parking facilities, drainage facilities and trash and solid waste disposal services.

4.13 Power to Provide Services to Subassociations. The Master Association shall have the power to provide services to Subassociations. Such services to any Subassociation shall be provided pursuant to an agreement in writing between the Master Association and such Subassociation which shall provide for the payment by such Subassociation to the Master Association of the reasonably estimated expenses of the Master Association in providing such services to the Subassociation, including a fair share of the overhead expenses of the Master Association, and may provide, if required by the Master Association, for a lien upon the Lots within such Subassociation to secure payment of such expenses. Services which may be provided to a Subassociation may include, without limitation: (a) the construction, care, operation, management, maintenance, repair and replacement of improvements owned by the Subassociation; (b) the providing of public functions to the area covered by the Subassociation; (c) the enforcement of the provisions of any Supplemental Declaration for, on behalf of and in the name of the Subassociation; (d) the collection of assessments for, in the name of and on behalf of a Subassociation; (e) the payment of taxes for a Subassociation with funds of the Subassociation; (f) the obtaining of insurance for a Subassociation; (g) the collection of charges for use of facilities of a Subassociation; and (h) the appointment and supervision of a Manager or Managers for a Subassociation.

4.14 Power to Provide Special Services for Owners. The Master Association shall have the power to provide services to an Owner or group of Owners. Any service or services to an Owner or group of Owners shall be provided pursuant to an agreement in writing between the Master Association and such Owner or group of Owners which shall provide for payment to the Master Association by such Owner or group of Owners of the reasonably estimated costs and expenses of the Master Association in providing such services, including a fair share of the overhead expenses of the Master Association, and shall contain reasonable provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors and assigns of the Owner or group of Owners and that the payment for

such services shall be secured by a lien on the Lot of the Owner or group of Owners.

4.15 Power to Charge for Facilities and Services. The Master Association shall have the power to establish reasonable and uniformly applied charges for the use of facilities and services. The charges may include reasonable admission or other fees for any special or extraordinary use of property, facilities or services owned or operated by the Master Association such as special parking privileges, special recreational facilities, conference rooms, instruction, day-care or child-care services or similar uses beyond the ordinary use of Master Association Properties, facilities and services. In the event that the Master Association permits such property, facilities, or services to be used by Persons who are not Owners or Related Users of Owners, then reasonable charges or fees may be established for such Persons. Such charges or fees shall be set forth in schedules of charges and fees adopted from time to time by the Board of Directors.

4.16 Power to Grant Easements. The Master Association shall have the power to grant permits, licenses and access, utility, drainage, water facility and other such easements in, on, over, across or under those Master Association Properties now or hereafter owned by the Master Association as may be reasonably necessary or useful for the proper maintenance of the Master Association Properties.

4.17 Power to Convey and Dedicate Property to Government Agencies. The Master Association, with the approval of Owners representing at least two-thirds (2/3rds) of the voting power of the Master Association (excluding the voting power of Declarant), shall have the power to grant, convey, dedicate or transfer any Master Association Properties now or hereafter owned by the Master Association, or such interests in Master Association Properties as are owned by the Master Association, to any public or governmental agency or authority for such purposes and subject to such terms and conditions as the Master Association shall deem appropriate, subject to the provisions elsewhere contained in this Declaration for approval of the same by Government Mortgage Agencies. If the means of ingress to and egress from a Lot is through such Master Association Property, then any such grant, conveyance, dedication or transfer shall be made subject to an easement of ingress and egress for the benefit of the Owners of such Lot.

4.18 Power to Borrow Money and Mortgage Property. The Master Association shall have the power to borrow money by action of the Board of Directors. With the approval of Owners representing at least two-thirds (2/3rds) of the voting power of the Master Association (excluding the voting power of Declarant), the Master Association shall have the power to encumber Master Association Properties now or hereafter owned by the Master Association, or such interests in the Master Association Properties as are owned by the Master

Association, as security for such borrowing, subject to provisions elsewhere in this Declaration with respect to required approvals and consents to such action. If the means of ingress to or egress from a Lot is through such Master Association Property, then any such encumbrance shall be made subject to an easement of ingress and egress for the benefit of the Owners of such Lot.

4.19 Power to Employ Managers; Management Contracts. The Master Association shall have the power to retain and pay for the services of a Manager or Managers to undertake any of the management or Administrative Functions for which the Master Association has responsibility under this Declaration to the extent deemed advisable by the Master Association, and may delegate any of its duties, powers or functions to any such Manager. Any contract or agreement with any such Manager shall be terminable by the Master Association for cause on no more than thirty (30) days' prior written notice, and shall be terminable by the Master Association without cause and without payment of a termination fee on no more than ninety (90) days' prior written notice. Any such contract or agreement shall be for a term of no more than one (1) year during the Appointment Period nor more than three (3) years thereafter, but may be subject to renewal for succeeding terms of no more than one (1) year each. Notwithstanding any delegation to a Manager of any duties, powers or functions of the Master Association, the Master Association and the Board of Directors shall remain responsible for the performance and exercise of such duties, powers and functions. So long as Declarant shall have the right to appoint a majority of the members of the Board of Directors and provided further that FHA or VA is insuring or guaranteeing or has agreed to insure or guarantee Mortgagees, any management contract between the Master Association and a Manager shall terminate absolutely, without cause and without payment of a termination fee, not later than thirty (30) days after the termination of Declarant's right to appoint a majority of the members of the Board of Directors. Any agreement or contract with a Manager shall contain any other provisions which are required to be contained therein by any Government Mortgage Agency, and shall provide for maintenance by the Manager of a fidelity policy or bond in the form required by Section 4.4(d) hereof. Any agreement or contract between the Master Association and the Declarant shall be terminable by the Master Association for cause on no more than thirty (30) days' prior written notice, and shall be terminable by the Master Association without cause and without payment of a termination fee on no more than ninety (90) days' prior written notice.

4.20 Power to Engage Employees, Agents and Consultants. The Master Association shall have the power to hire and discharge employees and agents and to retain and pay for legal, accounting and other services as may be necessary or desirable in connection with the performance of any duties or exercise of any powers of the Master Association under this Declaration.

4.21 General Corporate Powers. The Master Association shall have all of the ordinary powers and rights of a Maryland non-stock corporation, subject only to such limitations upon such powers as may be set forth in this Declaration, the Articles of Incorporation or By-Laws. The Master Association

shall also have the power to do any and all lawful things which may be authorized, required or permitted to be done under this Declaration, the Articles of Incorporation, By-Laws or Rules and Regulations and to do and perform any and all acts which may be necessary or desirable for, or incidental to, the exercise of any of the express powers or rights of the Master Association under this Declaration, the Articles of Incorporation, By-Laws or Rules and Regulations.

## 5. MASTER ASSOCIATION PROPERTIES

5.1 Owners' Rights of Use and Enjoyment Generally. Every Owner shall have a right and easement of enjoyment in and to the Master Association Properties which shall be appurtenant to and shall pass with the title to each Lot, subject to the provisions contained in this Declaration, the Articles of Incorporation, By-Laws and the Rules and Regulations. All Owners may use the Master Association Properties, unless otherwise provided in this Declaration.

5.2 Right of Master Association to Regulate Use. The Master Association shall have the power to regulate the use of Master Association Properties by Owners or Related Users of Owners to enhance the overall rights of use and enjoyment of all Owners, including imposing reasonable limits on the times of use and number of Persons permitted to use Master Association Properties.

5.3 Right of Master Association to Allow Public Use. The Master Association shall have the right to allow members of the general public to use Master Association Properties, subject to reasonable limitations and payment of reasonable fees, and provided that (a) use by the general public does not unreasonably interfere with or impair the rights of use and enjoyment of Owners, (b) no such use by the public shall, absent an express dedication for public use pursuant to Section 4.17 hereof, constitute or be construed as a dedication for public use.

5.4 No Partition. No Owner shall have the right to partition or seek partition of the Master Association Properties or any part thereof.

5.5 Liability of Owner for Damage by Owner. Each Owner shall be liable to the Master Association for any damage to Master Association Properties or for any expense or liability incurred by the Master Association, to the extent not covered by insurance, which may be sustained by reason of the negligence or willful misconduct of such Owner or of a Related User of such Owner and for any violation by such Owner or such Related User of this Declaration, the Articles of Incorporation, By-Laws or any Rule or Regulation. The Master Association shall have the power, as elsewhere provided in this Declaration, after Notice and Hearing, to levy and collect a Reimbursement



Assessment against an Owner to cover the costs and expenses incurred by the Master Association on account of any such damage or any such violation of this Declaration, the Articles of Incorporation, By-Laws or Rules and Regulations or for any increased insurance premiums directly attributable to any such damage or any such violation.

5.6 Damage, Destruction or Required Improvements. In the event of damage to Master Association Properties by fire or other casualty or in the event any governmental authority shall require any repair, reconstruction or replacement of any Master Association Properties, the Master Association shall have the duty to repair, reconstruct or replace the same. Subject to the provisions of Section 4.4 hereof, any insurance proceeds payable by reason of damage or destruction of Master Association Properties by fire or other casualty shall be paid to the Master Association and shall be used, to the extent necessary, to pay the costs of repair, reconstruction or replacement. If proceeds from insurance are insufficient to pay all costs of repair, reconstruction or replacement of Improvements damaged or destroyed, or if the Master Association is required to make repairs, replacements or Improvements by governmental authorities, the Master Association may, in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement or Improvement, levy a Special Assessment in accordance with Section 7.9 hereof upon the Owners entitled to use the same, or if an Owner or group of Owners is liable or responsible for such damage, levy a Reimbursement Assessment against the Owner or group of Owners responsible therefor, to provide the additional funds necessary as elsewhere provided in this Declaration. Repair, reconstruction or replacement of Master Association Properties shall be accomplished under such contracting and bidding procedures as the Master Association shall reasonably determine are appropriate. If insurance proceeds available to the Master Association on account of damage or destruction exceed the cost of repair, reconstruction and replacement, the Master Association shall use the same for future maintenance, repair, improvement and operation of the same or other Master Association Properties.

5.7 Master Association Powers in the Event of Condemnation. If any Master Association Properties or interests therein are taken under exercise of the power of eminent domain or by purchase in lieu thereof, the award in condemnation or the price payable shall be paid to the Master Association, except to the extent payable to any other Person with an interest in such property, including any Mortgagee of such property. The Master Association, or any trustee duly appointed by the Master Association, shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners therein, and each Owner hereby irrevocably appoints the Master Association and any such duly appointed trustee as such Owner's attorney-in-fact for such purposes. In the event that all or substantially all of the Master Association Properties are taken, condemned, sold or otherwise disposed of in lieu thereof, all awards or other proceeds received by the Master

Association shall be apportioned among the Owners in proportion to the number of votes appurtenant to the Lot owned by each such Owner; provided, however, if an allocation of such awards or other proceeds is already established in negotiation, judicial decree or otherwise, then in allocating such awards or other proceeds the Master Association shall employ such allocation. The Master Association shall, as soon as reasonably practical, determine the share of such awards or other proceeds to which the Owners of each Lot is entitled and such share shall be paid into separate accounts, each such account representing one Lot. From each separate account the Master Association, as attorney-in-fact, shall use and disburse the total amount of such accounts, without contribution from one account to another, in the following order: (a) for proportionate payment of real property ad valorem taxes or special assessment liens duly imposed by a governmental subdivision on the Master Association Property so condemned and customary expenses of sale; (b) for payment of the balance of the lien of the First Mortgage, if any; (c) for payment of unpaid Assessments, interest, costs, late charges, expenses and attorney's fees applicable to such Lot, if any; and (e) the balance remaining, if any, shall be paid to the Owner of the Lot. In the event that less than substantially all of the Master Association Properties are taken, condemned, sold or otherwise disposed of in lieu thereof, all awards or other proceeds received by the Master Association shall be held by the Master Association in the appropriate Maintenance Fund as determined by the Board, as a reserve for future maintenance, repair, reconstruction or replacement of Master Association Properties, or may be used for improvements or additions to, or operation of, Master Association Properties; provided, however, if an allocation of such condemnation compensation, damages or other proceeds is already established in negotiation, judicial decree or otherwise, then in allocating such awards or other proceeds the Master Association shall employ such allocation. No provision in this Section or in this Declaration shall give an Owner, or any other Person, priority over any rights of a First Mortgagee, pursuant to its First Mortgage, in the case of distribution to such Owner of any condemnation awards for losses to or taking of Lots or Master Association Properties.

5.8 Title to Master Association Properties on Dissolution of Master Association. In the event of the dissolution of the Master Association, the Master Association Properties owned by the Association, or its interest in Master Association Properties shall, to the extent reasonably possible, be conveyed or transferred to an appropriate public or governmental agency or agencies or to a nonprofit corporation, association, trust or other organization, to be used, in any such event, for the common benefit of Owners for similar purposes for which the particular Master Association Property was held or operated by the Master Association. To the extent the foregoing is not feasible, the Master Association Properties owned by the Association, or its interest in Master Association Properties, shall be sold or disposed of and the proceeds from the sale or disposition shall be distributed to Owners in proportion to the number of AFCA Units of each Owner, as determined in accordance with the provisions of Section 7.2 hereof.

5.9 Easements for Encroachments. The Master Association Area, and all portions thereof, shall be subject to an easement for encroachments arising from (i) construction and overhangs as designed or constructed by Declarant, (ii) a settling, shifting or movement of any portion of the Improvements thereon, and (iii) the movement of any body of water caused by accretion or evulsion of earth or water. Such encroachments shall not be considered to be encumbrances upon any part of the Master Association Area. Encroachments referred to herein include, but are not limited to, encroachments caused by: (a) error in the original construction of any Improvements constructed in the Master Association Area by Declarant; (b) error in any Recorded plat or map; (c) settling, rising or shifting of the earth; or (d) changes in position caused by repair or reconstruction of any Improvement.

## 6. DECLARANT'S RIGHTS

6.1 Generally. Declarant shall have, and hereby retains and reserves, certain rights as set forth in this Declaration with respect to the Master Association and the Master Association Properties. The rights and reservations of Declarant set forth in this Declaration shall be deemed excepted and reserved in each Supplemental Declaration, in each conveyance of property by Declarant to the Master Association and in each deed or other instrument by which any property within the Master Association Area is conveyed, whether or not specifically stated therein. The rights, reservations and easements of Declarant set forth in this Declaration shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration, including any amendment of this Section. Declarant's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

6.2 Right to Construct Additional Improvements. Declarant shall have and hereby reserves the right, but shall not be obligated, to construct additional Improvements on Master Association Properties at any time and from time to time for the improvement and enhancement thereof and for the benefit of the Master Association and Owners. If the means of ingress to and egress from a Lot is through such Master Association Property, then any such construction by Declarant shall be made subject to an easement of ingress and egress for the benefit of the Owners of such Lot. Declarant shall convey or transfer such Improvements to the Master Association free and clear of all liens and encumbrances (except the lien of this Declaration) and the Master Association shall be obligated to accept title to, care for and maintain the same as elsewhere provided in this Declaration. If any such Improvements are not completed when transferred to the Master Association or when the first Lot in the Master Association Area is first sold to an Owner other than a successor or assign of Declarant or a Developer, whichever shall first occur, Declarant shall

provide a bond or letter of credit (or other assurance as the Master Association and the Government Mortgage Agencies may reasonably require) to assure that the cost thereof will be paid by Declarant and the Improvements completed free of liens and encumbrances relating to the construction of the Improvements.

**6.3 Right to Use Master Association Properties in Marketing.**

Declarant and each Developer shall have and hereby reserve the right to the reasonable use of Master Association Properties and of services offered by the Master Association in connection with the development, construction, promotion, marketing, sale and leasing of properties within the Master Association Area, provided that with respect to each such Developer such right shall be limited to the use of those Master Association Properties located within those Director Districts in which such Developer owns one or more Lots. Without limiting the generality of the foregoing, Declarant and each Developer may: (a) erect and maintain on any such Master Association Properties such signs, temporary buildings and other structures as Declarant or the Developer may reasonably deem necessary or proper in connection with the development, construction, promotion, marketing, sale and leasing of real properties within such boundaries; (b) may use vehicles and equipment on such Master Association Properties for development, construction, promotional, marketing, sale and leasing purposes; (c) may permit prospective purchasers of properties within the Master Association Area to use or enter such Master Association Properties at reasonable times and in reasonable numbers; and (d) may refer to the Master Association, and the Master Association Properties in connection with the development, construction, promotion, marketing, sale and leasing of their respective properties.

**6.4 Right to Complete Development.**

No provision of this Declaration shall be construed to prevent or limit Declarant's rights to complete the development, construction, promotion, marketing, sale and leasing of properties within the Master Association Area; to construct or alter Improvements on any property owned by Declarant within such boundaries; to maintain model homes, offices for construction, sales or leasing purposes or similar facilities on any property owned by Declarant or owned by the Master Association within such boundaries; or to post signs incidental to the development, construction, promotion, marketing, sale and leasing of property within such boundaries. No provision of this Declaration shall be construed to prevent or limit the right of any Developer to maintain model homes, offices for construction, sales or leasing purposes or similar facilities on any property owned by such Developer, or to post signs on such property incidental to the development, construction, promotion, marketing, sale and leasing of such property. Nothing contained in this Declaration shall limit the right of Declarant or require Declarant to obtain approval to: (a) excavate, cut, fill or grade any property owned by Declarant or to construct, alter, remodel, demolish or replace any Improvements on any Master Association Property or any property owned by Declarant; (b) use any structure on any Master Association Property or any property owned by Declarant as a construction, model home or real estate

sales or leasing office in connection with the sale of any property within such boundaries; or (c) require Declarant to seek or obtain the approval of the Design Review Board or of the Master Association for any such activity or improvement by Declarant on any Master Association Property or any property owned by Declarant.

6.5 Right to Grant Easements. Declarant shall have and hereby reserves the right to grant temporary or permanent easements and rights-of-way for access, utilities, drainage, water and other purposes incident to development, construction and sale within the Master Association Area, located in, on, under, over and across Lots owned by Declarant and Master Association Properties owned by Declarant, provided that such easements and rights-of-way do not unreasonably interfere with the rights of the Owners. Declarant's right to grant or create easements and rights-of-way in, on, under, over or across Master Association Properties owned by Declarant shall be subject to the provisions of Section 10.3(g) hereof.

6.6 Limitations Imposed by Government Mortgage Agencies. The exercise of the rights of Declarant reserved in this Article 6 shall be subject to such reasonable requirements and limitations as may be imposed by Government Mortgage Agencies or other governmental authorities having jurisdiction, including any requirements for consent or approval by such Government Mortgage Agencies or governmental authorities.

## 7. ASSESSMENTS, BUDGETS AND FUNDS

### 7.1 Master Association Funds.

(a) Maintenance Funds to be Established. The Master Association shall establish and maintain at least the following separate Maintenance Funds: (i) an Administrative Functions Operating Fund; and (ii) an Administrative Functions Reserve Fund. The Master Association may establish other funds as and when needed; for example, a fund for receipts and disbursements relating to services provided by the Master Association for a Subassociation. Nothing herein shall limit, preclude or impair the authority of the Master Association to establish other funds for specified purposes authorized by this Declaration or by any Supplemental Declaration. If the Master Association establishes any additional funds, the Board shall designate an appropriate title for the fund to distinguish it from other funds maintained by the Master Association. Each of the Maintenance Funds shall be established as one or more trust savings, trust checking or other accounts at any financial institution in which deposits are insured by an agency of the federal government.

(b) Deposits to Maintenance Funds. Monies received by the Master Association from Common Assessments shall be deposited in the

Maintenance Funds in accordance with the following provisions: (i) there shall be deposited to the Administrative Functions Operating Fund that portion of Administrative Functions Common Assessments which, according to the Master Association Budget for the Assessment Year, was budgeted for operating costs and expenses of the Administrative Functions; and (ii) there shall be deposited to the Administrative Functions Reserve Fund that portion of AFCA's which was similarly budgeted for the Reserve Fund for Administrative Functions. The Master Association shall deposit monies received by the Master Association from sources other than Common Assessments in the Maintenance Fund or Funds determined by the Board of Directors to be most appropriate. For example, Reimbursement Assessments may be deposited to the Maintenance Fund or Funds from which the costs and expenses were or will be paid which form the basis for the Reimbursement Assessment; or Special Assessments for capital repairs, maintenance, replacement and Improvements may be deposited to the Operating Fund and/or Reserve Fund from which such capital costs have been or will be paid. Interest and late charges received on account of delinquent Assessments may be allocated among the Maintenance Funds in the same proportions as the delinquent Assessments were allocated or, at the discretion of the Board of Directors, may be allocated to any one or more of the Maintenance Funds or other funds.

(c) Disbursements from Maintenance Funds. All amounts deposited in the Maintenance Funds shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and their Related Uses and for improvement, maintenance, operation and acquisition of the Master Association Properties, all in accordance with the terms of this Declaration. Disbursements from particular Maintenance Funds shall be limited to specified purposes as follows: (i) disbursements from the Administrative Functions Operating Fund may be made for such purposes as are necessary or proper under this Declaration except those purposes for which disbursements are to be made from other Maintenance Funds; and (ii) disbursements from the Administrative Functions Reserve Fund shall be made solely for purposes of funding those Administrative Functions which cannot be expected to recur on an annual or more frequent basis, including, without limitation, funding deficits which may occur from time to time in the Administrative Functions Operating Fund. The Board of Directors shall have the authority to make or to authorize an agent to make disbursements of any monies in the Maintenance Funds, and shall have authority to interpret this Section 7.1 and issue guidelines for its own use with respect to the disbursement of Maintenance Funds for the benefit of the Master Association.

(d) No Commingling of Maintenance Funds. The Master Association shall not knowingly commingle any amounts deposited in any one Maintenance Fund or other fund with amounts deposited in any other Maintenance Fund or other fund.

7.2 Master Association Assessments.

(a) Establishment of Assessments. For each Assessment Year, the Master Association shall, pursuant to the provisions of this Declaration, levy Common Assessments against each Owner, including Declarant. The Common Assessments shall include the AFCA for such Assessment Year. Each Owner shall be personally obligated to pay the Common Assessments, Special Assessments and Reimbursement Assessments levied against, and allocated to, such Owner and the Lot of such Owner as hereafter more particularly set forth. Such personal obligation to pay the Assessments shall not pass to such Owner's successors in title to the Lot, unless (i) such Assessments are assumed by them, (ii) applicable law requires otherwise, or (iii) such successors acquire such Lot subject to a lien filed to enforce such Assessments pursuant to Section 7.11 hereof, subject to the exceptions set forth in Section 7.11.

(b) Apportionment of AFCA. Each Lot (unless improved or designed to be improved with residential rental apartments) shall constitute one (1) AFCA Unit regardless of the size, value, location or use of such Lot. Each Lot improved or designed to be improved with multi-family residential rental apartments shall be assigned one (1) AFCA Unit for every two (2) Dwelling Units located or to be located on such Lot, with a full AFCA Unit assigned for any extra one Dwelling Unit in lieu of assigning any fractional AFCA Units. The amount of the AFCA for any Assessment Year, payable by an Owner for the Lot of such Owner, shall be computed by multiplying the total amount to be raised by that Assessment Year, as shown in the Master Association Budget for that Assessment Year, by a percentage [rounded to the nearest one-hundredth of one percent (0.01%)], derived from a fraction, the numerator of which is the number of AFCA Units assigned to that Lot and the denominator of which is the total number of AFCA Units in the Master Association Area as of the first day of that Assessment Year.

(c) Assessment for Unsold Lots. Notwithstanding any other provision of this Declaration to the contrary, each Lot of Declarant or its successors and assigns (including Developers) for so long as Declarant or its successors and assigns (including Developer) retains title to such Lot, whether improved or unimproved, and provided that no portion of such Lot has been used or occupied for residential purposes, shall be assessed, for Assessment purposes, at a reduced rate equal to the following percentages of the Assessment rate which would otherwise be applicable to such Lot if it were owned by an Owner other than Declarant who used the same for residential purposes: (i) each such Lot shall be assessed at twenty-five percent (25%) of that portion of any Common Assessment which is applicable to the AFCA's; (ii) each such Lot shall be assessed at twenty-five percent (25%) of any Special Assessment which is applicable to such Lot; and (iii) each such Lot shall be assessed at one hundred percent (100%) of any Reimbursement Assessment which is applicable to such Lot.

7.3 Annual Budgets. The Board of Directors shall cause to be prepared, at least sixty (60) days prior to the commencement of each Assessment Year, a Budget for such Assessment Year, including a reasonable provision for contingencies and deposits into the Administration Functions Operating and Reserve Funds. The Budget shall show, in reasonable detail, the categories of expenses and the amount of expenses in each Maintenance Fund, and shall reflect any expected income and the estimated sources and amounts thereof of the Master Association for such Assessment Year and any expected surplus from the prior Assessment Year and any existing surplus in any Reserve Fund. The Budget may include an amount for contingencies and amounts deemed necessary or desirable for deposits to create, replenish or add to the proper Reserve Fund for capital repairs, replacements and improvements for Master Association Properties. During the Appointment Period, Assessments may not be used for the construction of capital improvements without the vote of Directors representing at least three-fourths (3/4ths) of the voting power of the Owners (excluding any voting power of Declarant) of the Lots subject to such Assessment. The Board shall cause a copy of the Budget to be distributed to each Director promptly after the Budget is prepared and approved by the Board and shall cause a copy thereof to be posted at the principal office of the Master Association. In the event the Master Association does not have an address for any Director, such posting shall be deemed as delivery of such Budget to any such Director. At such time as the Master Association publishes a newsletter, the Budget shall be published in such newsletter. Copies of the Budget shall be made available by the Master Association to any Person requesting a copy thereof upon payment of the reasonable expense of copying the same.

7.4 Maximum Common Assessments.

(a) Maximum AFCA. The Master Association shall not levy, for any Assessment Year, an AFCA in excess of the Maximum AFCA hereinafter specified. The Maximum AFCA shall be at the rate of Eighty Five and no/100 Dollars (\$85.00) per AFCA Unit per Assessment Year through December 31 of the year in which this Declaration is Recorded, increased each Assessment Year thereafter by the percentage increase in the Index during the twelve (12) months ending on the August 31 preceding each such Assessment Year. Notwithstanding the foregoing, in no event shall the Maximum AFCA for any particular Assessment Year be less than the Maximum AFCA for the immediately preceding Assessment Year.

(b) Assessment Less than Maximum. If the Board of Directors, by majority vote, determines that the functions of the Master Association may be properly funded by a Common Assessment less than the Maximum AFCA, it may levy such lesser AFCA. The levy of an AFCA less than the Maximum AFCA for any Assessment Year shall not affect the right of the Board to levy an AFCA in the full amount of the respective Maximum AFCA in any subsequent Assessment Year.



(c) Supplemental Common Assessments. If, in any Assessment Year, the Board levies an AFCA in an amount less than the Maximum AFCA for such Assessment Year, the Board by majority vote may thereafter levy one or more supplemental AFCA's during such Assessment Year, if it determines that the functions of the Master Association may not be funded by such lesser AFCA. Subject to the provisions of Section 7.4(d) hereof, the sum of the initial and supplemental AFCA, for an Assessment Year shall not exceed the Maximum AFCA, permitted for that Assessment Year. Such supplemental AFCA during a particular Assessment Year shall be assessed against the Owners of each Lot in the same manner which such AFCA, were originally assessed during such Assessment Year. Written notice of any change in the amount of any annual Common Assessment by reason of the levying of a supplemental AFCA, shall be sent to every Owner subject thereto, not less than thirty (30) days prior to the effective date of such change.

(d) Director Approval of Increase in Maximum. If the Board of Directors determines that the functions of the Master Association will not be properly funded in any one Assessment year or in any one Assessment Year and subsequent Assessment Years by the amount of the Maximum AFCA, then the Board, upon vote of Owners representing two-thirds (2/3rds) of the entire voting power of the Master Association (other than the voting power of Declarant), may increase the Maximum AFCA by the amount determined by the Board of Directors and approved by the requisite vote of such Owners.

7.5 Commencement of Assessments. Subject to the provisions of Section 7.2(c) hereof, the Assessments shall commence as to each and every Lot within a Director District, on the first day of the first month following the date of the earlier of (i) Recordation of the first deed conveying a Lot within such Director District from Declarant or a Developer to the first Owner other than Declarant or a Developer or (ii) in the case of a Director District that has not been further subdivided, recordation of the first deed conveying the land within any Director District from Declarant to the first Owner other than Declarant. The Assessments for the then-current Assessment Year for each Lot within such Director District shall be prorated on the basis of the number of months in such Assessment Year remaining from the date of commencement of such Assessments to the end of such Assessment Year.

7.6 Payment of Assessment. Common Assessments shall be due and payable in advance to the Master Association by the assessed Owners during the Assessment Year in annual installments, and shall be due and payable on or before the first day of the first month of such Assessment Year, or in such other manner and on such other date or dates as the Board of Directors may designate in its sole and absolute discretion. Notice of the amount of the Common Assessment for a particular Assessment Year shall be given to the Owners prior to the date in such Assessment Year when the Common Assessment, or the first installment thereof, is due [unless the amount of the Common Assessment has

been changed, in which event notice of the amount thereof shall be given at least thirty (30) days prior to the date that the first installment thereof is due, but the failure to do so shall not invalidate such Common Assessment.

**7.7 Attribution of Payments.** If any installment of a Common Assessment payment is received by the Master Association which is less than the amount assessed and the payment does not specify the Maintenance Fund or Funds into which it should be deposited, the receipt thereof by the Association from that Owner shall be credited in the following order of priority: (a) to the Administrative Functions Reserve Fund until that portion of the AFCA has been satisfied; and (b) to the Administrative Functions Operating Fund until that portion of the AFCA has been satisfied. In each of the foregoing cases, receipts shall be credited first to interest, attorneys' fees and other costs of collection, and next to principal reduction, satisfying the oldest obligations first followed by more current obligations, in accordance with the foregoing order of priority.

**7.8 Failure to Fix Assessment.** The failure by the Board of Directors to levy an Assessment for any Assessment Year shall not be deemed a waiver or modification with respect to any of the provisions of this Declaration or a release of the liability of any Owner to pay Assessments, or any installment thereof, for that or any subsequent Assessment Year. In the event of such failure, the amount of the Common Assessment for that Assessment Year shall be, until it is subsequently modified by the Board of Directors, the amount of the Maximum AFCA computed in accordance with Section 7.4 hereof. No abatement of the Common Assessment or of any other Assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to Master Association Properties or from non-use of Master Association Properties or from any action taken to comply with any law or any determination of the Board of Directors or for any other reason.

**7.9 Special Assessments for Capital Expenditures.** In addition to Common Assessments, the Board of Directors may, subject to the provisions of this Section, levy one or more additional Assessments for the purpose of raising funds, not otherwise provided under the Budget from Common Assessments, to: (a) construct or reconstruct, repair, remodel or replace capital improvements upon Master Association Properties, including necessary personal property related thereto; (b) add to the Master Association Properties; (c) provide for necessary facilities and equipment to offer the services authorized in this Declaration; or (d) repay any loan made to the Master Association to enable it to perform the duties and functions authorized in this Declaration. Such Assessment shall be known as a "Special Assessment". The Board of Directors shall not levy Special Assessments without the vote of Owners representing at least two-thirds (2/3rds) of the Master Association (other than the voting power of Declarant). During the Appointment Period, Special Assessments may not be used for the construction of capital improvements without the vote of Directors representing at least three-fourths (3/4ths) of the voting power residing in the

Owners (excluding any voting power of Declarant) of the Lots subject to the Special Assessment. The Master Association shall notify Owners in writing of the amount of any Special Assessment and of the manner in which, and the dates on which, any such Special Assessment is payable and the Owners shall pay any such Special Assessment in the manner so specified.

7.10 Reimbursement Assessments. The Board of Directors may, subject to the provisions hereof, levy an Assessment against any Owner if the willful or negligent failure of such Owner, or a Related User of such Owner, to comply with this Declaration, the Articles of Incorporation, By-Laws or Rules and Regulations shall have resulted in the expenditure of funds by the Master Association to remedy a problem or to cause such compliance. Such Assessment shall be known as a "Reimbursement Assessment" and shall be levied only after Notice and Hearing. The amount of the Reimbursement Assessment shall be due and payable to the Master Association thirty (30) days after notice to the Owner of the decision of the Board of Directors to impose the Reimbursement Assessment.

7.11 Failure to Pay Assessments.

(a) Late Charges and Interest. If any Common Assessment, Special Assessment or Reimbursement Assessment or any installment thereof is not paid within thirty (30) days after it is due, the Owner obligated to pay such Assessment may be required to pay a reasonable late charge to be determined by the Board. Any Assessment or installment thereof which is not paid within sixty (60) days after the date of any Notice of Default given under Section 7.11(b) hereof, shall bear interest from the date of the expiration of such sixty (60) day period to the date paid at the highest rate then established by statute in Maryland for interest on damages for personal injury or on judgments in other actions, whichever is higher, but in no event less than ten percent (10%) per annum simple interest.

(b) Notice of Default and Acceleration of Assessment. If any Common Assessment, Special Assessment or Reimbursement Assessment or any installment thereof is not paid within thirty (30) days after its due date, the Board of Directors may, but shall not be required to, mail a notice of default ("Notice of Default") to the Owner and to any or all Mortgagees of the Lot. The Notice of Default shall specify: (i) the fact that the Assessment or installment is delinquent; (ii) the action required to cure the default; (iii) a date, not less than thirty (30) days from the date the Notice of Default is mailed to the Owner, by which such default must be cured; and (iv) that failure to cure the default on or before the date specified in the Notice of Default may result in acceleration of the balance of the Assessment or the installments of the Assessment for the then-current Assessment Year and/or the filing of a notice of lien and foreclosure of the lien for the Assessment against the Lot of the Owner. The Notice of Default shall further inform the Owner of any right to cure the default

after acceleration and of any right to bring a court action to assert the nonexistence of a default or any other defense of the Owner. If the delinquent Assessment or installment and any late charges and interest thereon are not paid in full on or before the date specified in the Notice of Default, the Board, at its option, may declare all of the unpaid balance of the Assessment for such Assessment Year to be immediately due and payable without further notice to or demand upon the Owner and may enforce the collection of the full Assessment and all charges and interest thereon in any manner authorized by law or in this Declaration, subject to the protection afforded to Mortgagees hereunder.

(c) Remedies to Enforce Assessments. Each Assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the Owner against whom the same is assessed. In the event of a default in payment of any Assessment or installment thereof, whether a Common Assessment, Special Assessment or Reimbursement Assessment, the Board may, in addition to any other remedies provided under this Declaration or by law, enforce such obligation on behalf of the Master Association by suit or by filing of a notice of lien and foreclosure of a lien as herein provided. Any judgment rendered in any such suit shall include any late charge, interest and other costs of enforcement, including reasonable attorneys' fees in the amount as the court may adjudge, against the defaulting Owner.

(d) Lien to Enforce Assessments. Each Common Assessment, Special Assessment and Reimbursement Assessment shall constitute a lien and charge upon the Lot or Lots of each Owner from the date each such Assessment is levied by the Board of Directors. In the event of a default in payment of any Assessment or installment thereof, the Board may elect to file notice to evidence of the lien against the Lot of the delinquent Owner by Recording a notice (the "Notice of Lien") setting forth: (i) the amount of the claim of delinquency; (ii) the late charges, interest and costs of collection (including reasonable attorneys' fees) which have accrued thereon; (iii) the legal description and street address of the Lot against which the lien is claimed; and (iv) the name of the Owner thereof as shown upon the records of the Master Association. Such Notice of Lien shall be signed and acknowledged by an officer of the Master Association or other duly authorized agent of the Master Association. The lien created by the Declaration shall be prior to any declaration of homestead rights Recorded or arising after the time that the Lot becomes part of the Master Association Area. The lien created by this Declaration shall be prior to any other lien, encumbrance or Mortgage encumbering such Lot, except for taxes and other governmental assessments given priority by law and First Mortgages. The lien created by this Declaration shall secure all amounts levied by the Board of Directors, as well as all subsequently accruing amounts (including reasonable attorneys' fees), and shall continue until the amounts secured thereby and all subsequently accruing amounts (including reasonable attorneys' fees) are fully paid or otherwise satisfied. When all amounts due the Association and all other costs (including reasonable attorneys' fees) and assessments which have accrued

subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the Master Association shall execute and Record a notice releasing the Notice of Lien upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the cost of preparing and Recording the release of the Notice of Lien. Unless paid or otherwise satisfied, the lien may be foreclosed in the manner for foreclosure of Mortgages with a power of sale in the State of Maryland. The lien created by this Declaration shall not be affected by any sale or transfer of the Lot, except that any such sale or transfer pursuant to a foreclosure of a First Mortgage shall extinguish the subordinate lien noticed by the Notice of Lien, but it shall not relieve the purchaser or the transferee of such Lot from liability for, or the Lot from the lien of, any Assessments, late charges, interest and costs of collection (including reasonable attorneys' fees) made after the date of such sale or transfer. Notwithstanding any other provision hereof to the contrary, the personal obligation of any Owner to pay a delinquent Assessment shall not pass to his successors in title unless expressly assumed by them.

7.12 Estoppel Certificate. Upon the payment of such reasonable fee as may be determined from time to time by the Board of Directors, and upon the written request of any Owner or Mortgagee or any Person with, or intending to acquire, any right, title or interest in the Lot of such Owner, the Master Association shall furnish a written statement setting forth the amount of any Assessments or other amounts, if any, due and owing to the Master Association and then unpaid with respect to such Lot and/or the Owner thereof and setting forth the amount of any Assessment levied against such Site which is not yet due and payable. Such statement shall, with respect to the Person to whom it is issued, be conclusive against the Master Association for all purposes that no greater or other amounts were then levied and unpaid against such Lot.

7.13 No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reductions thereof shall be permitted for any reason, including, without limitation, any claim of non-use of Master Association Properties or any claim that the Master Association, the Board of Directors or the Design Review Board is not properly exercising its duties and powers under this Declaration.

7.14 Payments to Working Capital Account. In order to provide the Master Association with adequate working capital funds in the initial months of operation, the first Owner of each Lot other than Declarant or a Developer shall pay to the Master Association an amount equal to one-sixth (1/6th) of the annual Common Assessment applicable to such Lot. Such payments shall be collected from each such Owner and transferred to the Master Association at the time of closing of the sale of such Lot and maintained in a segregated account for the use and benefit of the Master Association. The payments to the working capital fund shall not be considered as advance payments of regular Assessments. Notwithstanding the foregoing, if at any time or from time to time the

requirement to collect working capital funds under this Section is waived or otherwise released or determined not to be necessary by the Government Mortgage Agencies, then the Master Association shall not enforce this Section and such working capital funds shall not be collected.

## 8. GENERAL RESTRICTIONS APPLICABLE TO PROPERTY

8.1 Application of Restrictions. All real property within the Master Association Area shall be held, used and enjoyed subject to the limitations, restrictions and other provisions set forth in this Declaration. The strict application of the limitations and restrictions in this Article 8 shall not be considered waived or modified by any action or inaction of the Master Association unless such modification or waiver is in writing or contained in written guidelines or rules promulgated by the Board of Directors or the Design Review Board.

8.2 Maintenance of Property. No property within the Master Association Area shall be permitted to fall into disrepair, and all property within the Master Association Area, including any improvements and landscaping, shall be kept and maintained by the Owners thereof in a clean, safe, attractive and slightly condition and in good repair. Maintenance, repair and upkeep of each Lot shall be the responsibility of the Owner of such Lot. Maintenance, repair and upkeep of Master Association Properties shall be the responsibility of the Master Association.

8.3 Noxious or Offensive Activity. No noxious or offensive activity shall be carried on upon any property within the Master Association Area, nor shall anything be done or placed thereon which is or may become a nuisance or cause an unreasonable embarrassment, disturbance or annoyance to others.

8.4 Annoving Sounds or Odors. No sound or odor shall be emitted from any property within the Master Association Area which is noxious or unreasonably offensive to others. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices, other than devices used exclusively for security, fire prevention or fire control purposes, shall be located or used on any property except with the prior written approval of the Board of Directors.

8.5 Hazardous Activities. No activity shall be conducted, and no Improvement shall be constructed on any property within the Master Association Area which is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any property and no open fires shall be lighted or permitted on any property except in a contained barbeque unit while attended and in use for cooking purposes.

8.6 Un sightliness. All unsightly structures, facilities, equipment (including snow removal, garden and maintenance equipment), objects and conditions shall be kept and stored within an enclosed structure, except when in actual use.

8.7 Garbage and Trash. No refuse, garbage, trash, scrap lumber or metal, grass, shrub or tree clippings, plant waste, compost, bulk materials or debris of any kind shall be kept, stored or allowed to accumulate on any Lot except within an enclosed structure or container approved by the Board of Directors or unless appropriately screened from view, in a manner acceptable to the Board of Directors, except that any refuse container containing such materials and approved by the Board of Directors may be placed outside at such times as may be reasonably necessary to permit garbage or trash pickup.

8.8 Temporary Structures. No tent, shack, temporary structure or temporary building shall be placed upon any property within the Master Association Area except with the prior written consent of the Board of Directors in each instance.

8.9 Antennas, Pipes and Utility Lines. Pipes for water, gas, sewer, drainage or other purposes and wires, poles, antennas, aerials and other facilities for the transmission or reception of audio or visual signals or electricity, and utility meters or other utility facilities, shall be kept and maintained, to the extent reasonably possible, underground or within an enclosed structure. No exterior radio antenna or aerial, television antenna or aerial, microwave antenna, aerial or dish, or other antenna, aerial or similar facility of any type shall be erected or maintained in the Master Association Area (specifically including any Lot) without the prior written consent of the Board of Directors. The Board of Directors shall have the right to establish, from time to time, rules and regulations concerning antennas, aerials and similar devices or facilities of any type, specifically including the right to require that all antennas, aerials or devices, or that antennas, aerials or devices of a particular type, may not be located outside the Improvements located on a Lot in order that the same shall not be visible from any part of another Lot or from any part of the Master Association Area. With the approval of the Board of Directors a master antenna or cable television antenna or antennas may, but need not, be provided for use of all Owners or a group of Owners, and the Board of Directors may grant easements for such purposes.

8.10 Signs and Advertising Devices. No sign, poster, billboard, advertising device or display of any kind shall be erected or maintained anywhere within the Master Association Area so as to be evident to public view, except signs as may be approved in writing by the Board of Directors. A sign advertising a Lot for sale or for lease or political signs may be placed on a Lot, provided, however, that such signs shall comply with standards relating to dimensions, number, style and location of such signs determined from time to time by the Board of Directors.

8.11 Maintenance of Drainage. There shall be no interference with the established drainage pattern over any property within the Master Association Area except as approved in writing by the Board of Directors. Approval shall not be granted unless provision is made for adequate alternate drainage. The "established drainage pattern" shall mean the drainage pattern which exists at the time the overall grading of any property is completed by Declarant and shall include any established drainage pattern shown on any plans approved by the Board of Directors. The established drainage pattern may include the drainage pattern from Master Association Properties over any Lot, from any Lot over the Master Association Properties, or from any Lot over another Lot.

8.12 Compliance with Insurance Requirements. Except as may be approved in writing by the Board of Directors, nothing shall be done or kept on property within the Master Association Area which may result in a material increase in the rates of insurance or which would result in the cancellation of any insurance maintained by the Master Association.

8.13 Compliance with Laws. Nothing shall be done or kept on any property within the Master Association Area in violation of any law, ordinance, rule or regulation of any governmental authority having jurisdiction.

8.14 Sewage Disposal Systems. No cesspool, septic tank or other sewage disposal system shall be installed within the Master Association Area without the prior written consent of the Board of Directors, except central sewage disposal systems installed and maintained by a water and sanitation district or other sanitation agency providing sewage disposal services to a substantial portion of the Master Association Area. Any sewage disposal system installed for property within the Master Association Area shall be subject to applicable laws, rules and regulations of any governmental authority having jurisdiction.

8.15 Restoration in the Event of Damage or Destruction. In the event of damage or destruction of any Improvement on any Lot, and the Owner thereof shall determine not to restore or replace such Improvements within a reasonable time to its original condition or such other condition as may be approved in writing by the Design Review Board, then such Owner shall cause the damaged or destroyed Improvement to be demolished and the Lot to be suitably landscaped, subject to the approval of the Design Review Board, so as to present a reasonably pleasing and attractive appearance.

8.16 Motorized Vessels. No craft, boat or other vessel shall be operated on that part of the Master Association Area known and designated as Lake Arbor, which is propelled, in whole or in part, by any motor or engine, outboard or otherwise.

8.17 Exemption for Declarant. The provisions of this Article 8 shall not be applicable to Declarant with respect to its development, construction, and sale of properties within the boundaries of the Master Association Area.



8.18 Delegation. Without limiting the power of the Board of Directors to delegate any other rights, duties and powers under this Declaration, the Board of Directors may delegate any of its rights, duties and powers set forth in this Article 8 to the Design Review Board.

## 9. ARCHITECTURAL APPROVAL

9.1 Approval of Improvements Required. The approval of the Design Review Board shall be required for any Improvement on any Lot, except for any Improvement made by Declarant and except as prior approval may be waived or certain Improvements may be exempted in writing or under written guidelines or rules promulgated by the Design Review Board because approval in such case is not reasonably required to carry out the purposes of this Declaration. The Design Review Board shall consist of at least three (3) members who are Owners of Lots or who are officers, directors, partners, agents or employees of Declarant. Such members shall be appointed (a) by the Declarant during the Appointment Period, (b) by the Owners, after the Appointment Period and so long as any voting trust agreement exists between Declarant and any Developer as to appointment of such members, and (c) by the Board of Directors after expiration or termination of all such voting trust agreements. Such members may be removed or replaced at any time by the Person or Persons, as applicable, by whom they were appointed. Such members shall serve for such term as may be designated by the Person or Persons, as applicable, by whom they were appointed or until their death, resignation or removal, provided that no such term shall exceed the period during which such Person or Persons are entitled to elect such members. The initial members of the Design Review Board shall be Gary S. Lachman, Kenneth S. Ramsey and David A. Gitlitz.

9.2 Required Approval by Any Subassociation. In addition to the approval of any Improvement by the Design Review Board of the Master Association, any Improvement located within a Director District subject to a Supplemental Declaration creating a Subassociation shall also be approved by the board governing architectural review, if any, of such Subassociation, if and to the extent required by such Supplemental Declaration.

### 9.3 Design Review and Approval Process.

(a) Submission of Plans. Prior to commencement of any proposed Improvement, the Person (the "Applicant") proposing to make such Improvement shall submit to the Design Review Board two copies of such descriptions, surveys, plot plans, drainage plans, elevation drawings, construction plans and specifications, building permits and samples of materials and colors as the Design Review Board shall reasonably request showing the nature, kind, shape, height, width, color, materials, location and other essential features of

the proposed Improvement. The Applicant shall be entitled to receive a receipt for the same from the Design Review Board or its authorized agent. The Design Review Board may require submission of two copies of additional plans, specifications or other information prior to approving or disapproving the proposed Improvement. Until receipt by the Design Review Board of all required materials in connection with the proposed Improvement, the Design Review Board may postpone review of any material submitted for approval.

(b) Criteria for Approval. The Design Review Board shall approve any proposed Improvement only if it determines, in its reasonable discretion, that: (i) the proposed Improvement in the location indicated will not be detrimental to the appearance of the surrounding areas of the Master Association Area as a whole; (ii) the appearance of the proposed Improvement will be in harmony with the surrounding areas of the Master Association Area; (iii) the proposed Improvement will not detract from the beauty, wholesomeness or attractiveness of the Master Association Area or the enjoyment thereof by Owners; (iv) the proposed Improvement is in compliance with the provisions of this Declaration, the applicable Rules and Regulations and the applicable guidelines and rules of the Design Review Board; and (v) the upkeep and maintenance of the proposed Improvement will be the duty of the Applicant and will not become the duty of or a burden on the Master Association. The Design Review Board may condition its approval of any proposed Improvement upon the making of such changes therein as the Design Review Board shall stipulate. If the work contemplated by any such plans and specifications shall require a building permit or other permit under local building codes, then copies of any and all such permits shall be submitted to the Design Review Board within ten (10) days after the same is issued.

(c) Board Guidelines or Rules. The Design Review Board may, from time to time, issue guidelines or rules relating to the procedures, materials to be submitted and additional factors which will be taken into consideration in connection with the review and approval of any proposed Improvement. Such guidelines or rules may specify circumstances under which the strict application of limitations or restrictions under this Declaration will be waived in whole or in part because strict application of such limitations or restrictions would be unreasonable or unduly harsh under the circumstances. Such guidelines or rules may waive the requirement for approval of any one or more Improvement or exempt any one or more Improvement from the requirement for approval, if such approval is not reasonably required to carry out the purposes of this Declaration.

(d) Architectural Review Fee. The Design Review Board may, in its guidelines or rules, provide for the payment of a reasonable fee to accompany each request for approval of any proposed Improvement. The Design Review Board may provide that the amount of such fee shall be uniform for similar types of proposed Improvements or that the fee shall be determined in

any other reasonable manner, such as based upon the estimated cost of the proposed Improvements.

(e) Decision of Board. The decision of the Design Review Board shall be made, and notice thereof given to the Applicant, within thirty (30) days after receipt by the Design Review Board of all materials required by the Design Review Board unless such time period is extended by mutual agreement; provided, however, such time period of thirty (30) days may be unilaterally extended for an additional fifteen (15) days by the Design Review Board, in its sole discretion, if it shall give notice of such extension to the Applicant within such thirty (30) day period. If the time period in which the Design Review Board is to make its decision shall expire on a Saturday, Sunday or legal holiday, then the Design Review Board shall have until the next following business day which is not a Saturday, Sunday or legal holiday in which to make its decision and give notice thereof to the Applicant. The decision of the Design Review Board shall be in writing and, if the decision is not to approve a proposed Improvement, the reason therefor shall be stated in reasonable detail. The decision of the Design Review Board shall be transmitted to the Applicant at the address furnished by the Applicant to the Design Review Board. After decision of the Design Review Board or after lapse of the time period for decision if no decision has been rendered, the Design Review Board shall promptly return to Applicant upon request one set of the plans, specifications and other items provided to the Design Review Board under Section 9.3(a) hereof.

(f) Appeal to Association Board. In the event the Design Review Board denies, imposes conditions on, or refuses approval of a proposed Improvement, the Applicant may appeal to the Board of Directors by giving written notice of such appeal to the Master Association and the Design Review Board within six (6) months after such denial, imposition of conditions or refusal. The Board of Directors or a tribunal appointed pursuant to the By-Laws shall hear the appeal in accordance with the provisions of the By-Laws for Notice and Hearing, and the Board shall decide whether or not the proposed Improvement or the conditions imposed by the Design Review Board shall be approved, disapproved or modified. Such decision shall be made strictly in accordance with all guidelines or rules issued by the Design Review Board with respect to the proposed Improvements in question, unless the prior written approval of Declarant is obtained for any deviation from or waiver of such guidelines or rules.

(g) Failure of Review Board to Act. Any request for approval of a proposed Improvement shall be deemed approved if no notice of disapproval or request for additional materials is given to the Applicant by the Design Review Board (i) within thirty (30) days after receipt by the Design Review Board of all required materials, (ii) within forty-five (45) days after receipt by the Design Review Board of all required materials in the event the Design Review Board shall have extended the initial thirty (30) day period pursuant to

Section 9.3(e), or (iii) within such longer time period as the Applicant and the Design Review Board may establish by mutual agreement.

9.4 Construction and Completion of Improvements.

(a) Prosecution of Work After Approval. After approval of any proposed Improvement, the proposed Improvement shall be commenced and completed as promptly and diligently as reasonably possible and in complete conformity with the description of the proposed Improvement and any materials submitted to the Design Review Board in connection with the proposed Improvement and any conditions imposed by the Design Review Board. Failure to complete the proposed Improvement within one (1) year after the date of approval or within such longer period as the Design Review Board may approve in writing or to complete the Improvement in accordance with the description and materials furnished to, and the conditions imposed by, the Design Review Board, shall constitute noncompliance with the requirements for approval of the proposed Improvement.

(b) Notice of Completion. Upon completion of the Improvement, the Applicant shall give written notice of completion of the Improvement (the "Notice of Completion") to the Design Review Board. Unless and until the date of receipt of the Notice of Completion, the Design Review Board shall not be deemed to have notice of the completion of such Improvement.

(c) Inspection of Work. The Design Review Board or its duly authorized representative shall have the right to inspect any Improvement at any reasonable time or times prior to or after completion, provided that the right of inspection shall terminate thirty (30) days after the Design Review Board shall have received a Notice of Completion from the Applicant.

(d) Notice of Noncompliance. If, as a result of inspections or otherwise, the Design Review Board finds that any Improvement has been made without obtaining the approval of the Design Review Board or was not done in substantial compliance with the description and materials furnished to, and any conditions imposed by, the Design Review Board or was not completed within one (1) year after the date of approval by the Board or within such longer period as the Design Review Board may have approved in writing, the Design Review Board shall notify the Applicant in writing of the noncompliance (the "Notice of Noncompliance"). Such Notice of Noncompliance shall be given, if given at all, within thirty (30) days after the Design Review Board receives a Notice of Completion from the Applicant, if applicable. The Notice of Noncompliance shall describe in reasonable detail the noncompliance and shall require the Applicant to take such action as may be necessary to remedy the noncompliance, including removal of any portion of the Improvement which is not in compliance.

(e) Failure of Board to Act After Completion. If, for any reason other than the Applicant's act or neglect, the Design Review Board fails to notify the Applicant of any noncompliance within thirty (30) days after receipt by the Design Review Board of a Notice of Completion from the Applicant, the Improvement which is the subject of such Notice of Completion shall be deemed in compliance if the Improvement was, in fact, completed as of the date of Notice of Completion.

(f) Appeal to Board of Finding of Noncompliance. If the Design Review Board gives any Notice of Noncompliance, the Applicant may appeal to the Board of Directors by giving written notice of such appeal to the Board and the Design Review Board within thirty (30) days after the Notice of Noncompliance was given by the Design Review Board to the Applicant. If, after a Notice of Noncompliance, the Design Review Board shall request a finding of remedy such noncompliance, the Design Review Board shall request a finding of noncompliance by the Board of Directors by giving written notice of such request to the Master Association and the Applicant. In either event, the Board of Directors or a tribunal appointed pursuant to the By-Laws shall hear the matter in accordance with the provisions of the By-Laws for Notice and Hearing, and the Board shall decide whether or not there has been such noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same.

(g) Correction of Noncompliance. If the Board of Directors determines that a noncompliance exists, the Applicant shall remedy or remove the same within a period of not more than forty-five (45) days from the date the Board of Directors gives notice of such determination to the Applicant of the ruling of the Board of Directors or tribunal. If the Applicant does not comply with the ruling within such period, the Board of Directors may, at its option, Record a final Notice of Noncompliance against the Lot with respect to which the noncompliance exists, may remove the noncomplying Improvement or may otherwise remedy the noncompliance, and the Applicant shall reimburse the Master Association, upon demand, for all expenses incurred therewith. If such expenses are not promptly repaid by the Applicant or Owner to the Master Association, the Board may levy a Reimbursement Assessment against the Owner of the Lot for such costs and expenses. The right of the Master Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Master Association may have at law, in equity or under this Declaration.

9.5 No Implied Waiver or Estoppel. No action or failure to act by the Board of Directors or the Design Review Board shall constitute a waiver or estoppel with respect to future action by the Board of Directors or the Design Review Board with respect to any Improvement. Without limiting the generality of the foregoing, the approval of the Board of Directors or the Design Review Board of any Improvement shall not be deemed a waiver of any right or an



estoppel to withhold approval or consent for any similar or dissimilar Improvement or any similar or dissimilar proposals, plans, specifications or other materials submitted with respect to any other Improvement by the same or any other Applicant.

9.6 Power to Grant Variances. The Board of Directors or the Design Review Board may authorize variances from compliance with any of the provisions of this Article 9, including restrictions upon height, size, floor area or placement of structures or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require, provided that the prior written approval of Declarant be obtained where any such variance authorized by the Board of Directors would result in a deviation from or waiver of any guideline or rule issued by the Design Review Board. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the Board of Directors or the Design Review Board, and if applicable, the Declarant. If any such variance is granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property, the particular Improvement and the particular provision hereof covered by the variance, nor shall the granting of any variance affect the jurisdiction of any architectural control board, if any, established by a Supplemental Declaration, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned, including, but not limited to, zoning ordinances and setback lines or requirements imposed by any governmental authority having jurisdiction.

9.7 Compensation of Members. Members of the Board of Directors or the Design Review Board shall receive no compensation for services performed in such capacities other than reimbursement of reasonable out-of-pocket expenses actually incurred by them in the performance of their duties hereunder. The Design Review Board may retain part time employees or consultants with the consent of the Board of Directors, to perform administrative and clerical functions and to assist the Design Review Board in reviewing plans and specifications and otherwise in discharging their duties hereunder. Such employees or consultants will be compensated by the Master Association in amounts approved by the Board of Directors.

9.8 Design Review Representative. The Board of Directors or the Design Review Board, as applicable, shall meet from time to time as necessary to perform its duties hereunder. The Design Review Board may, from time to time, by resolution in writing adopted by a majority of its members, as applicable, designate any one (1) or more Persons as the representative of the Design Review Board (the "Design Review Representative") to take any action or

perform any duties for or on behalf of the Design Review Board under this Article 9 except the granting of approval to any Improvement and the granting of variances. The Design Review Representative may, but need not, be a member of the Design Review Board. The action of the Design Review Representative within the authority of such Design Review Representative or with the written consent or the vote of a majority of the members of the Design Review Board shall constitute action of the Design Review Board.

9.9 Records of Actions. The Board of Directors and the Design Review Board shall keep written records of all final actions under this Article 9.

9.10 Estoppel Certificates. Upon the payment of such reasonable fee as may be determined from time to time by the Board of Directors and upon the reasonable request of any interested party, the Board of Directors shall, after confirming any necessary facts, furnish a certificate with respect to the approval or disapproval of any Improvement or with respect to whether any Improvement was made in compliance herewith. Any Person, without actual notice to the contrary, shall be entitled to rely on such certificate with respect to all matters set forth therein.

9.11 Nonliability for Action. There shall be no liability imposed on the Design Review Board, any member of the Design Review Board, any Design Review Representative, the Master Association, the Board of Directors, any member of the Board of Directors, any tribunal established by the Board of Directors, any employees of the Board of Directors and the Design Review Board or Declarant for any loss, damage or injury arising out of or in any way connected with the performance of the duties of any of the foregoing for any action taken in good faith by the party to be held liable. In reviewing any matter, the Board of Directors, the Design Review Board, any Design Review Representative and the Declarant shall not be responsible for reviewing, nor shall its approval of an Improvement be deemed approval of, the Improvement from the standpoint of safety, whether structural, fire, security or otherwise, or as to conformance with building codes or other governmental laws or regulations.

9.12 Appeal to Court of Law. Nothing under the provisions of this Article 9 shall preclude the right of an aggrieved Applicant to appeal any decision of the Design Review Board or the Board of Directors to a court of law for a final decision, provided that such aggrieved Applicant shall first have exhausted all of his or her remedies and appeal procedures under this Declaration.

9.13 Development by Declarant. Notwithstanding any other provisions of this Declaration, the provisions of this Article 9 shall not apply to any Improvement proposed or made by Declarant in connection with its development, construction, and sale of properties within the Master Association Area.



## 10. MISCELLANEOUS

10.1 Term of Declaration. Unless amended as herein provided, all covenants, conditions, restrictions, equitable servitudes and other provisions contained in this Declaration shall be effective until December 31, 2006, and thereafter shall be automatically extended for successive periods of ten (10) years each, unless terminated in writing by: (a) if prior to December 31, 2006, the vote of Owners holding at least ninety percent (90%) of the entire voting power at duly constituted meetings of the Director Districts, (b) thereafter, the vote of Owners holding at least seventy-five percent (75%) of the entire voting power at duly constituted meetings of the respective Director Districts. The termination of this Declaration shall be effective upon the Recording of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Master Association, stating that this Declaration has been terminated by the vote of Owners as provided herein.

### 10.2 Amendment of Declaration.

(a) By Declarant. Until the first Lot subject to this Declaration has been conveyed by Declarant, its successors or assigns, to a non-Declarant Owner by Recorded deed, any of the covenants, conditions, restrictions, equitable servitudes and other provisions contained in this Declaration may be unilaterally amended or terminated by Declarant, or new covenants, conditions, restrictions, equitable servitudes and other provisions may be unilaterally added by Declarant, by the Recordation of a written instrument, executed by Declarant, setting forth such amendment, termination or addition.

(b) By Owners. Except as may otherwise be provided in this Declaration, and subject to provisions elsewhere contained herein requiring the consent of Declarant or others, any covenant, condition, restriction, equitable servitude or other provision contained in this Declaration may be amended or repealed at any time and from time to time upon approval of the amendment or repeal by: (a) if prior to December 31, 2006, the vote of Owners holding at least ninety percent (90%) of the entire voting power at duly constituted meetings of the respective Director Districts, and (b) thereafter, the vote of Owners holding at least seventy-five percent (75%) of the entire voting power at duly constituted meetings of the respective Director Districts. The approval of any such amendment shall be evidenced by the certification by the Directors from the appropriate Director Districts to the Board of Directors of the Master Association of the votes of Owners in the Director District. The amendment or repeal shall be effective upon the Recordation of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Master Association, setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the Owners and First Mortgagees and certified by the appropriate Directors as set forth above.

(c) As Required by Government Mortgage Agencies. Notwithstanding the provisions of Section 10.2(b) hereof, in the event any Government Mortgage Agency or the MNCPPC requires any covenant, condition, restriction, equitable servitude or other provision contained in this Declaration to be amended, added to or deleted or in the event of any other addition to, amendment of or deletion from this Declaration which may be reasonably necessary in order to comply with the then prevailing rules, regulations or other guidelines of any Government Mortgage Agency or the MNCPPC, then Declarant hereby reserves the right to so add to, amend or delete from this Declaration. Any such amendment, repeal or addition shall be effective upon the Recordation of a certificate, executed by Declarant, setting forth the amendment or repeal in full and certifying that Declarant has complied with the foregoing provisions of this Section. So long as FHA or VA is insuring or guaranteeing or has agreed to insure or guarantee loans in any portion of the Master Association Area with respect to initial sales of Lots by Declarant or Developers to Owners other than Declarant or Developers, the foregoing certificate of Declarant shall also contain the written consent of the FHA or the VA. Each Developer and Owner, by its purchase of a Lot, hereby constitutes and appoints Declarant as its true and lawful attorney-in-fact, which power shall be deemed coupled with an interest and irrevocable, for purposes of executing any amendment to this Declaration authorized or permitted pursuant to this Section 10.2(c).

### 10.3 Special Rights of Mortgagees and MNCPPC.

(a) First Mortgagees. Any First Mortgagee of a Lot, upon filing a written request therefor with the Master Association, shall be entitled to: (i) written notice from the Master Association of any default by the Owner of such Lot in the performance of such Owner's obligations under this Declaration, the Articles of Incorporation, the By-Laws or the Rules and Regulations, which default is not cured within sixty (60) days after the Master Association learns of such default; (ii) examine the books and records of the Master Association during normal business hours, including the right to examine current copies of this Declaration, the Articles of Incorporation, the By-Laws, the Rules and Regulations and the books, records and financial statements of the Master Association; (iii) receive a copy of the financial statements of the Master Association, including all financial statements resulting from the annual financial review of the books and accounts of the Master Association by a certified public accountant, within ninety (90) days following the end of any fiscal year of the Master Association; (iv) receive written notice of all meetings of Directors or of Director Districts with respect to any Director District in which such Lot is located; (v) designate a representative to attend any meeting of such Directors or of such Director Districts; (vi) receive written notice of abandonment or termination of the Master Association or of any plan of abandonment or termination contemplated under this Declaration; (vii) receive thirty (30) days' written notice prior to the effective date of any proposed material amendment to this Declaration, the Articles of Incorporation or the By-

Laws; (viii) receive thirty (30) days' written notice prior to the effective date of termination of any agreement for professional management of the Master Association or the Master Association Properties following a decision of the Master Association to assume self-management of the Master Association Properties; (ix) receive written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Master Association; (x) receive written notice of any proposed action which would require the consent of First Mortgagees pursuant to the provisions of Section 10.3(f) hereof; and (xi) receive prompt written notice upon receipt by the Master Association of any notice of any condemnation loss or any casualty loss which affects a material portion of the Master Association Properties or such Lot.

(b) Priority of First Mortgage Over Assessments. Each First Mortgagee who obtains title to the Lot encumbered by such First Mortgage, by judicial foreclosure or by deed or assignment in lieu of foreclosure, shall take title to such Lot free and clear of all claims for unpaid Assessments against such Lot which accrued prior to the time such First Mortgagee acquires title to such Lot, other than its allocable share of such unpaid claims as prorated among all Owners.

(c) First Mortgagee Right to Pay Taxes and Insurance Premiums. Any First Mortgagee or any First Mortgagees, jointly or singularly, shall be entitled to pay any taxes or other charges which are in default and which may or have become a charge against any of the Master Association Properties and pay any overdue premiums on hazard insurance policies (or secure new hazard insurance coverage upon the lapse of a policy) for any Master Association Properties, and the First Mortgagees making such payments shall be entitled to immediate reimbursement therefor from the Master Association.

(d) Agreements with Government Mortgage Agencies. The Master Association may enter into such contracts or agreements as may be required in order to satisfy the requirements of any Government Mortgage Agency so as to allow for the purchase, guarantee or insurance, as the case may be, by a Government Mortgage Agency of First Mortgages encumbering Lots. Each Owner hereby agrees that it will benefit the Master Association and the Owners, as a class of potential mortgage borrowers and potential sellers of Lots, if Government Mortgage Agencies approve the Master Association Area or parts thereof as a qualifying subdivision under their respective policies, rules and regulations as adopted and modified from time to time.

(e) Association Right to Mortgage Information. Each Owner hereby authorizes any Mortgagee holding a Mortgage on such Owner's Lot to furnish information to the Master Association concerning the status of such Mortgage and the loan which it secures, if the same is appropriate in order to assist the Master Association in determining if such loan is secured by a valid First Mortgage or Mortgage.

(f) Special Approvals by First Mortgagees. Subject to the last sentence of this Section, unless at least seventy-five percent (75%) of the First Mortgagees (based upon one (1) vote for each Dwelling Unit subject to a First Mortgage owned by such First Mortgagee) have given their written approval, neither the Master Association nor any Owner shall: (i) by act or omission seek to abandon, terminate, partition, subdivide, encumber, sell or transfer the Master Association Properties, or the Improvements thereon (except that the granting of access easements, utilities easements, drainage easements and water facilities easements or easements for other public purposes consistent with the intended use of such property by the Master Association shall not be deemed a transfer within the meaning of this provision); (ii) change the method of determining the Assessments or other charges which may be levied against Owners or the method of allocating distributions of hazard insurance policy proceeds or condemnation awards; (iii) by act or omission change, waive or abandon any scheme of regulation, or enforcement thereof, pertaining to architectural approval of any Improvement, including the architectural design of the exterior appearance of Dwelling Units, the exterior maintenance of Dwelling Units, the maintenance of any common sidewalks, fences or driveways which may be a part of the Master Association Properties, or the upkeep of lawns and plantings on the Master Association Properties; (iv) fail to maintain the casualty, fire and extended coverage insurance on insurable Master Association Properties as provided in this Declaration; (v) use hazard insurance proceeds for losses to any Master Association Properties for other than the repair, replacement or reconstruction of the Improvements which were damaged or destroyed; (vi) fail to maintain fire and extended coverage insurance on insurable Master Association Properties on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value thereof; (vii) terminate the legal status of the Master Association Properties after substantial destruction or a substantial taking thereof in condemnation; or (viii) add to or amend any material provision of this Declaration, the Articles of Incorporation or By-Laws. An addition or amendment to this Declaration, the Articles of Incorporation or the By-Laws shall not be considered "material" if it is for the purpose of correcting technical errors, or for clarification only. Any First Mortgagee who receives a written notice and request to approve additions or amendments to this Declaration, the Articles of Incorporation or the By-Laws who does not deliver to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request; provided, however, that any such written notice and request to approve such additions or amendments shall contain a reference reciting this sentence in verbatim.

(g) FHA/VA Approval. During the Appointment Period and so long as there is any Class B membership pursuant to Section 3.4 hereof, the following action shall require the prior approval of FHA or VA: (i) dedication by the Master Association of the Master Association Properties; (ii) granting of

easements, rights-of-way or licenses by Declarant in the Master Association Properties; (iii) granting of a Mortgage covering any portion of the Master Association Properties; (iv) establishment of additional reservations by Declarant in the Master Association Properties; (v) amendment of this Declaration, the Articles of Incorporation or the By-Laws; (vi) any dissolution of the Master Association or any merger or consolidation of the Master Association with any other entity; (vii) any exceptions to title (excluding general real estate taxes which are not yet due and payable under this Declaration) to any Master Association Properties transferred to the Master Association by Declarant; and (viii) annexation of additional properties to the effect of this Declaration.

(h) Special Approvals by MNCPPC. Without the prior written consent of the MNCPPC, neither the Master Association nor any Owner shall: (i) by act or omission seek to abandon, terminate, partition, subdivide, encumber, sell or transfer the Master Association Properties, or the Improvements thereon (except that the granting of access easements, utilities easements, drainage easements and water facilities easements or easements for other public purposes consistent with the intended use of such property by the Master Association shall not be deemed a transfer within the meaning of this provision); (ii) change the method of determining the Assessments or other charges which may be levied against Owners or the method of allocating distributions of hazard insurance policy proceeds of condemnation awards; (iii) by act or omission change, waive or abandon any scheme of regulation, or enforcement thereof, pertaining to architectural approval of any Improvement, including the architectural design of the exterior appearance of Dwelling Units, the exterior maintenance of Dwelling Units, the maintenance of any common sidewalks, fences or driveways which may be a part of the Master Association Properties or the upkeep of lawns and plantings on the Master Association Properties; (iv) terminate the legal status of the Master Association Properties after substantial destruction or a substantial taking thereof in condemnation; or (v) add to or amend any material provision of this Declaration, the Articles of Incorporation or By-Laws. An addition or amendment to this Declaration, the Articles of Incorporation or By-Laws shall not be considered "material" if it is for the purpose of correcting technical errors, or for clarification only. The MNCPPC shall have the right to bring an action for legal or equitable relief to enforce its rights and powers hereunder.

10.4 Professional Management. If and when professional management for the Master Association has been previously required by any Government Mortgage Agency (regardless of whether such Government Mortgage Agency purchased, guaranteed or insured Mortgages at that time or later), any decision to establish self-management by the Master Association shall require the approval: (a) by Owners holding at least sixty-seven percent (67%) of the voting power of the Owners present in person or by proxy at duly constituted meetings of the Director Districts; and (b) by more than fifty percent (50%) of the First Mortgagees (based upon one (1) vote for each First Mortgage owned).

10.5 Notices. Any notice permitted or required to be given under this Declaration shall be in writing and may be given either personally or by mail. If served by mail, such notice shall be sent postage prepaid, addressed to the Person entitled to receive such notice at the address given by such Person to the Master Association (or for the purposes of Article 9 of this Declaration, to the address given by the Applicant to the Design Review Board) for the purpose of service of such notice, or to the Lot of such Person if no address has been given to the Master Association, and shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second calendar day after it is deposited in a regular depository of the United States Postal Service. Such address may be changed by any such Person from time to time by notice in writing to the Master Association.

10.6 Persons Entitled to Enforce Declaration. The Master Association and any Owner shall have the right to enforce any or all of the covenants, conditions, restrictions, equitable servitudes and other provisions contained in this Declaration against any property within the Master Association Area and the Owner thereof. The right of enforcement shall include the right to bring an action for damages as well as an action to enjoin any violation of any provision of this Declaration.

10.7 Violations Constitute a Nuisance. Any violation of any covenant, condition, restriction, equitable servitude or other provision contained in this Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any Person entitled to enforce the provisions of this Declaration.

10.8 Enforcement by Self Help. Declarant or the Master Association, or any authorized agent of either of them, may enforce, by self help, any of the covenants, conditions, restrictions, equitable servitudes or other provisions contained in this Declaration, provided such self help is preceded by Notice and Hearing as set forth in the By-Laws, unless an emergency exists.

10.9 Violations of Law. Any violation of any federal, state, municipal or local law, ordinance, rule or regulation pertaining to the ownership, occupation or use of any property within the Master Association Area is hereby declared to be a violation of this Declaration and shall be subject to any and all of the enforcement procedures set forth in this Declaration.

10.10 Remedies Cumulative. Each remedy provided under this Declaration is cumulative and not exclusive.

10.11 Costs and Attorneys' Fees. In any action or proceeding under this Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith, including reasonable attorneys' fees.

10.12 Limitation on Liability. The Master Association, the Board of Directors, the Design Review Board, the Design Review Representative, Declarant, and any member, agent or employee of any of the same shall not be liable to any Person for any action or for any failure to act under this Declaration if the action or failure to act was in good faith and without malice.

10.13 General Development Information. Any brochures, maps, models, handouts, schematics, plans and facilities provided or available in connection with Declarant's development, construction, promotion, marketing, sale or leasing of properties or Improvements are provided for general information purposes only, are subject to change and deletion without notice by Declarant, by public or governmental authorities and by others and shall not obligate Declarant to develop, construct, promote, market, sell or lease such properties or Improvements whatsoever or in any particular manner.

10.14 Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purposes set forth herein.

10.15 Governing Law. This Declaration shall be construed in accordance with and governed by the laws of the State of Maryland.

10.16 Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partial unenforceability of any provision shall not affect the validity or enforceability of any other provision.

10.17 Number and Gender. Unless the context requires a contrary construction, the singular shall include the plural and the plural shall include the singular, and the use of any one gender shall be deemed to include all genders.

10.18 Captions for Convenience. The table of contents, titles, headings and captions used in this Declaration are intended solely for convenience of reference and shall not be deemed to expand, limit or define the meaning of the provisions contained herein.

10.19 Mergers or Consolidations. Any merger or consolidation of the Master Association with another association shall require the approval of Directors representing at least two-thirds (2/3rds) of the entire voting power residing in the Owners (excluding any voting power of Declarant). Upon a merger or consolidation of the Master Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Master Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions, restrictions, easements,

reservations, rights-of-way, equitable servitudes and other provisions established by this Declaration governing the Master Association Area, together with the covenants, conditions, restrictions, easements, reservations, rights-of-way, equitable servitudes and other provisions established upon any other property, as one plan.

10.20 Conflicts in Legal Documents. In case of conflicts between the provisions in this Declaration and the Articles of Incorporation or the By-Laws, this Declaration shall control. In case of conflicts in the provisions in the Articles of Incorporation and the By-Laws, the Articles of Incorporation shall control.

10.21 Supplemental Declarations. Recording of this Declaration shall not be deemed to prohibit or restrict the Recordation of Supplemental Declarations affecting all or any portion of the Master Association Area. In case of conflicts between the provisions in this Declaration and such Supplemental Declarations, this Declaration shall control.

10.22 Exhibits. All exhibits referenced herein are hereby incorporated in full into and made a part of this Declaration.

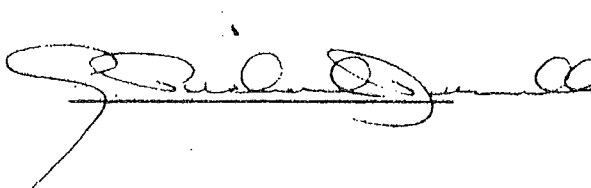
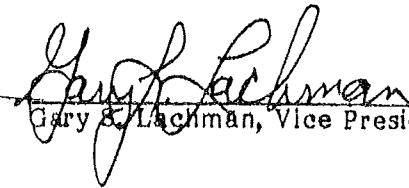
IN WITNESS WHEREOF, Declarant has executed this Declaration under seal to be effective as of the day and year first above written.

DECLARANT:

CENTRAL AVENUE ASSOCIATES LIMITED  
PARTNERSHIP, a Maryland limited  
partnership

ATTEST:

By: PDW&A Properties, Inc., a Colorado  
corporation, general partner

 By:  (SEAL)  
Gary S. Lachman, Vice President



ATTORNEY CERTIFICATION

The undersigned, a member in good standing of the Bar of the Court of Appeals of Maryland, hereby certifies that the foregoing Master Declaration for Lake Arbor was prepared under his supervision.

Richard B. Weir

District of Columbia ) )  
SS:

Before me, a Notary Public in and for the jurisdiction aforesaid, personally appeared this date Gary S. Lachman, personally well known (or satisfactorily proven) to me to be the person whose name is subscribed to the foregoing annexed Master Declaration for Lake Arbor bearing date as of December 1, 1986, who, being by me first duly sworn, did depose and state that he is the Vice President of PDW&A Properties, Inc., a Colorado corporation, general partner of Central Avenue Associates Limited Partnership, a Maryland limited partnership, which entity is a party to the foregoing and annexed Master Declaration for Lake Arbor, and that he, being duly authorized so to do, executed said Master Declaration for Lake Arbor on behalf of said entity and acknowledged the same as its free act and deed for the uses and purposes therein contained.

WITNESS my hand and official seal this 18<sup>th</sup> day of November, 1986.

Carolyn Fetter  
Notary Public

[Notarial Seal]

My Commission Expires:

2/14/89

Exhibit "A"  
Master Association Area

The following parcels shall constitute collectively the Master Association Area:

Parcel 1

"Westlake"

Being part of Tract numbered Five (5), as described in a Deed from Robert W. Ammann and Sherman H. Hollingsworth to Northampton Corporation, dated August 20th, 1964 and recorded among the Land Records of Prince George's County, Maryland in Liber 3028 at folio 4547, and being more particularly described as follows: -

Beginning at a point on the 117th or North  $88^{\circ} 12' 50''$  West 1355.58 foot line as described in said Tract numbered Five (5) of the aforesaid Deed, 118.00 feet from the beginning thereof and running thence the following two (2) courses and distances to the true point of beginning of the Parcel to be described: -

North  $01^{\circ} 47' 10''$  East 825.00 feet and thence 121.61 feet along the arc of a curve deflecting to the left, having a radius of 1062.86 feet and a chord bearing North  $01^{\circ} 29' 31''$  West 121.55 feet to the true point of beginning; thence running for the lines of the parcel to be described herein; -

951.30 feet along the arc of a curve deflecting to the left having a radius of 1062.86 feet and a chord bearing North  $30^{\circ} 24' 38''$  West 919.86 feet; thence

North  $56^{\circ} 03' 05''$  West 632.86 feet; thence

564.64 feet along the arc of a curve deflecting to the right having a radius of 993.38 feet and a chord bearing North  $39^{\circ} 46' 05''$  West 557.06 feet; thence

North  $19^{\circ} 51' 42''$  East 82.37 feet; thence

North  $63^{\circ} 12' 28''$  East 387.75 feet; thence

50.36 feet along the arc of a curve deflecting to the right, having a radius of 1541.28 feet and a chord bearing North  $64^{\circ} 08' 38''$  East 50.36 feet; thence

South  $53^{\circ} 42' 00''$  East 901.11 feet; thence

North  $87^{\circ} 52' 40''$  East 140.10 feet; thence

South  $57^{\circ} 53' 00''$  East 554.92 feet; thence

South  $44^{\circ} 23' 00''$  East 748.26 feet; thence

South  $62^{\circ} 13' 00''$  West 1053.51 feet to the true point of beginning and containing 1,555,029 square feet or 35.70 acres of land.

Parcel 2

"Arbor Park"

Being a part of Tracts No. 5 and 6, as described in a deed from Robert W. Ammann and Sherman H. Hollingsworth, joint tenants, to Northampton Corporation, a District of Columbia corporation, dated August 20, 1964, and recorded among the Land Records of Prince George's County, Maryland, in Liber 3023 at Folio 457.

Beginning for the same at a point in the northerly line of Central Avenue (40 feet wide), said point being the beginning of Tract No. 5, as described in the aforesaid deed recorded in Liber 3023 at Folio 457 and in the line of the lands conveyed to Bergman's, Inc., by deed recorded in Liber 2193 at Folio 7, thence running with the line of Bergman's, Inc.

1. North  $04^{\circ} 25' 47''$  West 759.79 feet to a point; thence
2. North  $60^{\circ} 46' 57''$  West 364.91 feet to a point; thence
3. South  $58^{\circ} 23' 23''$  West 738.45 feet to a point in the east line of Landover Road, said point being 100.00 feet east of a baseline as shown on State Roads Commission of Maryland Plat No. 34602; thence leaving the lands of Bergman's, Inc., and running with the east line of Landover Road, as shown on State Roads Commission of Maryland Plat No. 34602
4. North  $14^{\circ} 03' 25''$  West 1277.53 feet to a point; said point being 100.00 feet east of station 188+16.96, as shown on State Roads Commission of Maryland Plat No. 34602; thence leaving the east line of Landover Road and running with the southerly line of Newbridge Way (formerly Northampton Way) (120 feet wide), as recorded in the aforesaid Land Records in Plat Book WYW 87 at Plat No. 23
5. North  $24^{\circ} 34' 32''$  East 74.92 feet to a point; thence
6. North  $63^{\circ} 12' 23''$  East 1691.80 feet to a point; thence
7. South  $70^{\circ} 23' 37''$  East 86.73 feet to a point in the westerly line of Campus Way North (120 feet wide), as recorded in the aforesaid Land Records in Plat Book WYW 87 at Plat No. 23; thence running with the westerly line of Campus Way North
8. 619.69 feet along the arc of a curve deflecting to the left, having a radius of 1113.38 feet and a chord bearing and distance of South  $40^{\circ} 03' 23''$  East 611.72 feet to a point; thence
9. South  $56^{\circ} 03' 05''$  East 632.88 feet to a point; thence
10. 951.78 feet along the arc of a curve deflecting to the right, having a radius of 942.86 feet and a chord bearing and distance of South  $27^{\circ} 07' 53''$  East 911.88 feet to a point; thence

11. South  $01^{\circ} 47' 10''$  West 735.00 feet to a point; thence
12. South  $46^{\circ} 47' 10''$  West 70.71 feet to a point; thence
13. South  $01^{\circ} 47' 10''$  West 40.00 feet to a point in the northerly line of Central Avenue, said point being in the 117th line of Tract No. 5, as recorded in the aforesaid deed in Liber 3028 at Folio 457 and being 1067.33 feet from the end of said 117th line; thence leaving the line of Campus Way North and running with the northerly line of Central Avenue
14. North  $88^{\circ} 12' 30''$  West 1067.58 feet to a point; thence
15. 364.33 feet along the arc of a curve deflecting to the left, having a radius of 673.33 feet and a chord bearing and distance of South  $76^{\circ} 19' 17''$  West 360.42 feet to a point; thence
16. South  $60^{\circ} 51' 23''$  West 169.78 feet to the point of beginning.

Saving and excepting therefrom two tracts of land conveyed to Humble Oil Company by a deed dated January 3, 1958 and recorded among the aforesaid Land Records in Liber 3553 at Folio 373; more particularly described as follows:

Being part of Tract No. 6 of a conveyance from Robert W. Ammann and Sherman H. Hollingsworth to Northampton Corporation by deed dated August 20, 1964 and recorded September 4, 1964, among the Land Records of Prince George's County, Maryland, in Liber 3023 at Folio 457 and being more particularly described as follows:

Beginning for the same at a point distant South  $14^{\circ} 03' 47''$  East, 62.49 feet and North  $69^{\circ} 30' 00''$  East 474.25 feet from the intersection of the easterly line of Landover Road (40 feet wide) with the 12th or North  $58^{\circ} 43' 38''$  East 264.16 foot line of the aforesaid Tract No. 6 and running thence with the southerly line of a proposed 120 foot wide street and across the lands of Northampton Corporation

1. North  $69^{\circ} 30' 00''$  East 172.02 feet to a point; and
2. South  $62^{\circ} 16' 53''$  East, 37.23 feet to a point in the easterly line of a proposed 70 foot wide street; thence continuing across the lands of Northampton Corporation, and with part of said westerly line
3. South  $14^{\circ} 03' 47''$  East 172.02 feet to a point; thence leaving said westerly line and continuing across the lands of Northampton Corporation
4. South  $75^{\circ} 55' 13''$  West 178.70 feet to a point; and
5. North  $20^{\circ} 30' 00''$  West 178.70 feet to the place of beginning, containing 35,350 square feet or 0.8115 acres of land; and

Being part of Tract No. 5 of a conveyance from Robert W. Ammann and Sherman H. Hollingsworth to Northampton Corporation by deed dated August 20, 1964 and recorded September 4, 1964, among the Land Records of Prince George's County, Maryland, in Liber 3023 at Folio 457 and being more particularly described as follows:

Beginning for the same at a point distant North  $88^{\circ} 12' 30''$  West 233.00 feet and North  $01^{\circ} 47' 10''$  East 555.00 feet from the beginning of the 117th or North  $88^{\circ} 12' 30''$  West 1355.58 foot line of the aforesaid Tract No. 5 and running thence across the lands of Northampton Corporation

1. North  $88^{\circ} 12' 30''$  West 200.00 feet to a point; and
2. North  $01^{\circ} 47' 10''$  East 200.00 feet to a point in the southerly line of a proposed 70 foot wide private street; thence with part of said southerly line and continuing across the lands of Northampton Corporation
3. South  $88^{\circ} 12' 30''$  East 175.00 feet to a point; and
4. South  $43^{\circ} 12' 50''$  East 35.36 feet to a point in the westerly line of a proposed 120 foot wide street; thence with part of said westerly line and continuing across the lands of Northampton Corporation
5. South  $01^{\circ} 47' 10''$  West 175.00 feet to the place of beginning, containing 39,688 square feet or 0.9111 acres of land.

The area contained within the above described "Newbridge Park", exclusive of two tracts conveyed to Humble Oil Company being 109.5332 acres of land more or less.

Parcel 3

"Northlake"

Being a part of Tract No. 5, as described in a deed from Robert W. Ammann and Sherman H. Hollingsworth, joint tenants, to Northampton Corporation, a District of Columbia corporation, dated August 20, 1964, and recorded among the Land Records of Prince George's County, Maryland, in Liber 3028 at Folio 457.

Beginning for the same at a point in the southerly line of Newbridge Way (formerly Northampton Way), as described in the aforesaid Land Records and recorded in Plat Book WWW 77 at Plat No. 73 and corrected in Plat Book NLP 99 at Plat No. 67; said point being southwest of the intersection of Golf Course Drive and a point common to the southeasterly end of Newbridge Way, as described in the aforesaid Land Records in Plat Book WWW 87 at Plat No. 23; thence running with the southerly line of Newbridge Way, as described in Plat Book NLP 99 at Plat No. 67

1. 47.12 feet along the arc of a curve deflecting to the right, having a radius of 36.00 feet and a chord bearing and distance of South  $01^{\circ} 31' 24''$  East 42.43 feet to a point; thence
2. South  $46^{\circ} 31' 24''$  East 80.00 feet to a point; thence
3. 47.12 feet along the arc of a curve deflecting to the right, having a radius of 30.00 feet and a chord bearing and distance of North  $88^{\circ} 28' 35''$  East 42.40 feet to a point; thence
4. South  $46^{\circ} 31' 24''$  East 487.51 feet to a point; thence
5. 665.86 feet along the arc of a curve deflecting to the left, having a radius of 2040.00 feet and a chord bearing and distance of South  $55^{\circ} 52' 27''$  East 662.91 feet to a point; thence
6. South  $65^{\circ} 13' 29''$  East 309.02 feet to a point; thence
7. 291.75 feet along the arc of a curve deflecting to the right, having a radius of 1960.00 feet and a chord bearing and distance of South  $50^{\circ} 57' 33''$  East 291.48 feet to a point; thence
8. South  $56^{\circ} 41' 47''$  East 194.12 feet to a point; thence
9. 936.54 feet along the arc of a curve deflecting to the left, having a radius of 2040.00 feet and a chord bearing and distance of South  $69^{\circ} 59' 53''$  East 928.33 feet to a point; thence
10. South  $33^{\circ} 00' 00''$  East 236.10 feet to a point; thence
11. 705.15 feet along the arc of a curve deflecting to the right, having a radius of 840.00 feet and a chord bearing and distance of South  $58^{\circ} 57' 05''$  East 684.63 feet to a point; thence leaving the southerly line of Newbridge Way and running through the lands of Northampton Corporation

12. South  $36^{\circ} 03' 32''$  West 396.34 feet to a point; thence
13. South  $60^{\circ} 44' 25''$  West 380.55 feet to a point; thence
14. North  $35^{\circ} 07' 44''$  West 177.56 feet to a point; thence
15. South  $83^{\circ} 15' 43''$  West 460.37 feet to a point; thence
16. North  $70^{\circ} 01' 01''$  West 210.74 feet to a point; thence
17. North  $88^{\circ} 32' 59''$  West 157.57 feet to a point; thence
18. South  $82^{\circ} 48' 57''$  West 120.10 feet to a point; thence
19. North  $79^{\circ} 39' 23''$  West 267.48 feet to a point; thence
20. North  $89^{\circ} 24' 11''$  West 192.04 feet to a point; thence
21. North  $73^{\circ} 02' 36''$  West 37.62 feet to a point; thence
22. North  $47^{\circ} 50' 48''$  West 256.63 feet to a point; thence
23. North  $55^{\circ} 40' 53''$  West 176.98 feet to a point; thence
24. North  $44^{\circ} 23' 00''$  West 1654.99 feet to a point in the line of the lands conveyed to I.T.R. Properties, Inc., a New York corporation, by a deed recorded in the aforesaid Land Records in Liber 4735 at Folio 348; thence with the line of I.T.R. Properties, Inc.
25. North  $57^{\circ} 53' 00''$  West 534.92 feet to a point; thence
26. South  $87^{\circ} 52' 40''$  West 140.10 feet to a point; thence
27. North  $53^{\circ} 42' 00''$  West 901.11 feet to a point in the southerly line of Newbridge Way, as recorded in the aforesaid Land Records in Plat Book WWV 87 at Plat No. 23; thence leaving the line of I.T.R. Properties, Inc., and running with the southerly line of Newbridge Way
28. 914.89 feet along the arc of a curve deflecting to the right, having a radius of 1541.23 feet and a chord bearing and distance of North  $22^{\circ} 05' 07''$  East 901.52 feet to a point; thence
29. South  $80^{\circ} 54' 35''$  East 200.00 feet to a point; thence
30. 553.61 feet along the arc of a curve deflecting to the right, having a radius of 922.43 feet and a chord bearing and distance of South  $63^{\circ} 42' 59''$  East 545.33 feet to the point of beginning and containing 90.4500 acres of land more or less, as shown on a plat prepared by Greenhorne & O'Mara, Inc., and entitled "Plat of Computation, Neighborhood One and Neighborhood Two, Northampton", dated October 1977 and revised April 1978.



Parcel 4

"Southlake"

Being a part of Tract No. 5, as described in a deed from Robert W. Ammann and Sherman H. Hollingsworth, joint tenants, to Northampton Corporation, a District of Columbia corporation, dated August 20, 1964, and recorded among the Land Records of Prince George's County, Maryland, in Liber 3028 at Folio 457.

Beginning for the same at a point in the northerly line of Central Avenue, said point being at the end of the 15th line of Tract No. 5, as described in Liber 3028 at Folio 457; thence running with the northerly line of Central Avenue

1. North  $88^{\circ} 12' 50''$  West 68.00 feet to a point; thence
2. North  $01^{\circ} 47' 10''$  East 40.00 feet to a point; thence
3. North  $43^{\circ} 12' 50''$  West 70.71 feet to a point in the easterly line of Campus Way North (120 feet wide), as recorded in the aforesaid Land Records in Plat Book WWW.87 at Plat No. 23; thence running with the easterly line of Campus Way North
4. North  $01^{\circ} 47' 10''$  East 735.00 feet to a point in the line of the land conveyed to I.T.R. Properties, Inc., a New York corporation by deed recorded in the aforesaid Land Records in Liber 4735 at Folio 348; thence leaving the easterly line of Campus Way North and running with the lands of I.T.R. Properties, Inc.
5. North  $62^{\circ} 13' 00''$  East 1053.51 feet to a point; thence leaving the line of I.T.R. Properties, Inc., and running through the lands of Northampton Corporation
6. South  $44^{\circ} 23' 00''$  East 906.73 feet to a point; thence
7. South  $55^{\circ} 40' 58''$  East 176.98 feet to a point; thence
8. South  $47^{\circ} 50' 48''$  East 256.68 feet to a point; thence
9. South  $78^{\circ} 02' 36''$  East 87.62 feet to a point; thence
10. South  $89^{\circ} 24' 11''$  East 192.04 feet to a point; thence
11. South  $79^{\circ} 39' 25''$  East 267.48 feet to a point; thence
12. North  $82^{\circ} 48' 57''$  East 120.10 feet to a point; thence
13. South  $88^{\circ} 32' 59''$  East 157.57 feet to a point; thence
14. South  $70^{\circ} 01' 01''$  East 210.74 feet to a point; thence
15. North  $88^{\circ} 13' 43''$  East 274.52 feet to a point; thence

16. South  $07^{\circ} 27' 26''$  West 269.64 feet to a point; thence.
17. South  $82^{\circ} 32' 34''$  East 290.00 feet to a point; thence
18. South  $06^{\circ} 00' 00''$  West 658.38 feet to a point in the northerly line of Central Avenue; thence running with the line of Central Avenue
19. 351.38 feet along the arc of a curve deflecting to the right, having a radius of 1599.72 feet and a chord bearing and distance of North  $84^{\circ} 13' 52''$  West 350.63 feet to a point; thence
20. North  $77^{\circ} 56' 19''$  West 2201.90 feet to a point; said point being at the end of the 114th line of Tract No. 5 as described in Liber 3023 at Folio 457; thence
21. 538.86 feet along the arc of a curve deflecting to the left, having a radius of 2731.03 feet and a chord bearing and distance of North  $84^{\circ} 00' 16''$  West 587.76 feet to a point; thence
22. 194.33 feet along the arc of a curve deflecting to the right, having a radius of 5998.70 feet and a chord bearing and distance of North  $89^{\circ} 08' 32''$  West 194.37 feet to the point of beginning and containing 80.7267 acres of land more or less, as shown on a plat prepared by Greenhorne & O'Mara, Inc., and entitled "Plat of Computation, Neighborhood One and Neighborhood Two, Northampton", dated October 1977 and revised April 1978.

Parcel 5  
"Eastlake"

Being a part of Tract No. 3, as described in a deed from Robert W. Ammann and Sherman H. Hollingsworth, joint tenants, to Northampton Corporation, a District of Columbia corporation, dated August 20, 1964, and recorded among the Land Records of Prince George's County, Maryland, in Liber 3028 at Folio 457.

Beginning for the same at a point in the southwesterly line of Newbridge Way (formerly Northampton Way), as described in the aforesaid Land Records and recorded in Plat Book WWW 77 at Plat No. 73 and corrected in Plat Book NLP 99 at Plat No. 67; thence running with the southwesterly line of Newbridge Way

1. 604.84 feet along the arc of a curve deflecting to the right, having a radius of 340.00 feet and a chord bearing and distance of South  $14^{\circ} 16' 32''$  East 391.36 feet to a point; thence
2. 150.34 feet along the arc of a curve deflecting to the right, having a radius of 437.46 feet and a chord bearing and distance of South  $16^{\circ} 13' 47''$  West 150.09 feet to a point; thence
3. 389.37 feet along the arc of a curve deflecting to the left, having a radius of 517.46 feet and a chord bearing and distance of South  $04^{\circ} 31' 24''$  West 330.72 feet to a point; thence
4. 47.12 feet along the arc of a curve deflecting to the right, having a radius of 30.00 feet and a chord bearing and distance of South  $27^{\circ} 56' 20''$  West 42.43 feet to a point; thence
5. South  $17^{\circ} 03' 40''$  East 36.58 feet to a point in the northerly line of Central Avenue (40 feet wide); thence leaving the southwesterly line of Newbridge Way and running with the northerly line of Central Avenue
6. South  $72^{\circ} 45' 44''$  West 287.30 feet to a point; thence
7. 466.56 feet along the arc of a curve deflecting to the right, having a radius of 1599.72 feet and a chord bearing and distance of South  $81^{\circ} 07' 09''$  West 463.01 feet to a point; thence leaving the northerly line of Central Avenue and running through the lands of Northampton Corporation
8. North  $06^{\circ} 00' 00''$  East 658.38 feet to a point; thence
9. North  $82^{\circ} 32' 34''$  West 290.00 feet to a point; thence
10. North  $07^{\circ} 27' 26''$  East 269.64 feet to a point; thence
11. North  $88^{\circ} 13' 43''$  East 185.85 feet to a point; thence
12. South  $35^{\circ} 07' 44''$  East 177.56 feet to a point; thence
13. North  $60^{\circ} 44' 26''$  East 380.55 feet to a point; thence
14. North  $36^{\circ} 03' 32''$  East 396.34 feet to the point of beginning and containing 17.9474 acres of land more or less, as shown on a plat prepared by Greenhorne & O'Mara, Inc., and entitled "Plat of Computation, Neighborhood One and Neighborhood Two, Northampton," dated October 1977 and revised April 1978.

Exhibit "B"  
Director Districts

The following parcels shall constitute the Director Districts:

Director District 1

"Westlake"

Being part of Tract numbered Five (5), as described in a Deed from Robert W. Ammann and Sherman H. Hollingsworth to Northampton Corporation, dated August 20th, 1964 and recorded among the Land Records of Prince George's County, Maryland in Liber 3028 at folio 4547, and being more particularly described as follows: -

Beginning at a point on the 117th or North  $88^{\circ} 12' 50''$  West 1353.58 foot line as described in said Tract numbered Five (5) of the aforesaid Deed, 118.00 feet from the beginning thereof and running thence the following two (2) courses and distances to the true point of beginning of the Parcel to be described: -

North  $01^{\circ} 47' 10''$  East 825.00 feet and thence 121.61 feet along the arc of a curve deflecting to the left, having a radius of 1062.86 feet and a chord bearing North  $01^{\circ} 29' 31''$  West 121.55 feet to the true point of beginning; thence running for the lines of the parcel to be described herein; -

951.30 feet along the arc of a curve deflecting to the left having a radius of 1062.86 feet and a chord bearing North  $30^{\circ} 24' 38''$  West 919.86 feet; thence

North  $56^{\circ} 03' 05''$  West 632.86 feet; thence

564.64 feet along the arc of a curve deflecting to the right having a radius of 993.38 feet and a chord bearing North  $39^{\circ} 46' 05''$  West 557.06 feet; thence

North  $19^{\circ} 51' 42''$  East 82.37 feet; thence

North  $63^{\circ} 12' 28''$  East 387.75 feet; thence

50.36 feet along the arc of a curve deflecting to the right, having a radius of 1541.28 feet and a chord bearing North  $64^{\circ} 08' 38''$  East 50.36 feet; thence

South  $53^{\circ} 42' 00''$  East 901.11 feet; thence

North  $87^{\circ} 52' 40''$  East 140.10 feet; thence

South  $57^{\circ} 53' 00''$  East 554.92 feet; thence

South  $44^{\circ} 23' 00''$  East 748.26 feet; thence

South  $62^{\circ} 13' 00''$  West 1053.51 feet to the true point of beginning and containing 1,555,029 square feet or 35.70 acres of land.

Director District 2

"Arbor Park"

Being a part of Tracts No. 5 and 6, as described in a deed from Robert W. Ammann and Sherman H. Hollingsworth, joint tenants, to Northampton Corporation, a District of Columbia corporation, dated August 20, 1964, and recorded among the Land Records of Prince George's County, Maryland, in Liber 3023 at Folio 457.

Beginning for the same at a point in the northerly line of Central Avenue (40 feet wide), said point being the beginning of Tract No. 5, as described in the aforesaid deed recorded in Liber 3023 at Folio 457 and in the line of the lands conveyed to Bergman's, Inc., by deed recorded in Liber 2193 at Folio 7, thence running with the line of Bergman's, Inc.

1. North  $04^{\circ} 25' 47''$  West 759.79 feet to a point; thence
2. North  $60^{\circ} 46' 57''$  West 364.91 feet to a point; thence
3. South  $58^{\circ} 23' 23''$  West 738.45 feet to a point in the east line of Landover Road, said point being 100.00 feet east of a baseline as shown on State Roads Commission of Maryland Plat No. 34602; thence leaving the lands of Bergman's, Inc.; and running with the east line of Landover Road, as shown on State Roads Commission of Maryland Plat No. 34602
4. North  $14^{\circ} 03' 25''$  West 1277.53 feet to a point; said point being 100.00 feet east of station 188+16.96, as shown on State Roads Commission of Maryland Plat No. 34602; thence leaving the east line of Landover Road and running with the southerly line of Newbridge Way (formerly Northampton Way) (120 feet wide), as recorded in the aforesaid Land Records in Plat Book WYW 87 at Plat No. 23
5. North  $24^{\circ} 34' 32''$  East 74.92 feet to a point; thence
6. North  $63^{\circ} 12' 23''$  East 1691.80 feet to a point; thence
7. South  $70^{\circ} 29' 37''$  East 86.73 feet to a point in the westerly line of Campus Way North (120 feet wide), as recorded in the aforesaid Land Records in Plat Book WYW 87 at Plat No. 23; thence running with the westerly line of Campus Way North
8. 619.69 feet along the arc of a curve deflecting to the left, having a radius of 1113.38 feet and a chord bearing and distance of South  $40^{\circ} 06' 23''$  East 611.72 feet to a point; thence
9. South  $36^{\circ} 03' 05''$  East 632.88 feet to a point; thence
10. 951.78 feet along the arc of a curve deflecting to the right, having a radius of 942.86 feet and a chord bearing and distance of South  $27^{\circ} 07' 33''$  East 911.38 feet to a point; thence

11. South  $01^{\circ} 47' 10''$  West 735.00 feet to a point; thence
12. South  $46^{\circ} 47' 10''$  West 70.71 feet to a point; thence
13. South  $01^{\circ} 47' 10''$  West 40.00 feet to a point in the northerly line of Central Avenue, said point being in the 117th line of Tract No. 5, as recorded in the aforesaid deed in Liber 3028 at Folio 457 and being 1067.53 feet from the end of said 117th line; thence leaving the line of Campus Way North and running with the northerly line of Central Avenue
14. North  $88^{\circ} 12' 50''$  West 1067.53 feet to a point; thence
15. 364.93 feet along the arc of a curve deflecting to the left, having a radius of 673.33 feet and a chord bearing and distance of South  $76^{\circ} 18' 17''$  West 360.42 feet to a point; thence
16. South  $60^{\circ} 51' 23''$  West 169.78 feet to the point of beginning.

Saving and excepting therefrom two tracts of land conveyed to Humble Oil Company by a deed dated January 5, 1958 and recorded among the aforesaid Land Records in Liber 2533 at Folio 373; more particularly described as follows:

Being part of Tract No. 6 of a conveyance from Robert W. Ammann and Sherman H. Hollingsworth to Northampton Corporation by deed dated August 20, 1964 and recorded September 4, 1964, among the Land Records of Prince George's County, Maryland, in Liber 3023 at Folio 457 and being more particularly described as follows:

Beginning for the same at a point distant South  $14^{\circ} 03' 47''$  East, 62.49 feet and North  $69^{\circ} 30' 00''$  East 474.25 feet from the intersection of the easterly line of Landover Road (40 feet wide) with the 12th or North  $58^{\circ} 43' 38''$  East 264.16 foot line of the aforesaid Tract No. 6 and running thence with the southerly line of a proposed 120 foot wide street and across the lands of Northampton Corporation

1. North  $69^{\circ} 30' 00''$  East 172.02 feet to a point; and
2. South  $62^{\circ} 16' 53''$  East, 37.23 feet to a point in the easterly line of a proposed 70 foot wide street; thence continuing across the lands of Northampton Corporation, and with part of said westerly line
3. South  $14^{\circ} 03' 47''$  East 172.02 feet to a point; thence leaving said westerly line and continuing across the lands of Northampton Corporation
4. South  $75^{\circ} 56' 13''$  West 178.70 feet to a point; and
5. North  $20^{\circ} 30' 00''$  West 178.70 feet to the place of beginning, containing 35,350 square feet or 0.8115 acres of land; and

Being part of Tract No. 5 of a conveyance from Robert W. Ammann and Sherman H. Hollingsworth to Northampton Corporation by deed dated August 20, 1964 and recorded September 4, 1964, among the Land Records of Prince George's County, Maryland, in Liber 3023 at Folio 457 and being more particularly described as follows:

Beginning for the same at a point distant North  $88^{\circ} 12' 50''$  West 238.00 feet at North  $01^{\circ} 47' 10''$  East 555.00 feet from the beginning of the 117th or North  $86^{\circ} 12' 50''$  West 1355.53 foot line of the aforesaid Tract No. 5 and running thence across the land of Northampton Corporation

1. North  $88^{\circ} 12' 50''$  West 200.00 feet to a point; and
2. North  $01^{\circ} 47' 10''$  East 200.00 feet to a point in the southerly line of proposed 70 foot wide private street; thence with part of said southerly line and continuing across the lands of Northampton Corporation
3. South  $88^{\circ} 12' 50''$  East 175.00 feet to a point; and
4. South  $43^{\circ} 12' 50''$  East 35.36 feet to a point in the westerly line of proposed 120 foot wide street; thence with part of said westerly line and continuing across the lands of Northampton Corporation
5. South  $01^{\circ} 47' 10''$  West 175.00 feet to the place of beginning, containing 39,638 square feet or 0.9111 acres of land.

The area contained within the above described "Newbridge Park", exclusive of the tracts conveyed to Humble Oil Company being 109.5332 acres of land more or less.





LIBER 6495 FOLIO 919

MASTER DECLARATION

FOR

LAKE ARBOR

DEC 9 9 30 PM '85  
CIV  
REC'D

COMMONWEALTH LAND TITLE

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List of Exhibits

Exhibit "A": Legal Description of Master Association Area  
 Exhibit "B": Director Districts

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LAKE ARBOR HOMEOWNERS ASSOCIATION, INC.  
SUPPLEMENTAL DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS SUPPLEMENTAL DECLARATION, made on the date hereinafter set forth by The Milton Company, a Virginia corporation, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain Property in the County of Prince George's, State of Maryland, which is more particularly described on the legal description attached hereto and made part hereof as Exhibit "A".

NOW, THEREFORE, Declarant hereby declares that all of the Property described on Exhibit "A" hereto shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the Property described on Exhibit "A" hereto, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I  
DEFINITIONS

Section 1.01. "Association" shall mean and refer to Southlake at Lake Arbor Homeowners Association, Inc., a nonstock, nonprofit corporation, its successors and assigns.

Section 1.02. "Common Area" shall mean all real property owned by the Association (including the improvements thereto) for the common use and enjoyment of the Owners. The Common Area to be initially owned by the Association is described more particularly on the legal description attached hereto and made part hereof as Exhibit "B". Without limiting the generality of the foregoing, property owned by the Community Association (as defined in Section 1.04) shall not be deemed Common Area for purposes of this Supplemental Declaration.

Section 1.03. "Common Expenses" shall mean and refer to the actual and estimated expenses of operating the Association, including a reasonable reserve, all as may be found to be necessary or appropriate by the Board pursuant to this Supplemental Declaration, the Bylaws and the Articles of Incorporation of the Association.

Section 1.04. "Community Association" shall mean and refer to the Master Homeowners Association for Lake Arbor, as established and governed by the Master



Declaration for Lake Arbor, recorded among the Land Records of Prince George's County, Maryland in Liber 6495 at folio 919, as amended from time to time.

Section 1.05. "Community-Wide Standard" shall mean the standard of conduct, maintenance or other activity generally prevailing in the Project. Such standard may be more specifically determined and set forth by the Covenant Committee (as such term is defined in Article 6.01).

Section 1.06. "Declarant" shall mean and refer to The Milton Company, a Virginia corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development, but only to the extent that any of the rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant are specifically assigned or transferred to such successors or assigns by an instrument in writing.

Section 1.07. "Development Plan" shall mean the Specific Design Plan 8734, including all amendments thereto as may be made from time to time.

Section 1.08. "Eligible Mortgage Holder" shall mean a holder of a first mortgage on a Lot who has requested notice from the Association of amendments to the Association documents or other significant matters which would affect the interests of the mortgagee.

Section 1.09. "Lawn and Garden Areas" shall mean and refer to those portions of the Lots, which are appurtenant to the dwellings located upon such Lots, upon which grasses, shrubs, trees, flowers or plant material have been or are naturally intended to be planted provided however any area which is fenced or walled-in or which otherwise is not easily accessible by the Association shall not be deemed a Lawn and Garden Area.

Section 1.10. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property upon which it is intended that a dwelling unit be constructed.

Section 1.11. "Member" shall mean and refer to every person, group of persons, corporation, trust, or other legal entity, or any combination thereof, who holds any class of membership in the Association.

Section 1.12. "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage", as used herein, shall include deed of trust. "First Mortgage", as used herein, shall mean a mortgage with priority over other mortgages. As used in this Supplemental Declaration, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Supplemental Declaration, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government, or any other organization or entity which has a security interest in any Lot.

In the event any mortgage is insured by the Federal Housing Administration ("FHA") or guaranteed by the Veterans Administration ("VA"), then as to such mortgage the expressions "mortgagee" and "institutional mortgagee" include the FHA or the VA as the circumstances may require, acting, respectively, through the Federal Housing Commission and the Commissioner of Veterans' Benefits or through other duly authorized agents.

Section 1.13. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.14. "Patio Lot" shall mean and refer to those Lots upon which there is constructed, or there will be constructed, a single family detached patio or zero lot line type dwelling.

Section 1.15. "Project" and the "Community", as used in this Supplemental Declaration, includes the Property as well as the other surrounding residential developments within the Community Association.

Section 1.16. "Property" shall mean and refer to that certain real property described on Exhibit "A" hereto, and such additions thereto as may hereafter be brought within the jurisdiction of the Association pursuant to Article II of this Supplemental Declaration.

## ARTICLE II PROPERTY SUBJECT TO SUPPLEMENTAL DECLARATION

Section 2.01. Initial Property Subject to the Supplemental Declaration. The real property which is, and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to this Supplemental Declaration is located in Prince George's County, State of Maryland, and is more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof.

Section 2.02. Additions. So long as there are Class B members of the Association, additional property may be annexed to the above-described property without the consent of the Class A members of the Association, if any, for a period of seven (7) years from the recordation of this Supplemental Declaration by the Declarant. Following the lapse or surrender of the Class B memberships as provided for in Article IV of this Supplemental Declaration, additional property may be annexed to the above-described property without the consent of the Class A members of the Association, if any, so long as such additional property is part of the property included or to be included in the Community Association, provided that such annexation occurs within seven (7) years from the recordation of this Supplemental Declaration. The scheme of the within Covenants and Restrictions shall not, however, be extended to include any such additional property unless and until the same is annexed to the real property described on Exhibit "A" as hereinafter provided.

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration of Covenants, Conditions and Restriction-

tions among the Land Records for Prince George's County, Maryland, which Supplementary Declaration shall extend the scheme of the within Supplemental Declaration of Covenants, Conditions and Restrictions to such annexed property.

So long as any Lot is encumbered by a deed of trust or mortgage which is guaranteed by the Veterans Administration, no annexation shall be made pursuant to this Article, or otherwise, except following a determination by the Veterans Administration that the annexation conforms to a general plan for the development of the Community previously approved by the Veterans Administration or, if no such general plan was approved by the Veterans Administration, except following the prior written approval of the Veterans Administration.

Any Supplementary Declaration of Covenants, Conditions and Restrictions made pursuant to the provisions of this Article may contain such complementary or supplemental additions and modifications to the covenants and restrictions set forth in the within Supplemental Declaration as may be considered necessary by the maker of such Supplementary Declaration of Covenants, Conditions and Restrictions to reflect the different character or use, if any, of the annexed property.

Every Owner of a Lot in property to be annexed as provided herein shall have an easement of enjoyment in and to the Common Area, and such other rights of use as provided in Article III herein.

Section 2.03. Deannexation. So long as there are any Class B members the Declarant may deannex any property from the Property for a period of seven (7) years from the date of recordation of this Supplemental Declaration. Such deannexed property shall no longer be subject to the covenants and restrictions of this Supplemental Declaration except for any easements, rights, reservations, exemptions, powers or privileges reserved to the Declarant pursuant to this Supplemental Declaration which affect the deannexed property. Such deannexation shall be made by recording a Supplementary Declaration among the Land Records of Prince George's County, Maryland, withdrawing the effect of the covenants and restrictions of this Supplemental Declaration from the deannexed property. Such deannexed property may be utilized by the Declarant, or any successor, assign or transferee thereof, for any lawful purpose or use.

So long as any Lot is encumbered by a deed of trust or mortgage which is guaranteed by the Veterans Administration, no deannexation shall be made pursuant to this Article, or otherwise, except following a determination by the Veterans Administration that the deannexation is not contrary to a general plan for the development of the community previously approved by the Veterans Administration or, if no such general plan was approved by the Veterans Administration, except following the prior written approval of the Veterans Administration.

ARTICLE III  
PROPERTY RIGHTS

Section 3.01. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, including an easement for the use and enjoyment of the private streets and parking lots and walkways within the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

(b) the right of the Association to suspend an Owners voting rights and right to use the recreational facilities situated upon the Common Area for (i) any period during which any assessment against his Lot remains unpaid, and (ii) for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members and fifty-one percent (51%) of the Eligible Mortgage Holders agreeing to such dedication or transfer has been recorded, and unless the Maryland-National Capital Park and Planning Commission, or its successor or assigns, has given its prior written approval thereof, which approval shall not be unreasonably withheld or delayed, and that the dedication or transfer shall also be subject to such other limitations as are provided in this Supplemental Declaration;

(d) the right of the Association to limit the number of guests of Owners;

(e) the right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and the facilities thereon;

(f) the right of the Association to provide for the exclusive use by Owners of certain designated parking spaces within the Common Area; ;

(g) the right of the Association, the Declarant, utility companies and other owners with respect to the easements established in this Supplemental Declaration;

(h) the right of the Association, in accordance with its Articles of Incorporation and Bylaws, and with the consent of a majority of each class of the then members of the Association, voting separately, to borrow money for the purpose of improving the Common Area in a manner designed to promote the enjoyment and welfare of the members and in aid thereof to mortgage any of the Common Area;

(i) the right of the Association to take such steps as are reasonably necessary to protect the property of the Association against mortgage default and



foreclosures; provided, however, that the same are in conformity with the other provisions of this Supplemental Declaration;

(j) the rights of the Declarant, as more fully set forth in Section 7.07 of this Supplemental Declaration, to grant easements, to utilize reserved rights and easements, and to otherwise utilize the Common Area as it deems appropriate in connection with the development of the Project; and

(k) the right of the Association, acting by and through its Board of Directors, to grant easements, licenses or other rights of use to persons or entities who are not members of the Association in connection with the recreational facilities installed as a part of the Common Area for such consideration and on such terms and conditions as the Board of Directors may from time to time consider appropriate.

Section 3.02. Limitations.

(a) Any other provision of this Supplemental Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any member of the Association to use any private streets and roadways located upon the Common Area (including, without limitation, any private streets and roadways located within the Property) for both vehicular and pedestrian ingress and egress to and from his Lot and for parking.

(b) Any other provision of this Supplemental Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any member of the Association to use the Common Area for necessary, ordinary and reasonable pedestrian ingress and egress to and from his Lot or to suspend any easement over the Common Area for storm water drainage, electrical energy, water, sanitary sewer, natural gas, CATV or similar service, telephone service or similar utilities and services to the Lots.

(c) Any other provision of this Supplemental Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any member of the Association to use any of the recreational facilities or other property owned by the Community Association.

Section 3.03. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws and Rules and Regulations of the Association, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, social invitees, or contract purchasers who reside on the Property.

Section 3.04. Community Association Property. Notwithstanding anything contained herein to the contrary, the rights and responsibilities of each Owner with respect to the use of the recreational facilities and other property owned by the Community Association shall be governed by the Master Declaration, Bylaws and Rules of the Community Association, and shall not be within the jurisdiction of the Association.

ARTICLE IV  
MEMBERSHIP AND VOTING RIGHTS

Section 4.01. Membership. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 4.02. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. With the exception of the Declarant, every person, corporation, partnership, trust or other legal entity, or any combination thereof, who is an Owner of any Lot which is part of the premises described in Article II of this Supplemental Declaration, or which otherwise becomes subject to the covenants set forth in this Supplemental Declaration to assessments by the Association, shall be a Class A member of the Association; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a Class A member solely on account of such interest. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Any Owner who leases his Lot may, in the lease or other written instrument, assign the voting right appurtenant to that Lot to the lessee, provided that a copy of such instrument is furnished to the Association.

Class B. There shall initially be one thousand fourteen (1,014) Class B memberships in the Association. This number shall be decreased by three (3) memberships for each Class A membership existing at any one time. The Class B member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment from the Declarant.

The Class B member shall be entitled to one (1) vote for each Class B membership. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

(i) thirty (30) days following the date on which the total authorized and outstanding votes of the Class A members equals two hundred fifty-three (253); or

(ii) seven (7) years from the date of recordation of this Supplemental Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid seven (7)-year period shall be extended by a period of time equal to the length of the delays or an additional three (3) years, whichever is less; or

(iii) upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

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

#### ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS

Section 5.01. Creation of the Lien and Personal Obligation of Assessments. There are hereby created assessments for Common Expenses as may be from time to time specifically authorized by the Board of Directors to be commenced at the time and in the manner set forth in this Article V. Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the Lot (including all improvements thereon), and shall be a continuing lien upon the property against which each such assessment is made, provided the requirements of the Maryland Contract Lien Act, if applicable, have been fulfilled. Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his or her successors in title unless expressly assumed by such successors.

Section 5.02. Purpose of Assessments.

The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property and for the improvement and maintenance of the Common Area and the Lawn and Garden Areas (to the extent the Association elects to perform the maintenance of the Lawn and Garden Areas), the payment of real estate taxes, assessments and utility services for the Common Area, and management fees, administration expenses, insurance and all other costs and expenses incurred by the Association in the proper conduct of its activities, including, without limitation, reserves for replacements or contingencies, charges accruing under any cross-easement or reciprocal easement agreements, or charges accruing with respect to off-site facilities required to be maintained by the Association or which the Association elects to maintain whether or not such facilities are located within the Property.

Section 5.03. Initial Maximum Annual Assessment. The initial maximum annual assessment shall be the amount set forth in a Supplementary Declaration to be recorded among the Land Records of Prince George's County prior to the conveyance of Lots to Class A members; provided, however, that there shall not at any time be any annual assessment (including special assessments) for Lots owned by Declarant if such Lots are not anticipated to be occupied for twelve months or more from the commencement date of assessments. Any Lots owned by the Declarant which are reasonably anticipated to be occupied within a twelve-month period from the

commencement date of assessments shall be subject to an assessment equal to twenty-five percent (25%) of the assessment applicable to Lots not owned by the Declarant. Such reduced assessment shall be required to be paid for the twelve (12)-month period prior to actual occupancy. Notwithstanding the foregoing, the Declarant shall pay the full maximum annual and special assessments for Lots owned by Declarant upon which a dwelling unit has been completed and is occupied by a party other than the Declarant. Notwithstanding any provision contained in this Supplemental Declaration to the contrary, Declarant hereby covenants and agrees for the benefit of each Class A member to pay any and all expenses incurred by the Association during the Deficit Period (as such term is hereinafter defined) in furtherance of its purposes to the extent that the annual and special assessments levied during the Deficit Period are insufficient to pay such expenses; provided, however, that at such time as the Declarant has paid what would equal one hundred percent (100%) of the assessments for its Lots, had it not been exempted from the payment of assessments (or entitled to a reduced assessment, as applicable), then the Declarant shall only be obligated to pay any further assessments during that annual period in an amount equal to what would be due for such Lots had they been owned by a Class A member. As used herein, the term "Deficit Period" shall mean that period of time commencing on the date of recordation of this Supplemental Declaration and ending on the earlier of (i) the date on which the Class B membership lapses and becomes a nullity in accordance with the provisions of this Supplemental Declaration; or (ii) the date upon which the Declarant, in writing and recorded among the Land Records of Prince George's County, Maryland, declares that it (from the date specified in such recorded writing) waives its right to not pay any assessments (or its right to pay reduced assessments, as applicable) on Lots owned by the Declarant in accordance with this Section 5.03. The Declarant may make such declaration with respect to less than all of the Lots owned, to be owned or to be brought within the jurisdiction of the Association in which event the deficit period shall terminate only with respect to those Lots specifically described.

From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by the Board of Directors of the Association, without a vote of the Class A membership, by an amount equal to (i) five percent (5%) of the maximum annual assessment for the preceding year, plus (ii) the amount by which any ad valorem real estate taxes and insurance premiums payable by the Association have increased over amounts payable for the same or similar items for the previous year, plus (iii) the amount by which the Association has incurred or anticipates incurring increased operating expenses by reason of the completion, annexation or addition of facilities within the Common Areas and/or additional Common Areas, plus (iv) the amount by which the Association has incurred or anticipates incurring additional obligations or responsibilities in performing its duties and responsibilities in accordance with this Supplemental Declaration.

From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the amount permitted above by a vote of two-thirds (2/3) of each class of members who are voting, in person or by proxy, at a meeting duly called for this purpose.

If the Board of Directors determines that the functions of the Association may be properly funded by an annual assessment less than the initial maximum

annual assessment set forth above, or less than the maximum annual assessment subsequently increased pursuant to this Section 5.03, then the Board of Directors may levy such lesser assessment as it deems appropriate. The levy of an annual assessment less than the maximum annual assessment for any year shall not affect the right of the Board of Directors to levy an annual assessment as to the full amount of the maximum annual assessment in any subsequent years.

The Board of Directors shall make a reasonable effort to prepare a budget at least thirty (30) days before the beginning of the fiscal year. The budget shall include the estimated costs of operating the Association during the coming year and shall also include an amount sufficient to establish and maintain a reserve fund in accordance with a reserve fund budget separately prepared by the Board of Directors pursuant to Section 5.11. The Board of Directors shall cause a copy of the budget, and the amount of the assessments to be levied against each Lot for the following year, to be delivered to each Owner at least fourteen (14) days prior to the commencement date of the new assessments. The budget and the assessments shall become effective unless a special meeting of the Association is duly held and at such special meeting the budget and the assessments are disapproved by a vote of at least a majority of both classes of the total Association membership.

Notwithstanding the foregoing, however, in the event the membership disapproves the budget or the Board of Directors fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

The Declarant may establish a working capital fund for the initial operation of the Association. Such working capital fund may be funded by a one-time assessment of two (2) times the monthly assessment for a Lot and shall be payable, if established, by the Declarant's grantee upon the earlier of settlement or occupancy of a completed dwelling located on any Lot.

Section 5.04. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment or special assessments applicable to that year for such purposes as the Board of Directors may deem appropriate, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose. The Association may also levy a special assessment against any Owner to reimburse the Association for costs incurred in bringing any Owner and his/her Lot into compliance with the provisions of this Supplemental Declaration, the Articles of Incorporation, the Bylaws and the Rules of the Association. Such a special assessment may be levied upon the vote of the Board of Directors after notice to the Owner and an opportunity for a hearing before the Board of Directors.

Section 5.05. Notice and Quorum for any Action Authorized Under Section 5.04. Written notice of any meeting called for the purpose of establishing a special assessment in accordance with Section 5.04 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first

such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.06. Variable Rate of Assessment. The Board of Directors may, from time to time, establish by resolution non-uniform rates of assessments for Lots within the Property, provided that such assessments are not in excess of the assessments authorized by Section 5.03. Such rates shall be based on actual costs incurred by the Association relating to the operation and maintenance of the Lots within the Property. The imposition of non-uniform rates of assessment shall rest solely at the discretion of the Board of Directors.

Section 5.07. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots simultaneously with the conveyance of the first Lot to a Class A member, or on the first day of the month following the first conveyance of the Common Area, whichever occurs later. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall make reasonable efforts to fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer for the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association with the status of assessments on the Lots shall be binding on the Association as of the date of its issuance.

Section 5.08. Effect of Non-Payment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at a rate equal to the maximum rate of interest permitted under the laws of the State of Maryland (or such lesser sum as VA and/or FHA may specify if any Lot subject to this Supplemental Declaration is then encumbered by a deed of trust or mortgage which is guaranteed by VA or insured by FHA). Additionally, the entire balance of the unpaid annual assessments for the remainder of the fiscal year shall also become due, payable and collectible in the same manner as the delinquent portion of such annual assessment. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the Lot (and all improvements thereon) provided the provisions of the Maryland Contract Lien Act, if applicable, are substantially fulfilled. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. The Owner shall also be obligated to pay all attorneys' fees, court costs and administrative costs incurred in connection with the collection of assessments if not paid when due.

Section 5.09. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or deed of trust

foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. No amendment to this Section shall affect the rights of the holder of any first mortgage on any Lot (or the indebtedness secured thereby); recorded prior to recordation of such amendment unless the holder thereof (or the indebtedness secured thereby) shall join in the execution of such amendment.

Section 5.10. Additional Default. Any recorded first mortgage secured on a Lot shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to this Supplemental Declaration, or any installment thereof, shall likewise be a default in such mortgage (or the indebtedness secured thereby); but failure to include such a provision in any such mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such mortgage (or the indebtedness secured thereby) by reason of Section 5.10 shall not be altered, modified or diminished by reason of such failure.

Section 5.11. Reserve Fund Budget and Contribution. The Board of Directors shall annually prepare a reserve fund budget which shall take into account the number and nature or replaceable assets of the Association, the expected life of each asset, and the expected repair or replacement cost of each asset. The Board of Directors shall set the required reserve fund contribution, if any, in an amount sufficient to meet the projected reserve needs of the Association, as shown on the reserve fund budget, with respect both to amount and timing by the imposition of annual assessments over the period of the budget. The reserve fund contribution shall be fixed by the Board of Directors and included within the budget and assessment, as provided in Section 5.03. Such reserve fund contribution shall be payable as part of the general assessment. A copy of the reserve fund budget shall be distributed to each Owner in the same manner as the operating budget.

## ARTICLE VI ARCHITECTURAL CONTROL

Section 6.01. Architectural Change Approval. No building, fence, wall, mailbox or other structure shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made (including, but not limited to, changes in color, changes or additions to driveways, or walkway surfaces and landscaping modifications) until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography and conformity with the design concept for the Property by the Design Review Board ("Design Review Board") established pursuant to Article 9 of the Master Declaration for Lake Arbor. Any approval granted by the Design Review Board shall also be subject to the review and approval of the Board of Directors of the Association, or by a covenant committee composed of three (3) or more representatives appointed by the Board of Directors of the Association ("Covenant Committee"). In the event said Board, or its designated committee, fails to approve or disapprove any design and location previously approved by the Design Review Board within fifteen (15) days after the plans and specifications previously approved by the Design Review Board have been submitted to it, approval

will not be required and this Article will be deemed to have been fully complied with. Design and location approval by the Covenant Committee or by the Board shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability of water flow or drainage, location of utilities, or other qualities of the item being reviewed. The Board or the Covenant Committee shall have the right to charge a reasonable fee for reviewing each application in an amount not to exceed (i) the costs actually incurred by the Board or the Covenant Committee, or (ii) Fifty Dollars (\$50.00), whichever is greater. Any exterior addition to or change or alteration made without application having first been made and approval obtained as provided above shall be deemed to be in violation of this covenant and the addition, change or alteration may be required to be restored to the original condition at the Owner's cost and expense. In any event, no such exterior addition to or change or alteration shall be made without approvals and permits therefor having first been obtained by the Owner from the applicable public authorities or agencies. Notwithstanding any provision of this Supplemental Declaration to the contrary, the provisions of this Article VI shall not be applicable to the Declarant or any part of the Property owned by the Declarant.

Section 6.02. Initiation and Completion of Approved Changes. Construction or alterations in accordance with plans and specifications approved by the Design Review Board and the Covenant Committee pursuant to the provisions of this Article shall be commenced and completed within the time frame set forth in the Master Declaration for Lake Arbor. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Design Review Board and the Covenant Committee shall be conclusively deemed to have lapsed and compliance with the provisions of the Master Declaration for Lake Arbor and this Article shall again be required. There shall be no deviations from plans and specifications approved by the Design Review Board and the Covenant Committee without any prior consent in writing of the Design Review Board and the Covenant Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Design Review Board and the Covenant Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 6.03. Certificate of Compliance. Upon completion of any construction or alterations or other improvements or structures in accordance with plans and specifications approved by the Design Review Board and the Covenant Committee in accordance with the provisions of this Article, the Covenant Committee shall, at the request of the Owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Covenant Committee and construction or installation in full compliance with the provisions of this Article and with such other provisions and requirements of this Supplemental Declaration as may be applicable.

Section 6.04. Covenant Committee Rules and Regulations; Appeal of Covenant Committee Decision. The Covenant Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and/or establish such criteria relative to architectural styles or details, or other matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of this Supplemental



Declaration. The decisions of the Covenant Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Covenant Committee may appeal the decision of the Covenant Committee to the Board of Directors and, upon the request of such member, shall be entitled to a hearing before the Board of Directors. Two thirds (2/3) of the Board of Directors shall be required to reverse the decision of the Covenant Committee.

Section 6.05. Exterior Appearance. Except as specifically provided herein to the contrary, and without limiting the generality of this Article VI, the following shall apply to every Lot and dwelling unit within the Property, unless otherwise expressly provided by the Covenant Committee and the Board of Directors:

(a) storm windows installed by any Owner or resident, provided such installation is approved by the Design Review Board and the Covenant Committee, shall be painted the same color as the window trim.

(b) the installation of any storm door(s) must receive prior approval of the Covenant Committee, including, but not limited to, the style, color and material of said storm door(s). Storm doors must be of traditional design, must be either full or three-quarters view clear glass, and must match the front door or the trim around the front door.

(c) exterior wood decks, fences and gates, if any, shall not be painted or stained in any manner; provided, however, that neutral color wood preservative may be applied to such wood decks, fences and gates.

(d) the color of the exterior of all structures or dwellings on Lots including, without limitation, garage doors, all sidings, gutters, downspouts, brick and trim, shall not be changed or altered.

(e) the roof of any dwelling shall be repaired or replaced with materials, substantially identical in construction, shingle type, texture and color as the material utilized by the Declarant in the original construction of the dwelling.

Notwithstanding anything to the contrary contained in this Section 6.05, the provisions of said Section 6.05 shall not apply to any Lot or dwelling owned by the Declarant.

## ARTICLE VII USE RESTRICTIONS

In addition to all other covenants contained herein and in addition to any restrictions contained within the Master Declaration for Lake Arbor, the use of the Property and each Lot therein is subject to the following:

Section 7.01. Permitted Uses. The Lots shall be used for residential purposes exclusively, and no building shall be erected, altered, placed or permitted to remain on any such Lot other than one used as a dwelling, except that a professional office may be maintained in a dwelling, provided that (i) such maintenance and use is limited to the person actually residing in the dwelling; (ii) no employees or staff other than a person

actually residing in the dwelling are utilized; (iii) such maintenance and use is in strict conformity with the provisions of any applicable zoning law, ordinance or regulation and (iv) the person utilizing such office maintains a principal place of business other than the dwelling. As used in this Section, the term "professional office" shall mean rooms used for office purposes by a member of any recognized profession, including doctors, dentists, lawyers, architects and the like, but not including medical or dental clinics. Nothing contained in this Article, or elsewhere in this Supplemental Declaration, shall be construed to prohibit the Declarant from the use of any Lot or dwelling, or improvement thereon, for promotional or display purposes, or as "model homes", a sales and/or construction office, or the like.

Section 7.02. Prohibited Uses and Nuisances. Except for the activities of the Declarant during the construction or development of the Property, or except with the prior written approval of the Board of Directors of the Association or the Covenant Committee (as well as the approval of the Design Review Board of the Community Association, if applicable), or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the Common Area:

(a) no noxious or offensive trade or activity shall be carried on upon any Lot or within any dwelling or any other part of the Property, nor shall anything be done therein or thereon which may be or become an annoyance or nuisance to the neighborhood or other members. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any dwelling or upon the exterior of any other improvements constructed upon any Lot.

(b) the maintenance, keeping, boarding or raising of animals, live-stock, or poultry of any kind, regardless of number, shall be and is hereby prohibited on any Lot or within any dwelling, or other part of the Property, except that this shall not prohibit the keeping of dogs, cats or caged birds as domestic pets provided (i) they are not kept, bred or maintained for commercial purposes; (ii) such domestic pets are not a source of annoyance or nuisance to the neighborhood or other members; (iii) no more than two (2) such domestic pets may be maintained upon a Lot or the dwelling erected thereon; and (iv) such pets are maintained in strict conformance to all laws and ordinances. The Board of Directors or, upon resolution of the Board of Directors, the Covenant Committee, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other members, and such determination shall be conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the Common Area unless accompanied by a responsible person and unless they are carried or leashed. The Board of Directors shall have the right to adopt such additional rules and regulations regarding pets as it may from time to time consider necessary or appropriate.

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

(d) except for parking within garages, and except as herein elsewhere provided, no junk vehicle, commercial vehicle (including vans used for commer-

cial use), truck (as defined by the Maryland Department of Motor Vehicles and/or by common usage and practice), unlicensed or inoperable motor vehicle (which shall include, without limitation, any vehicle which would not pass applicable state inspection criteria), trailer, camp truck, house trailer, boat or other similar vehicles, machinery or equipment of any kind or character (except for such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and except for such equipment and machinery as the Association may require in connection with the maintenance and operation of the Common Area) shall be kept upon the Property or upon the public or private streets adjacent to the Property nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. The Association may, in the discretion of the Covenant Committee, provide and maintain a suitable area designated for the parking of such vehicles or the like.

(e) trash and garbage containers shall not be permitted to remain in public view except on days of trash collection. No incinerator shall be kept or maintained upon any Lot.

(f) no Lot shall be divided or subdivided and no portion of any Lot (other than the entire Lot) shall be transferred or conveyed for any purpose. The provisions of this subsection shall not apply to the Declarant and, further, the provisions hereof shall not be construed to prohibit the granting of any easement or right-of-way to any municipality, political subdivision, public utility or other public body or authority, or to the Association, the Declarant or any other person for any purpose.

(g) no tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on public streets or on private streets and roadways. Without limiting the generality of the foregoing, no wire or other lawn edging, fencing or other treatment shall be placed or maintained on any Lot which would impede the Association's ability to perform its obligations as set forth in this Supplemental Declaration, or which would be inharmonious with the aesthetics of the community of which it is a part.

(h) no decorative lawn ornament, no structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, shed or other buildings shall be erected, used or maintained on any Lot at any time.

(i) except for entrance signs, directional signs, signs for traffic control or safety, community "theme areas" and such promotional sign or signs as may be maintained by the Declarant or the Association, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any Lot or dwelling, provided, however, that one temporary real estate sign not exceeding six (6) square feet in area may be erected upon any Lot or attached to any dwelling placed upon the market for sale or rent. Any such temporary real estate sign shall be removed promptly following the sale or rental of such dwelling. The provisions and limitations of this subsection shall not apply to any institutional first mortgagee of any Lot who comes into possession of the Lot by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure.

(j) no water pipe, sewer pipe, gas pipe, drainage pipe, television cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground and no wire, cable or other similar transmission line may be attached to the exterior of any structure on any Lot. Except during periods of actual use, no hose shall be stored or placed in the front or side yard of any dwelling unless screened from public view.

(k) no play equipment, including, without limitation, basketball backboards, basketball hoops and other equipment associated with either adult or juvenile recreation, shall be attached in any manner to the exterior of any dwelling.

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

(m) no outside television aerial or radio antenna, or other aerial or antenna for either reception or transmission, shall be maintained upon the Property except that such aerials or antennae may be erected and maintained within the dwellings located upon the Property.

(n) vegetable gardens shall be maintained only within the rear yard of any Lot, and shall be maintained in a neat and attractive manner.

(o) lawn furniture shall be used and maintained in rear yards or decks only and shall be maintained in a neat and attractive manner.

(p) no equipment or machinery (including, without limitation, equipment or machinery for use in connection with the maintenance of any dwelling) shall be stored in the front, rear or side yard on any Lot.

(q) no garbage or trash containers shall be kept on the front or side yard of any Lot and garbage and trash containers kept or maintained in the rear yards of any Lots under or upon decks shall be screened from public view at all times.

(r) no member shall make any private or exclusive or proprietary use of any of the Common Areas and no member shall engage or direct any employee of the Association on any private business of the member during the hours such employee is employed by the Association, nor shall any member direct, supervise or in any manner attempt to assert control over any employee of the Association.

(s) any fence constructed upon the Property shall not extend forward of the rear building line of the dwelling on the Lot upon which any such fence is erected. No fence shall be more than six feet (6') in height. Chainlink and other wire fencing is specifically prohibited.

(t) bed sheets, plastic sheets, newspapers, plastic storm windows or other similar window treatments shall not be hung or placed in or on any window on any dwelling located on any Lot.

(u) children's play and similar equipment shall not be allowed to remain overnight within any front yard of any Lot or within the Common Areas.

(v) children's outdoor permanent playhouses and swinging or climbing apparatus or equipment shall not be permitted within any Lot.

(w) no exterior lighting, emanating from a Lot, shall be directed outside the boundaries of the Lot.

(x) No garage or outbuilding properly erected on a Lot shall at any time be used for human habitation, temporarily or permanently, nor shall any structure of a temporary character be used for human habitation.

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

(z) notwithstanding anything to the contrary contained in this Supplemental Declaration, no garage may be altered, modified or changed in any manner which would inhibit or in any way limit its function as a parking area for vehicles.

Section 7.03. Leasing and Transfers.

(a) No portion of a dwelling unit, other than an entire dwelling unit, may be leased or rented unless the prior written approval of the Covenant Committee or the Board of Directors is obtained. All leases shall be on forms approved by the Association and shall (i) contain provisions advising the tenant of his/her obligation to comply with all provisions of this Supplemental Declaration, the Bylaws and the Rules of the Association; (ii) provide that the Association shall have the right to terminate the lease upon default by the tenant in observing any of the provisions of this Supplemental Declaration, the Bylaws or Rules of the Association, or of any other document, agreement or instrument governing the dwelling units and/or the Property. The Owner(s) of a leased Lot shall notify the Association in writing of the Owners' current address. The Owner(s) of a leased or rented dwelling unit shall be jointly and severally liable with his tenant(s) to the Association to pay any claim for injury or damage to persons or property caused by any action or omission, including, without limitation, the negligence of the tenant(s). Every lease shall be subordinate to any lien filed by the Association, whether before or after such lease was entered into. The minimum term any dwelling unit may be rented or leased shall be ninety (90) days, and in no event may a transient tenant be accommodated in any dwelling unit.

(b) Prior to the sale, conveyance or transfer of any Lot or dwelling unit to any person, the Owner shall notify the Board of Directors in writing of the name and address of the person to whom the proposed sale, conveyance or transfer is to be made and provide to it such other information as the Board of Directors may reasonably require. Failure to comply with the provisions of this Section 7.03(b) shall not void, prohibit or otherwise invalidate the sale, conveyance or transfer of any Lot or dwelling unit nor may it have any affect upon any mortgage or deed of trust thereon.

Section 7.04. Parking. Parking within the Property shall be subject to the following restrictions:

(a) The Declarant and thereafter the Board of Directors of the Association shall have the right to designate areas on the Common Area for temporary guest parking. Except as set forth below or as otherwise established by the Declarant or the Association, said designated guest parking areas shall be for temporary guest parking only.

(b) Said designated guest parking areas may only be used by Owners and occupants (non-guests) within the Property between the hours of 7:00 a.m. and 5:00 p.m. for periods not to exceed three (3) hours, or such other periods of time as the Board of Directors may establish from time to time.

(c) The Association shall be entitled to establish supplemental rules concerning parking on any portion of the Common Area and Lots, including, without limitation, providing for the involuntary removal of any vehicle violating the provisions of this Supplemental Declaration and/or such rules.

(d) The Declarant, its successors and assigns, and its nominee or nominees and any agents, servants and/or employees thereof shall be exempt from the provisions of this Section 7.04.

Section 7.05. House Rules, Etc. There shall be no violation of any reasonable rules for the use of the Common Area and community facilities or "house rules" or other community rules and regulations not inconsistent with the provisions of this Supplemental Declaration which may from time to time be adopted by the Board of Directors of the Association and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in this Supplemental Declaration authorized to adopt such rules.

Section 7.06. Exemptions. None of the foregoing restrictions shall be applicable to the activities of:

(a) Declarant, its officers, employees, agents or assigns, in their development, marketing, leasing and sale of Lots or other parcels within the Property; or

(b) To the Association, its officers, employees and agents, in connection with the proper maintenance, repair, replacement and improvement of the Common Areas and community facilities.

Section 7.07. Declaration of Easements and Rights. The following easements and rights are hereby declared or reserved:

(a) Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Common Area.

(b) Each Lot within the Property is hereby declared to have an easement, not exceeding one foot (1') in width, over all adjoining Lots and Common

Areas for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, roof overhangs, gutters, architectural or other appendages, draining of rainwater from roofs, or any other similar cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

With respect to Patio Lots, there is hereby created for the benefit of the Owner of each such Patio Lot, as well as the Association, a maintenance easement of not more than ten feet (10'), as measured from any point on the common boundary between adjacent Patio Lots or between each Patio Lot and the adjacent Common Area, as the case may be. The purpose of this easement is to allow the Association and/or the Owner of a Patio Lot, as the case may be, to properly maintain the portion of the dwelling upon the Patio Lot which is situated upon the aforesaid common boundary. Any Owner of a Patio Lot utilizing the easement set forth herein, or the Association, to the extent it utilizes such easement, shall be responsible for correcting any damage to the Patio Lot subject to this easement to the extent such damage was occasioned through the exercise of this easement.

(c) There is hereby reserved unto the Declarant [and to such other party(ies) as the Declarant may specifically, and in writing, assign such rights], for the benefit of the real property described on the Development Plan, or any property within the Community Association which is contiguous to that described on the Development Plan ("Benefited Property"), a blanket easement upon, across and under the Property (provided such easement does not encroach upon any building within the Property or unreasonably interfere with the use and enjoyment of the Property), for vehicular and pedestrian ingress and egress, curb cuts, slope, or grading easements, as well as for the installation, replacement, repair and maintenance of all utilities, including, but not limited to, water, sewer, drainage, storm water detention and/or siltation, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Property from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles, pipes, lines and other equipment on the Property, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Property, including any improvements constructed thereon, and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress over the Property. Further, there is hereby reserved for the benefit of the Benefited Property a right of any owner (or its tenant, licensee, occupant or other party entitled to occupy any dwelling unit within the Benefited Property) of any dwelling within the Benefited Property to use any recreational or other similar facilities that may, from time to time, be located within the Property; provided, however, that: (i) as a condition precedent to the exercise of such rights, the intention to allow the use of such facility(ies) is specifically made by the Declarant pursuant to a written instrument recorded among the Land Records of Prince George's County, Maryland, and that such election, once made, shall not be revoked

without the consent of the Declarant as well as at least seventy-five percent (75%) of the members of the Association; and (ii) the right to exercise such benefits, if not previously elected as provided in the immediately preceding provisions of (i) above, may be waived by the Declarant by a specific written waiver recorded among the Land Records of Prince George's County, Maryland, and that such election, once made, may not be revoked without the express prior written consent of at least seventy-five percent (75%) of the members of the Association and the Declarant; and (iii) if the rights contemplated by the provisions of (i) above are elected, then the parties benefiting from such rights to use the recreational facilities shall be obligated to pay their pro-rata share of the cost of maintaining, operating and repairing such facilities, which share shall be computed by multiplying the total of such bona-fide costs times a fraction, the numerator of which shall be the number of completed dwelling units owned by the party from whom such contribution is sought and the denominator shall be the total number of completed dwelling units entitled to use such recreational facilities. The computation contemplated by the immediately preceding sentence shall be made at each time a contribution for such costs is sought. The elections contemplated by (i) and (ii) above may be made at any time and from time to time with respect to all or less than all of the facilities involved and, without limiting the generality of the foregoing, an election may be made under (i) above with respect to some facilities and pursuant to (ii) above with respect to others. There is further reserved unto the Declarant the right to erect entry features, promotional and other similar items within the Property provided they do not unreasonably interfere with the use, operation and enjoyment of the Property. There is further reserved unto the Declarant the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection (c). Further, without limiting the generality of the foregoing, the Declarant reserves the right to unilaterally execute and record such additional easements and agreements as may be necessary in order to give effect to the foregoing easements and other rights, which additional easements and other agreements need not be consented to or joined in by any party having an interest in the Property; provided, however, that if requested by the Declarant, any party having an interest in the Property shall promptly join in and execute such confirmatory easements and other agreements. Declarant also reserves the right to enter into the Common Area for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Property or the improvements thereon. Each Lot shall further be subject to a public pedestrian access easement over and upon any sidewalk (or the replacement thereof) constructed on the Lot by the Declarant, which sidewalk is reasonably deemed to be for the use of the community of which the Lot is a part.

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

(e) Declarant also reserves the right to enter into the Common Area for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Property or the improvements thereon. There is further reserved unto the Declarant and its agent(s) a



non-exclusive easement over, across and through all of the Common Areas 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 development, construction or rehabilitation and repair of the Property.

(f) For a period of ten (10) years from the date of conveyance of the first Lot, the Declarant reserves a blanket easement and right on, over and under the Property to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near as practicable. The Declarant shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Declarant an emergency exists which precludes such notice. There is further reserved unto the Declarant the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection (f).

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

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

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

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

(h) The Association shall have an easement to enter any portion of the Property for the performance of its duties hereunder; provided that except as provided in Article VIII hereof, such easement shall not entitle the entry within the interior portion of any dwelling located on the Property, but (by way of illustration only and not in limitation of the rights granted herein) shall permit the entry into fenced, or other similar areas of the Property.

(i) With respect to any step, patio, deck, downspout or yard drain or other similar structure that may benefit any Lot and is constructed by the Declarant and which may encroach upon any portion of the Common Area, there is hereby reserved for the benefit of the Lot for which such step, patio, deck, downspout, drain or other structure serves, a perpetual easement for the location, maintenance, repair and use of such structure or items within the Common Area, but only to the extent the Declarant's original construction thereof encroaches within the Common Area. The Owner of the Lot benefiting from such easement agrees to maintain such structure or item and to indemnify and hold the Association harmless from any loss, liability or damage arising out of or resulting from the use, enjoyment and benefit of the easement granted hereby.

(j) There is hereby created for the benefit of each Lot, which is enclosed, in whole or in part, by any wooden, brick, stone or other similar fence and/or wall constructed by the Declarant, a perpetual easement to use any portion of the Common Area that may be located between such fence and/or wall and the record platted lot line for such benefited Lot; provided, however, that subject to the provisions of Section 5.02(b) of this Supplemental Declaration, the obligation to maintain such portion of the Common Area shall be that of the Owner of the benefited Lot and the obligation to maintain the wooden, brick, stone, or other similar fencing located within the Common Area, which encloses the benefited Lot, shall be that of the Owner of the benefited Lot. The Declarant shall deliver to the Association (who shall maintain it among its permanent records) a plat showing all of such areas, which plat shall define the maintenance responsibilities of the benefited Owners. The Owner of any Lot benefiting from the foregoing easement agrees to indemnify and hold the Association harmless from any loss, liability or damage arising out of or resulting from the use, enjoyment and benefit of the easement rights provided for herein.

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

(l) The Association, its agents and employees, shall have an irrevocable right and an easement to enter the Lots for the purposes of exercising the rights and fulfilling the obligations established by this Supplemental Declaration and any Supplementary Declarations recorded hereafter, including, without limitation, the right to maintain and care for Lawn and Garden Areas in accordance with this Supplemental Declaration.

(m) The Declarant reserves the right to modify or alter the size, number and location of the Common Areas and Lots, as well as the improvements thereon, as it deems necessary or desirable in conjunction with the development of the Project. Without limiting the generality of the foregoing, the Declarant reserves the right to resubdivide all or a portion of the Project, to convey Common Areas, to modify the site plans, to construct improvements on the Common Areas, and to take whatever other action with respect to the Common Areas and the Lots.

(n) Pursuant to an agreement entered into by and between the Declarant, the State Highway Administration of the Maryland Department of Transportation (the "Administration") and Prince George's County, Maryland recorded among the Land Records of Prince George's County, Maryland in Liber 6884 at folio 694 (the "Agreement"), portions of the Property may be subject to certain easements and rights-of-way for the construction and maintenance of part of a public roadway or highway known as Maryland Route 214 ("Route 214"). According to the Agreement, certain property within or adjacent to the Property may be donated to the Administration for purposes of construction of Route 214. In addition, the Property may be subject to certain slope, grading, fill, drainage and other easements and rights-of-way appurtenant to the construction and maintenance of Route 214 and benefiting the Administration as set forth in the Agreement. Under the Agreement, one or more Lots and any or all of the Common Area may be subject to the above said easements and rights of ways and the Administration may repair, replace, maintain or otherwise perform work on any improvements, facilities or utilities located in the easement areas and, at its sole cost and expense, shall restore any damage it causes to any Lot or the Common Area such that the damaged area is restored to its condition immediately prior to such work being performed. Without limiting the generality of the foregoing, the Lots described in Exhibit "C" attached hereto and incorporated by reference herein, shall be subject to a drainage easement for the benefit of the State Highway Administration. Nothing shall be constructed, erected or maintained upon the Easement Area described in Exhibit "C" which would restrict the use of the Easement Area for its intended purpose. Notwithstanding anything herein to the contrary, in the event the Agreement is not entered into or terminates for any reason, the easements, rights-of-way, donation of property and other provisions thereof shall no longer be effective with respect to the Property.

(o) The Board of Directors of the Association shall have the right to grant easements, rights-of-way, licenses and similar interests over any part of the Common Areas for any lawful purpose which it determines, in its own discretion, to be in the best interests of the Association.

#### ARTICLE VIII MAINTENANCE

Section 8.01. Owners' Rights and Responsibilities. Except as otherwise specifically provided in this Supplemental Declaration, each Owner shall keep each Lot owned by him, and all improvements therein or thereon, in good order and repair and free of debris in a manner and with such frequency as is consistent with good property management and the Community-Wide Standard. In the event an Owner of any Lot in the Property shall fail to maintain the Lot and the improvements situated thereon, the Board of Directors or its agent shall have the right to enter upon said Lot to correct drainage and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. Whenever entry is not required in an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry. All costs related to such correction, repair or restoration shall be collectible from the Owner of such Lot in the same manner as assessments as provided in Article V herein.

Section 8.02. Association Maintenance. The Association shall maintain and keep in good order the Common Areas, such maintenance to be funded as hereinafter provided. In addition, the Association shall maintain and keep in good repair rights-of-way and entry strips, whether owned as part of a Lot or dedicated for public use, so long as the rights-of-way or entry strips are within or appurtenant to the Project. This obligation shall include, but not be limited to, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures and improvements situated upon such areas.

Unless the Board of Directors elects to maintain all or any portion of the Lawn and Garden Areas of any Lot, group of Lots or all of the Lots, the maintenance of each Lot shall be performed by each Owner with respect to such Owner's Lot. In the event the Association elects, in its sole discretion to maintain and keep in good order all or any portion of the Lawn and Garden Areas of any Lot, group of Lots or all of the Lots, such maintenance shall be funded as hereinafter provided, and such maintenance may include, without limitation, the mowing, fertilizing, trimming and otherwise caring for the lawns, as well as planting, pruning, fertilizing and otherwise maintaining trees, shrubs and other plant materials which are located within all or any portion of the Lawn and Garden Areas of any Lot, group of Lots or all of the Lots. All such maintenance and care of the Lawn and Garden Areas shall be in conformity with the Community-Wide Standard.

In the event the Association elects to maintain any portion or all of the Lawn and Garden Areas of any Lot, group of Lots or all of the Lots, any Owner may request that the Association refrain from performing all or a part of the Lawn and Garden Area maintenance described above. Such a request must be made to the Association at least thirty (30) days prior to the date the Association enters into a contract or agreement for the performance of such maintenance. The Association shall not unreasonably withhold approval of such request, provided the Owner has demonstrated to the satisfaction of the Association his or her intentions to maintain the Lawn and Garden Area, as applicable, in a manner acceptable to the Association. Upon granting permission to such Owner to maintain his or her Lawn and Garden Area, the Association shall determine the amount of savings to be realized by the Association (if any) as a result of the reduced expenses (if any) to be incurred by the Association due to such Owner's election to maintain his Lawn and Garden Areas and shall reimburse such Owner the amount of such savings (less reasonable administrative expenses) on a quarterly basis, in arrears, provided the Association is satisfied with the maintenance actually performed by the Owner.

The Association may, in the discretion of the Board of Directors, assume additional maintenance responsibilities upon all or any portion of the Property. In such event, all costs of such maintenance shall be assessed only against those Owners residing within the portion of the Property receiving the additional services. This assumption of responsibility may take place either by contract or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard of the Project. The provision of services in accordance with this Section shall not constitute discrimination within a class.

The Association shall also have the right to enter any Lot, including the dwelling unit located on such Lot, without the consent of the Owner and/or occupant thereof, to conduct any emergency repairs as are necessary for the maintenance and protection of the Common Areas and the Lawn and Garden Areas. The costs of such repairs shall be collectible from the Owner of such Lot in the same manner as assessments as provided in Article V herein.

## ARTICLE IX INSURANCE

Section 9.01. Individual Coverage. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Association that each individual Owner shall carry blanket all risk casualty insurance on the dwelling and all structures located upon the Lot, at a minimum, such coverage shall provide coverage against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any insured hazard. The Board of Directors of the Association, or its duly authorized agent, shall have the authority to obtain insurance for all or any of the dwellings located on the Property, unless the Owners thereof have supplied proof of adequate coverage to the Board of Directors' satisfaction. Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction to the dwelling and other structures constructed on the Lot, the Owner shall proceed promptly to repair or to reconstruct the dwelling and other damaged structures in a manner consistent with the original construction. Each Owner of a Lot covenants and agrees that in the event that such dwelling is totally destroyed, the Owner shall proceed promptly to repair or to reconstruct the dwelling in a manner consistent with the original construction, unless approval to do otherwise is obtained from the Covenant Committee or the Board of Directors.

Section 9.02. Required Coverage. The Board of Directors of the Association, or its duly authorized agent, shall be required to obtain, maintain and pay the premiums, as a common expense, upon a policy of property insurance covering all the Common Areas (except land, foundation, excavation and other items normally excluded from coverage) including fixtures and building service equipment, to the extent that they are a part of the Common Areas of the Association, as well as common personal property and supplies.

The insurance policy shall afford, as a minimum, protection against loss or damage by fire and other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "All Risk" endorsement, where such is available. The policy shall be in an amount equal to one hundred percent (100%) of the current replacement cost of the Common Areas (less a deductible deemed reasonable by the Board of Directors), shall name the Association as the named insured, and shall contain, to the extent reasonably available, a waiver of subrogation clause.

Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by Best's Insurance Reports of B/VI or better (or its equivalent). Hazard insurance policies are also acceptable from any insurance carrier

which has a financial rating by Best's Insurance Reports of Class V, provided it has a general policyholder's rating of at least "A". Each insurer must be specifically licensed or authorized by law to transact business within the State of Maryland. The policy contract shall provide that no assessment may be made against the mortgagees, and that any assessment made against others may not become a lien on the mortgaged premises superior to the first mortgage. Additionally, if applicable, the Association shall obtain a steam boiler and machinery coverage endorsement which provides that the insurer's minimum liability per accident at least equals the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the building(s) housing the boiler or machinery. Finally, the deductible on any hazard policy should be Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the face value of the policy, unless the State of Maryland permits a higher amount.

All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly acceded by private institutions as mortgage investors in the area in which the mortgaged premises are located. The mortgagee clause must provide that all property insurance policies must provide an Agreed Amount and Inflation Guard Endorsement, if available, and a Construction Code Endorsement if the Common Areas in the Association are subject to a construction code provision which would become operative and require changes to undamaged portions of the building(s), thereby imposing significant costs in the event of partial destruction of the project by an insured peril.

If any portion of the Common Areas are in a special flood hazard area, as defined by the Federal Emergency Management Agency, the Board of Directors of the Association, or its duly authorized agent, shall be required to obtain, maintain and pay, as a common expense, the premiums upon a "master" or "blanket" policy of flood insurance on Common Area buildings and any other Common Area property. The policy shall be in an amount deemed appropriate, but not less than the maximum coverage available under the NFIP for all buildings and other insurable property within any portion of the Common Areas located within a designated flood hazard area or one hundred percent (100%) of current replacement cost of all such buildings and other insurable property. Unless a higher maximum amount is permitted under the laws of Maryland, the maximum deductible for flood insurance shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy face amount.

The Association shall maintain comprehensive general liability insurance coverage covering all of the Common Areas, public ways of the project, and other areas that are under its supervision (including, but not limited to, commercial spaces, if any, owned by the Association, whether or not they are leased to third parties). Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use. However, such coverage shall be for at least One Million Dollars (\$1,000,000.00) for bodily injury and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation and maintenance or use of the Common Areas, and legal liability arising out of lawsuits related to employment contracts in which the Association is a party. Such insurance policy shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners. Such policies must provide that they may not be canceled or substantially

modified, by any party, without at least ten (10) days' prior written notice to the Association.

Blanket fidelity bonds shall be required to be maintained by the Association for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Association has delegated some or all of the responsibility for the handling of funds to a management agent, such management agent shall be covered by its own fidelity bond. All fidelity bonds, including those entered into by, and/or on behalf of or for the benefit of a management agent and its personnel, should name the Association as an obligee (for bonds entered into by or on behalf of, or for the benefit of a management agent and its personnel, the Association should be named as an additional obligee). Fidelity bonds entered into by the Association shall have their premiums paid as a common expense of the Association. The total amount of fidelity coverage required shall be sufficient to cover the maximum funds that will be in the custody of the Association or management agent at any time, but must at least equal the sum of three (3) months' assessments on all Lots within the Property, plus the Association's reserve funds. The bonds shall provide that they cannot be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days' prior written notice to the Association and to all Eligible Mortgage Holders.

Section 9.03. Repair and Reconstruction of Common Areas After Fire or Other Casualty. Except as hereinafter provided (and inconsistent herewith), in the event of damage to or destruction of any portion of the Common Areas covered by insurance payable to the Association as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof, and the Board of Directors or the Insurance Trustee (as hereinafter defined), as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as provided below.

The Insurance Trustee may rely upon a certificate of the Board of Directors which certifies whether or not the damaged Property is to be reconstructed or repaired. The Board of Directors, upon request of the Insurance Trustee, shall deliver such certificate as soon as practicable.

Immediately after a casualty causing damage to the Common Areas for which the Association has the responsibility of maintenance, repair, and/or replacement, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged portions of the Common Areas in as good a condition as existed before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desire.

In the event of reconstruction or repair (as estimated by the Board of Directors) which shall exceed Twenty-Five Thousand Dollars (\$25,000.00), all proceeds of insurance shall be paid over to a trust company or bank having trust powers and authorized to engage in the trust business in the State of Maryland (hereinafter the "Insurance Trustee"), selected by the Board of Directors and shall be paid out from time to time as the reconstruction and repair progresses in accordance with the provisions of an Insurance Trust Agreement and which contains, inter alia, the following provisions:





(a) the reconstruction or repair shall be in the charge of an architect or engineer, who may be an employee of the Association, and hereinafter called the "Architect";

(b) any restoration or repair of the project shall be performed substantially in accordance with this Supplemental Declaration and the original plans and specifications, unless other action is approved by at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned), and two thirds (2/3) of the owners (other than the Declarant);

(c) each request for an advance of the proceeds of insurance shall be made to the Insurance Trustee and shall be accompanied by a certificate from the Architect and Board of Directors to the effect that (i) all work then completed has been performed in accordance with the plans and specifications; and (ii) the amount requested to be advanced is required to reimburse the Board of Directors for payments previously made by the Board of Directors or is due to the contractor responsible for the restoration or repair, or to subcontractors, materialmen, laborers, engineers, architects or to other persons responsible for services or materials in connection with such restoration or repair, or for fees or the like necessarily incurred in connection with the same; and (iii) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request;

(d) each request for an advance of the proceeds of insurance shall be accompanied by satisfactory waivers of liens covering that portion of the repair or reconstruction for which payment or reimbursement is being requested, together with appropriate evidence from a title insurance company or the like to the effect that there has not been filed with respect to the Common Areas, or any part thereof, any mechanics' or other lien, or notice of intention to file the same, which has not been dismissed, bonded, or satisfied of record;

(e) the fees and expenses of the Insurance Trustee, as agreed upon by the Board of Directors and the Insurance Trustee, shall be paid by the Association as a common expense, and such fees and expenses may be deducted from any insurance proceeds in the hands of the Insurance Trustee, pro rata, as the reconstruction or repair progresses;

(f) such other provisions not inconsistent with the provisions hereof as the Board of Directors or the Insurance Trustee may reasonably require.

Upon completion of the reconstruction or repair and payment in full of all amounts due on account thereof, any proceeds of insurance then in the hands of the Insurance Trustee shall be paid to the Board of Directors if such funds relate to Common Areas, or (ii) to the Owner of any Lot to which any such proceeds may relate.

#### ARTICLE X PARTY WALLS AND FENCES

The rights and duties of the Owners of Lots with respect to the party walls (both interior and exterior) and fences, including exterior brick walls, shall be governed by the following:

Section 10.01. General Rules of Law to Apply. Each wall or fence or other structure which is constructed as a part of the original construction on the Property and any part of which is placed on the dividing line between separate Lots, shall constitute a party wall or fence and with respect to such wall or fence each of the adjoining Owners shall assume the burdens, and be subject to an easement for that portion of the wall or fence on his or her Lot, and be entitled to the benefits of these restrictive covenants and, to the extent not inconsistent herewith, the general rules of law regarding party walls or fences and of liability for property damage due to negligence or willful acts or omissions, shall apply thereto.

Section 10.02. Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty. If any such party wall or fence is damaged or destroyed by fire or other casualty or by some cause other than the act of one of the adjoining Owners, his/her agents, or family (including ordinary wear and tear and deterioration from lapse of time), then, in such event, both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly, in proportion to their respective use of the party wall or fence.

Section 10.03. Repairs of Damage Caused by One Owner. If any such party wall or fence is damaged or destroyed through the act of one adjoining Owner or any of his/her agents or guests or members of his family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Owner of the full use and enjoyment of such party wall or fence, then the Owner responsible for such damage shall forthwith proceed to rebuild and repair the same to as good condition as formerly, without cost to the adjoining Owner.

Section 10.04. Weatherproofing. Notwithstanding any other provision of this Article, any Owner who by his negligent or willful act causes an interior party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 10.05. Encroachments. If any portion of a party wall or fence shall encroach upon any adjoining Lot, or upon the Common Area by reason of reconstruction, settlement or shifting of any building, or otherwise, a valid easement for the encroachment and for the maintenance of the same as long as the building stands shall exist.

Section 10.06. Other Changes. In addition to meeting the other requirements of these restrictive covenants, and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild his residence in any manner which requires the extension or other alteration of any party wall or fence shall first obtain the written consent of the adjoining Owner.

Section 10.07. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 10.08. Dispute. In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or fence or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors, or its designated

committee, who shall decide the dispute, and the decision of the Board of Directors, or its designated committee, shall be final and conclusive upon the parties.

## ARTICLE XI MANAGEMENT

Section 11.01. Management Agent. The Board of Directors may employ for the Association a professional management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing, such as:

- (a) to establish (with the approval of the Board of Directors of the Association) and provide for the collection of the annual maintenance assessments and any other assessments provided for in this Supplemental Declaration and to provide for the enforcement of liens therefor in a manner consistent with the law and the provisions of this Supplemental Declaration; and
- (b) to provide for the care, upkeep, maintenance and surveillance of the Common Area and community facilities; and
- (c) to designate, hire and dismiss such personnel as may be required for the good working order, maintenance and efficient operation of the Common Area and community facilities; and
- (d) to promulgate (with the approval of the Board of Directors of the Association) and enforce such rules and regulations and such restrictions or requirements, "house rules" or the like as may be deemed proper respecting the use of the Common Area and community facilities; and
- (e) to provide such other services for the Association as may be consistent with law and the provisions of this Supplemental Declaration.

When professional management has been previously required by any Eligible Mortgage Holder, any decision to establish self-management by the Association shall require the consent of sixty-seven percent (67%) of the Owners and the approval of fifty-one percent (51%) of the votes of lots subject to eligible holder mortgages.

Section 11.02. Duration of Management Agreement. Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon thirty (30) days' written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1)-year periods.

Any Management Agreement entered into by the Declarant, his nominee or nominees, assigns, successor(s) or agent thereof, prior to transfer of control of the Association must be terminable, without cause, any time after transfer of control, on not less than thirty (30) nor more than ninety (90) days' notice, and no charge or penalty may be associated with such termination.

## ARTICLE XII GENERAL PROVISIONS

Section 12.01. Common Area Responsibility. The Association, subject to the rights of the Owners as set forth in this Supplemental Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including, without limitation, furnishings and equipment related thereto, private drainage facilities and common landscaped areas), and shall keep the Common Areas in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof.

Section 12.02. Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property, subject to the requirements of this Supplemental Declaration. The Board of Directors, acting on behalf of the Association, will accept any real or personal property, leasehold, or other property interests within the Property conveyed to it by the Declarant.

Section 12.03. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Supplemental Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 12.04. Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the Common Areas or community facilities, or from any wire, pipe, drain, conduit or the like. The Association shall not be liable to any member for loss or damage, by theft or otherwise, of articles which may be stored upon the Common Areas or community facilities. No diminution or abatement of assessments, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas or community facilities, or from any action taken by the Association to comply with any of the provisions of this Supplemental Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Section 12.05. Enforcement. The Association, or any Owner, or any Mortgagee of any Lot shall have the right to enforce, by any proceeding at law and/or in equity, all restrictions, conditions, covenants, reservations, easements, liens, charges or other obligations or terms now or hereafter imposed by the provisions of this Supplemental Declaration, or the Articles of Incorporation or Bylaws of the Association or any rule or regulation promulgated by the Association pursuant to its authority as provided in the Supplemental Declaration, Articles of Incorporation or Bylaws. Failure by the Association or by any Owner or by any mortgagee of any Lot to enforce any covenant or restrictions herein contained or any provision of the Bylaws, Articles of Incorporation or rules and regulations of the Association shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the within covenants or restrictions or any provision of the Bylaws or Articles

of Incorporation of the Association cannot be adequately remedied by action at law or exclusively by recovery of damages. If the Association, or any Owner or Mortgagee of any Lot, successfully brings an action to extinguish a violation or otherwise enforce the provisions of this Supplemental Declaration or the Articles of Incorporation or Bylaws of the Association, the costs of such action, including legal fees, shall become a binding, personal obligation of the Owner committing or responsible for such violation, and such costs shall also be a lien upon the Lot of such Owner, provided that the requirements of the Maryland Contract Lien Act are substantially fulfilled.

Without limiting the generality of the foregoing, and in addition to any other remedies available, the Association after reasonable notice, in writing, provided to the Owner, may enter any Lot to remedy any violation of the provisions of this Supplemental Declaration, the Bylaws, Articles of Incorporation or rules and regulations of the Association provided, however, that the Association may not enter the interior of any dwelling unit except in an emergency. The costs of such action shall become a binding, personal obligation of the Owner otherwise responsible for such violation and shall also be a lien upon the Lot of such Owner.

Section 12.06. Fines. In addition to the means for enforcement provided elsewhere herein, the Association shall have the right to levy fines against an Owner or his guests, relatives, lessees or invitees, in the manner set forth herein, and such fines shall be collectible as any other assessment such that the Association shall have a lien against the Lot of such Owner as provided in this Supplemental Declaration, the Bylaws and the Articles of Incorporation and such fine(s) shall also become the binding personal obligation of such Owner.

(a) The Board of Directors or the Covenant Committee, shall be charged with determining where there is probable cause that any of the provisions of this Supplemental Declaration, the Bylaws, Articles of Incorporation or the rules and regulations of the Association, regarding the use of the dwelling units, Lots, Common Area or other Association property, are being or have been violated. In the event that the Board of Directors or the Covenants Committee determines an instance of such probable cause it shall cause the Board of Directors to provide written notice to the person alleged to be in violation, and the Owner of the Lot which that person occupies or is visiting if such person is not the owner, of the specific nature of the alleged violation and of the opportunity for a hearing before the Board of Directors upon a request made within five (5) days of the sending of the notice. The notice shall also specify, and it is hereby provided, that each recurrence of the alleged violation or each day during which it continues shall be deemed a separate offense, subject to a separate fine not to exceed Twenty-Five Dollars (\$25.00) for each offense. The notice shall also specify, and it is hereby provided, that in lieu of requesting a hearing, the alleged violator or Owner may respond to the notice within five (5) days of its sending, acknowledging in writing that the violation occurred as alleged and promising that it will henceforth cease and will not recur, and that such acknowledgment and promise, and performance in accordance therewith, shall terminate for the enforcement activity of the Association with regard to such violation.

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

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

(d) A fine pursuant to this Section 12.06 shall be assessed against the Lot which the violator occupied or was visiting at the time of the violation, whether or not the violator is an owner of that Lot, and shall be collectible in the same manner as any other assessment, including by the Association's lien rights as provided in this Supplemental Declaration and the Bylaws. Nothing herein shall be construed to interfere with any right that an Owner may have to obtain from a violator occupying or visiting his Lot payment of the amount of any fine(s) assessed against that Lot.

(e) Nothing herein shall be construed as a prohibition of or limitation on the right of the Association to pursue any other means of enforcement of the provisions of this Supplemental Declaration, the Bylaws, Articles of Incorporation or rules and regulations, including, but not limited to, legal action for damages or injunctive relief.

Section 12.07. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions, which shall remain in full force and effect.

Section 12.08. Duration and Amendment. Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of this Supplemental Declaration shall run with and bind the land for a term of thirty (30) years from the date this Supplemental Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Supplemental Declaration may be amended during the first thirty (30)-year period by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, and thereafter, by an instrument signed by the Owners of not less than sixty-six and two-thirds percent (66 2/3%) of the Lots. Any amendment must be recorded.

Section 12.09. Changes and Modifications by Declarant. The Declarant shall have the right, for a period of seven (7) years following the date of recordation of this Supplemental Declaration, without the consent of the members of the Association, to modify, amend or change any of the provisions of this Supplemental Declaration as deemed necessary or appropriate by the Declarant, provided that so long as a Lot is encumbered by a deed of trust or mortgage which is guaranteed or insured by VA or FHA, then VA or FHA, as applicable, shall have the right to approve any material amendment, modification or change to this Supplemental Declaration.

Section 12.10. FHA-VA Approvals. Provided that any Lot subject to this Supplemental Declaration is then encumbered by a deed of trust or mortgage which is insured by FHA or guaranteed by VA, and further provided that there are then Class B memberships of the Association outstanding, neither the members, the Board of Directors, nor the Association shall by act or omission, take any of the following actions without the prior written consent or approval of the Federal Housing Administration and the Veterans Administration, as circumstances may require:

(a) change the basic organization of the Association including the merger, consolidation, or dissolution of the Association; or

(b) dedicate, convey, or mortgage the Common Area; or

(c) annex additional properties (other than an annexation by the Declarant as provided in this Supplemental Declaration; or

(d) otherwise materially modify or amend any provision of this Supplemental Declaration, the Bylaws or the Articles of Incorporation of the Association.

Section 12.11. Rights of the Maryland-National Capital Park and Planning Commission ("Commission" herein). Any other provision of this Supplemental Declaration or the Bylaws or Articles of Incorporation of the Association to the contrary notwithstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent of the Commission, which consent shall not be unreasonably withheld or delayed:

(a) abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Common Areas; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Areas by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate this Supplemental Declaration; or

(c) modify or amend any material or substantive provision of this Supplemental Declaration, or the Bylaws or the Articles of Incorporation of the Association; or

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

(e) substantially modify the method of determining and collecting assessments as provided in this Supplemental Declaration.

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

Section 12.12. Consents. Any other provision of this Supplemental Declaration or the Bylaws or Articles of Incorporation of the Association to the contrary notwithstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions:

(a) abandon, partition, alienate, release, hypothecate, dedicate, subdivide, encumber, sell or transfer any of the Common Areas directly or indirectly owned by the Association unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and Lot Owners

representing sixty-seven percent (67%) of the votes in the Association have given their prior written approval; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Areas by members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate this Supplemental Declaration unless at least sixty-seven percent (67%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and Lot Owners representing ninety percent (90%) of the votes of the Association have given their prior written approval; or

(c) conversion of Lots into Common Areas or vice versa unless sixty-seven percent (67%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and Lot Owners representing ninety percent (90%) of the votes of the Association have given their prior written approval; or

(d) unless the prior written consent of fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and the requisite number of Lot Owners as provided in Section 12.09 of this Supplemental Declaration has been obtained, modify or amend any material provision of this Supplemental Declaration, which establish, provide for, govern or regulate any of the following:

- (i) voting rights;
- (ii) assessments, assessment liens or subordination of such liens;
- (iii) reserves for maintenance, repair and replacement of the Common Areas;
- (iv) insurance or fidelity bonds;
- (v) rights to use of the Common Areas by any Owner, except in accordance with Section 3.01(b);
- (vi) responsibility for maintenance and repairs;
- (vii) expansion or contraction of the property subject to this Supplemental Declaration or the addition, annexation or withdrawal of property to or from this Supplemental Declaration, except in accordance with Section 12.09;
- (viii) boundaries of any Lot;
- (ix) a decision by the Association to establish self management when professional management had been previously required by an Eligible Mortgage Holder;
- (x) leasing of Lots;



- (xi) imposition of any restrictions on the rights of an Owner to sell or transfer his or her Lot;
- (xii) restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents;
- (xiii) any provisions which expressly benefit mortgage holders, Eligible Mortgage Holders or insurers or guarantors.

An addition or amendment to this Supplemental Declaration shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. An Eligible Mortgage Holder who receives a written request to approve such a non-material additions or amendments who fails to submit a response within thirty (30) days shall be deemed to have approved such request; or

(e) substantially modify the method of determining and collecting assessments against an Owner or his Lot as provided in this Supplemental Declaration, unless at least sixty-seven percent (67%) of the first mortgagees (based upon one vote for each first mortgage owned) or Owners (other than the Declarant) of the individual Lots in the Association have given their prior written approval; or

(f) waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of buildings or structures on the Lots, the exterior maintenance of buildings or structures on the Lots, the maintenance of the Common Areas, party walkways or common fences and driveways, or the upkeep of lawns and plantings within the Property unless at least sixty-seven percent (67%) of the first mortgagees (based upon one vote for each first mortgage owned) or Owners (other than the Declarant) of the individual Lots in the Association have given their prior written approval; or

(g) fail to maintain insurance in accordance with Section 9.02 of this Supplemental Declaration unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and sixty-seven percent (67%) of the Owners have given their prior written approval; or

(h) use hazard insurance proceeds for losses to any Association Common Area for other than the repair, replacement or reconstruction of such Common Area or property, unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and sixty-seven percent (67%) of the Owners have given their prior written approval.

Section 12.13. Additional Rights of Mortgagees - Notice. The Association shall promptly notify all Eligible Mortgage Holders who hold first mortgages on any Lot for which an assessment levied pursuant to Supplemental Declaration, or any installment thereof, becomes delinquent for a period in excess of sixty (60) days and the Association shall promptly notify any Eligible Mortgage Holder who holds a first mortgage on any Lot with respect to which any default in any other provision of this Supplemental Declaration remains uncured for a period in excess of sixty (60) days following the date of such default. Any failure to give any such notice shall not affect the validity or priority of any Eligible Mortgage Holder on any Lot and the protection extended in this

Supplemental Declaration to the holder of any such mortgage shall not be altered, modified or diminished by reason of such failure.

No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to this Supplemental Declaration except after ten (10) days' written notice to the holder of the first mortgage on the Lot which is the subject matter of such suit or proceeding.

Any first mortgagee of any Lot may pay any taxes, utility charges or other charge levied against the Common Areas and community facilities which are in default and which may or have become a charge or lien against any of the Common Areas and community facilities and any such first mortgagee may pay any overdue premiums on any hazard insurance policy or secure new hazard insurance coverage on the lapse of any policy, with respect to the Common Areas and community facilities. Any first mortgagee who advances any such payment shall be due immediate reimbursement of the amount so advanced from the Association.

Section 12.14. Casualty Losses. In the event of substantial damage or destruction to any of the Common Areas or community facilities, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the Eligible Mortgage Holders who hold first mortgages of record on the Lots. No provision of this Supplemental Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his Lot with respect to the distribution to such member of any insurance proceeds paid or payable on account of any damage or destruction of any of the Common Areas or community facilities.

Section 12.15. Condemnation or Eminent Domain. In the event any part of the Common Areas and community facilities is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the Eligible Mortgage Holders who hold first mortgages of record on the Lots. No provision of this Supplemental Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his Lot with respect to the distribution to such member of the proceeds of any condemnation or settlement relating to a taking of any of the Common Areas and community facilities.

Section 12.16. Changes Required by Lenders. Notwithstanding any provision to the contrary contained in the Articles of Incorporation or Bylaws of the Association or this Supplemental Declaration, the Declarant shall have and hereby reserves the right to make modifications, additions or deletions to this Supplemental Declaration, the Articles of Incorporation and the Bylaws of the Association if such modifications, additions or deletions are required by VA, FHA, FHLMC or FNMA. The Declarant further reserves the right to waive in writing any exemption, right or privilege granted or reserved to the Declarant by this Supplemental Declaration or the Articles of Incorporation or the Bylaws of the Association.

Section 12.17. Taxes and Assessments. It is the intent of this Supplemental Declaration that inasmuch as the interests of each Owner to use and enjoy the Common

Area is an interest in real property appurtenant to each Lot, the value of the interest of each owner in such Common Area shall be included in the assessment for each such Lot and as a result, any assessment directly against such Common Area should be of a nominal nature reflecting that the full value of the same should be included in the several assessments of the various Lots.

Section 12.18. Successors of Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant by an instrument, in writing, without notice to the Association.

Section 12.19. No Dedication to Public Use. Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of any Common Areas or community facility by any public or municipal agency, authority, or utility and no public or municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any of the Common Areas or community facilities.

Section 12.20. Incorporation by Reference on Resale. In the event any Owner sells or otherwise transfers any Lot, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this Supplemental Declaration.

Section 12.21. Declarant Reserved Rights. No amendment to this Supplemental Declaration may remove, revoke, or modify any right, reservation or privilege of the Declarant without the prior written consent of the Declarant or any successors or assignees (pursuant to Section 12.18) of the Declarant.

Section 12.22. Perpetuities. If any of the covenants, restrictions, or other provisions of this Supplemental Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 12.23. Captions and Gender. The captions contained in this Supplemental Declaration are for convenience only and are not a part of this Supplemental Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Supplemental Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

IN WITNESS WHEREOF, the undersigned, being the DECLARANT herein, has executed this instrument this 9th day of March, 1988.

ATTEST:

THE MILTON COMPANY,  
a Virginia corporation

D. Timothy Webb  
D. Timothy Webb, (~~Assistant~~) Secretary

By: Russell S. Rosenberg  
Russell S. Rosenberg (Vice) President

[CORPORATE SEAL]

\* \* \*

STATE OF Virginia  
COUNTY OF Fairfax

\*  
\* to wit:  
\*

On this 9th day of March, 1988, before me, the undersigned officer, personally appeared Russell S. Rosenberg and David Timothy Webb who have been satisfactorily proven to be the persons whose names are subscribed to this written instrument, who acknowledged themselves to be (Vice) President and (~~Assistant~~) Secretary, respectively, of The Milton Company, a Virginia corporation, and that said Russell S. Rosenberg and David Timothy Webb, as such (Vice) President and (~~Assistant~~) Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as (Vice) President and (~~Assistant~~) Secretary, respectively.

GIVEN under my hand and seal this 9th day of March, 1988.

Kathleen Bryant Howe  
Notary Public

My Commission Expires: July 30, 1988  
[NOTARIAL SEAL]

\* \* \*

CERTIFICATION

I HEREBY CERTIFY that the foregoing instrument was prepared on behalf of The Milton Company, a Virginia corporation, one of the parties thereto.

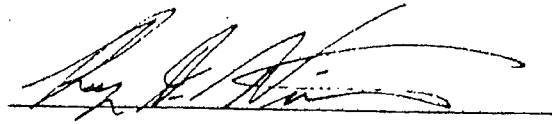
A handwritten signature in dark ink, appearing to be "R. J. Smith", is written over a horizontal line.

Exhibit "A"

(Description of Lots and Common Areas)

GREENHORNE & O'MARA, INC.

page 2 of 3

SUBDIVISION LOTS WITHIN PLAT THREE, SOUTHLAKE:

Lots	1	through	6,	Block	18
Lots	1	through	5,	Block	23
Lots	1	through	5,	Block	24
Lots	1	through	5,	Block	25
Lots	1	through	5,	Block	26
Lots	1	through	6,	Block	34
Lots	1	through	6,	Block	35

SUBDIVISION LOTS WITHIN PLAT FOUR, SOUTHLAKE:

Lots	1	through	6,	Block	27
Lots	1	through	5,	Block	28
Lots	1	through	4,	Block	29
Lots	1	through	4,	Block	30
Lots	1	through	4,	Block	31
Lots	1	through	4,	Block	32
Lots	1	through	5,	Block	33

SUBDIVISION LOTS WITHIN PLAT FIVE, SOUTHLAKE:

Lots	1	and	2,	Block	36
Lots	1, 2	and	3,	Block	37
Lots	1, 2	and	3,	Block	38
Lots	1, 2	and	3,	Block	39
Lots	1	through	4,	Block	40
Lots	1, 2	and	3,	Block	41
Lots	1, 2	and	3,	Block	42
Lots	1, 2	and	3,	Block	43
Lots	1, 2	and	3,	Block	44
Lots	1, 2	and	3,	Block	45
Lots	1, 2	and	3,	Block	46
Lots	1, 2	and	3,	Block	47
Lots	1	through	4,	Block	48
Lots	1, 2	and	3,	Block	49
Lots	1, 2	and	3,	Block	50

SUBDIVISION LOTS WITHIN PLAT SIX, SOUTHLAKE:

Lots	1	through	5,	Block	51
Lots	1	through	5,	Block	52
Lots	1	through	6,	Block	53
Lots	1	through	4,	Block	54
Lots	1	through	5,	Block	55

GREENHORNE & O'MARA, INC.

page 3 of 3

SUBDIVISION LOTS WITHIN PLAT SEVEN, SOUTHLAKE:

Lots	1	through	6,	Block	56
Lots	1	through	6,	Block	57
Lots	1	through	5,	Block	58
Lots	1	and	2,	Block	59
Lots	1	through	5,	Block	60
Lots	1	through	4,	Block	61
Lots	1	through	6,	Block	62

SUBDIVISION LOTS WITHIN PLAT EIGHT, SOUTHLAKE:

Lots	1	through	4,	Block	63
Lots	1	through	5,	Block	64
Lots	1	through	5,	Block	65
Lots	1	through	6,	Block	66
Lots	1	through	6,	Block	67
Lots	1	through	6,	Block	68
Lots	1	through	4,	Block	69
Lots	1	through	5,	Block	70
Lots	1	through	4,	Block	71



Exhibit "B"

(Description of Common Area)

GREENHORNE & O'MARA, INC.

LEGAL DESCRIPTION FOR SOUTHLAKE

COMMON AREA:

Parcel	'A'	"Plat One,	Southlake"	Plat Book	Plat No.
Parcel	'B' & 'C'	"Plat Two,	Southlake"	Plat Book	Plat No.
Parcel	'D'	"Plat Three,	Southlake"	Plat Book	Plat No.
Parcel	'E'	"Plat Four,	Southlake"	Plat Book	Plat No.
Parcel	'F'	"Plat Five,	Southlake"	Plat Book	Plat No.
Parcel	'G'	"Plat Six,	Southlake"	Plat Book	Plat No.
Parcel	'H'	"Plat Seven,	Southlake"	Plat Book	Plat No.
Parcel	'I' (eye)	"Plat Eight,	Southlake"	Plat Book	Plat No.

Exhibit "C"

(Description of Lots Subject to  
SHA Drainage Easement)

GREENHORNE & O'MARA, INC.

LEGAL DESCRIPTION FOR SOUTHLAKE

COMMON AREA:

Parcel	'A'	"Plat One,	Southlake"	Plat Book	Plat No.
Parcel	'B' & 'C'	"Plat Two,	Southlake"	Plat Book	Plat No.
Parcel	'D'	"Plat Three,	Southlake"	Plat Book	Plat No.
Parcel	'E'	"Plat Four,	Southlake"	Plat Book	Plat No.
Parcel	'F'	"Plat Five,	Southlake"	Plat Book	Plat No.
Parcel	'G'	"Plat Six,	Southlake"	Plat Book	Plat No.
Parcel	'H'	"Plat Seven,	Southlake"	Plat Book	Plat No.
Parcel	'I' (eye)	"Plat Eight,	Southlake"	Plat Book	Plat No.

SUBDIVISION LOTS WITHIN PLAT ONE, SOUTHLAKE:

Lots	1	through	5,	Block	1
Lots	1	through	6,	Block	2
Lots	1	through	5,	Block	3
Lots	1	through	6,	Block	4
Lots	1	through	5,	Block	5
Lots	1	through	6,	Block	6
Lots	1	through	5,	Block	7
Lots	1	through	5,	Block	8
Lots	1	through	5,	Block	9
Lots	1	through	6,	Block	17

SUBDIVISION LOTS WITHIN PLAT TWO, SOUTHLAKE

Lots	1	through	5,	Block	10
Lots	1	through	6,	Block	11
Lots	1	through	7,	Block	12
Lots	1	through	6,	Block	13
Lots	1	through	6,	Block	14
Lots	1	through	5,	Block	15
Lots	1	through	5,	Block	16
Lots	1	through	7,	Block	19
Lots	1	through	6,	Block	20
Lots	1	through	5,	Block	21
Lots	1	through	5,	Block	22

LF 14974.522

\* \* \*

STATE OF MARYLAND

\*

to wit:

\*

COUNTY OF MONTGOMERY

\*

I HEREBY CERTIFY that on this 27 day of June, 1997, before me, a Notary Public in and for the State and County aforesaid, personally appeared John Myers, known to me (or satisfactorily proven) to be Attorney-in-Fact of Pulte Home Corporation, a Michigan corporation, and that such Attorney-in-Fact, being authorized to do so, executed the foregoing instrument on behalf of said corporation for the purposes therein contained.

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

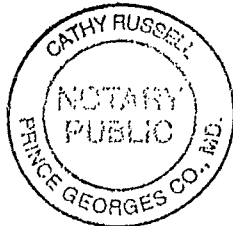
Cathy M. Russell  
Notary Public

CATHY RUSSELL

NOTARY PUBLIC STATE OF MARYLAND

My Commission Expires: My Commission Expires September 1, 1998

[NOTARIAL SEAL]



LF 14974.523


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### DECLARANT'S CERTIFICATION

I HEREBY AFFIRM under penalty of perjury that the notice requirements of Section 11-102.1 of the Real Property Article of the Annotated Code of Maryland, if applicable, have been fulfilled.

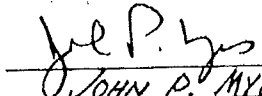
ATTEST/WITNESS:

PULTE HOME CORPORATION,  
a Michigan corporation

  
MELANIE B. CONNELLY

[CORPORATE SEAL]

By:

  
JOHN P. MYERS

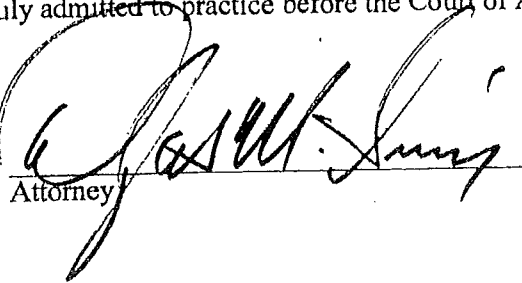
Attorney-in-Fact

LIBER 13163/FOLIO 271

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### ATTORNEY'S CERTIFICATE

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

  
Attorney

LF 14974.524

Exhibit "A"

(Description of the Property)

