

VILLAGE OF MELWOOD HOMEOWNERS ASSOCIATION, INC.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by Calvert LLC, a Maryland limited liability corporation, hereinafter referred to as "Declarant".

W I T N E S S E T H:

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". Declarant desires to create over all of the Property a residential community with Common Areas for the benefit of the community.

WHEREAS, The Declarant desires to provide for the preservation of the values and amenities in the community and for the maintenance of the Common Areas; and to this end, desires to subject the real property described on Exhibit "A" hereof to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which are for the benefit of the Property and the subsequent Owners thereof.

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the community, to create an association to which should be delegated and assigned the powers and duties of maintaining and administering the Common Areas, administering and enforcing the covenants and restrictions and collecting and disbursing the charges and assessments created.

WHEREAS, the Declarant has formed the VILLAGE OF MELWOOD HOMEOWNERS ASSOCIATION, INC., as a nonprofit corporation without capital stock under the laws of the State of Maryland for the purpose of carrying out the powers and duties described.

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 the Property described on Exhibit "A" hereto, 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, and their heirs, personal representatives, successors and assigns, and which shall inure to the benefit of each Owner thereof.

2005 MAY -2 A 11: 56

CLERK OF THE
CIRCUIT COURT

ARTICLE I
Definitions

Section 1.01. "Association" shall mean and refer to the VILLAGE OF MELWOOD HOMEOWNERS ASSOCIATION, INC., a non-stock, non-profit corporation, its successors and assigns.

Section 1.02. "Common Area" shall mean all real property owned or maintained by the Association (including the improvements thereto and private roadways) or otherwise available for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described more particularly on the legal description attached hereto and made part hereof as Exhibit "B".

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 Declaration, the Bylaws and the Articles of Incorporation of the Association.

Section 1.04. "Community-Wide Standard" shall mean the standard of conduct, 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 1.05. "Declarant" shall mean and refer to Calvert LLC, its successors or 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 heirs, personal representatives or assigns by an instrument in writing.

Section 1.06. "Development Plan" shall mean the preliminary plans of subdivision for "Village of Melwood" as approved by The Maryland-National Capital Park and Planning Commission ("M-NCPPC"), referenced as preliminary plan number 4-04139.

Section 1.07. "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 1.08. "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 1.09. "Member" shall mean and refer to every person, group of persons, corporation, trust, or other legal entity, or

combination thereof, who holds any class of membership in the Association.

Section 1.10. "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or the beneficiary of any recorded deed of trust, encumbering one or more of the Lots. The term, "Mortgage," as used herein, shall include a deed of trust. The term, "First Mortgage," as used in this Declaration, shall mean a mortgage with priority over other mortgages. As used in this Declaration, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this 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 Homes 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. As used in this Declaration, the term "holder" or "mortgagee" shall include the parties secured by any deed of trust or any beneficiary thereof.

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 1.11. "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 1.12. "Project" as used in this Declaration means that certain community being developed by the Declarant (or affiliates, successors and assigns of the Declarant) in Prince George's County, Maryland, known as "Village of Melwood".

Section 1.13. "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 Declaration.

ARTICLE II Property Subject to Declaration

Section 2.01. Initial Property Subject to the Declaration.
The real property which is and shall be held, conveyed,

hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to this Declaration is located in 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. Annexations. Any real property contiguous to or in the vicinity of the real property shown on the Development Plan and any real property contiguous to or in the vicinity of the real property described on Exhibit "A" hereto, may be annexed within the jurisdiction of the Association by the Declarant without the consent of the Class A Members of the Association, if any, for a period of ten (10) years from the date of recordation by the Declarant of the first Supplementary Declaration annexing all or any portion of the real property described on Exhibit "A" hereto; 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 ten (10)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less. The scheme of this Declaration shall not, however, be extended to include any such additional real property unless and until the same is annexed within the jurisdiction of the Association by the recordation of a Supplementary Declaration as hereinafter provided. Except as otherwise provided hereinabove, annexations of real property within the jurisdiction of the Association shall require the consent of two-thirds (2/3) of each class of Members.

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration among the Land Records of Prince George's County, Maryland, which Supplementary Declaration shall extend the scheme of the within Declaration of Covenants, Conditions and Restrictions to such annexed property. Any Supplementary Declaration made pursuant to the provisions of this Article may contain such complementary or supplemental additions and modifications to the covenants and restrictions set forth in the within Declaration as may be considered necessary by the maker of such Supplementary Declaration to reflect the different character or use, if any, of the annexed property. Every owner of a 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. Unrestricted Property. Any Lot(s) or Parcel or portion thereof shall, at such time as title vests in any government entity or quasi-government entity, become unencumbered by this Declaration with no further act required unless such government entity or quasi-government entity records a "Consent to be Included in Village of Melwood Declaration" among the Land Records of Prince George's County, Maryland.

ARTICLE III
Property Rights

Section 3.01. Owners Easements of Enjoyment. Every Owner shall have a right and easement in and to the Common Area, including an easement for the use and enjoyment of the egress to such Owner's Lot, 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 the voting rights and right to use of any recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(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 that the dedication or transfer shall also be subject to the limitations provided in Sections 12.10 and 12.11 of this 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 the 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 Section 7.07 hereof.

(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 and community facilities in a manner designed to promote the enjoyment and welfare of the members and in aid thereof to mortgage any of the Common Area and community facilities.

(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 Declaration.

(j) 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 part of the Common Area for such consideration and on such forms and conditions as the Board of Directors may from time to time consider appropriate.

Section 3.02. Limitations.

(a) Any other provision of this 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 provisions of this 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 provisions of this 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.

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 Declaration, or which otherwise becomes subject to the covenants set forth in this Declaration, 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. 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 nine (9) votes 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 exceeds the total authorized and outstanding votes of the Class B members; or

(ii) seven (7) years from the date of recordation of this Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid seven (7) year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or

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

Upon the lapse or surrender of the Class B 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 Article V. The Declarant, for each Lot owned within the Property, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (1) annual assessments or charges or any and all expenses owed by the Declarant (including leases with utility companies) during the Deficit Period (as such term is defined in Section 5.03 below) and (2) special assessments for capital improvements. The annual and special assessments or Deficit Period fees, as the case may be, 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 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.

(a) 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, 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 proper conduct of its activities, including, without limitation, reserves for replacements or contingencies, charges accruing under any cross-easement or reciprocal easement agreements. Utility services to the Common Area include any lease payments for the light fixtures

to the utility providing the service. The assessments shall also be used to pay for any and all other maintenance responsibilities of the Association including, but not limited to the maintenance of any entrance features or signage appurtenant to or serving or benefitting the Community, retaining or separation walls, parking lots, recreational facilities located on the Common Area and any other properties or facilities the Association may determine to maintain pursuant to this Declaration.

(b) Notwithstanding anything contained in this Declaration, the Bylaws or the Articles of Incorporation to the contrary, the Association shall be responsible for maintaining any and all storm water management facilities, including, without limitation, ponds, basins, oil/grit separator apparatus or equipment and drainage areas, whether such facilities are located within the Property or not, which are designed to benefit or serve any portion of the Property and are required to be maintained by the Association.

Section 5.03. Annual Assessment; Budgets. Until January 1 of the year immediately following the conveyance of a Lot to a Class A Member, the maximum annual assessment shall be Five Hundred Dollars (\$500.00). Thereafter, the Board of Directors shall, from time to time, set the annual assessment at an amount sufficient to meet the Common Expenses of the Association. The Board of Directors shall determine the amount of the Annual Assessment before the beginning of each fiscal year in connection with preparation of the Association's annual budget, and may do so at more frequent intervals should it be determined necessary. Any lots owned by the Declarant shall be exempt from the requirement to pay the annual assessment. Notwithstanding the foregoing, the Declarant shall pay the full 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 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 entitled to pay no assessment, 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 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 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 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.

The Board of Directors shall make a reasonable effort, at least sixty (60) days before the beginning of the fiscal year and thirty (30) days prior to the meeting at which the budget shall be presented to the membership, to prepare a budget covering the estimated costs of operating the Association during the coming year. The budget may 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 5.10. 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 fifteen (15) days prior to the meeting. The budget date and the assessments shall become effective unless disapproved at the meeting 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 proposed 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 initial and ongoing operation of the Association. Such working capital fund may be funded by a one-time assessment of One Hundred Fifty Dollars (\$150.00) 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 the Declaration, any Supplementary Declarations, 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 (½) 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. Uniform Rate of Assessment. The Board of Directors shall establish uniform rates of assessments for each Lot situated within the Property. Such rates shall be based on actual costs incurred by the Association relating to the operation and maintenance of Property. It is the intention of this Declaration that all residents of the community shall share equally in the maintenance of the Common Area and in other Association Expenses.

Section 5.07. Date of Commencement of Annual Assessments: Due Dates. Every Owner shall be deemed to covenant and agree to pay to the Declarant or the Association, as applicable, the Assessments as provided in this Declaration. The obligation of all Owners, other than the Declarant, to pay such sums shall commence upon the acceptance of a deed or other conveyance of a Lot whether or not it shall be so expressed in any such deed or conveyance. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year of the Association. 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 Declaration is then encumbered by a deed of trust or mortgage which is guaranteed by the VA or insured by the 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 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 and court 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. 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 of the 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 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, if any, 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, applicable to all Lots. A copy of the reserve fund budget shall be distributed to each Owner in the same manner as the operating budget.

Section 5.11. Credits for Lots Providing Utilities to Common Areas. Without limiting the generality of the other provisions of this Declaration which provide for other than fixed and uniform assessments, the Declarant or the Association shall have an easement over, upon, across or through the Common Area and any Lot to make a utility connection to any dwelling located on a Lot to serve all or a portion of the Common Areas, provided, however, that:

(i) the average monthly consumption charge for all facilities within the Common Areas that are connected to the utility meter for any Lot shall not exceed Twenty Dollars (\$20.00) per month for each meter; and

(ii) the Declarant shall, in cooperation with appropriate utility companies and/or engineering advisors, establish a monthly credit against the assessment for the Lot to which such utility is connected, which credit shall equal one hundred ten percent (110%) of the reasonable estimate of utility consumption charges for the Common Area that are connected to such Lot; and

(iii) the Owner of the Lot to which such connection is made shall, in a timely manner, pay all utility fees and charges accruing with respect to his Lot so as to prevent the interruption of service to those facilities within the Common Areas which are served by such Owner's utility connection; and

(iv) the Owner of the Lot to which such connection is made shall not disconnect such connection, or interfere with the Declarant's or Association's use of such utility connection in any manner.

Any Owner upon whose Lot such connection is made shall be entitled, from time to time, and upon good cause, to request that the Association re-establish and/or reevaluate the usage charge estimated pursuant to the provisions of subparagraph (ii) hereof. Any dispute as to such amount shall be settled in accordance with arbitration procedures established by the American Arbitration Association. The Association shall repair any damage caused to any Lot upon which it utilizes a utility connection pursuant to this section which is related to the Association's use of such utility connection. In the event any Lot upon which the Association desires to utilize a utility connection is encumbered by a deed of trust or mortgage which is guaranteed by the VA or insured by the FHA, then the written consent of the VA or FHA shall be obtained prior to the use of such Lot's utility connection(s) by the Association.

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 driveway or walkway surfaces, and landscaping modifications) until the plans and specifications showing the nature, kind, shape, heights, 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 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 such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Design 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 Fifty Dollars (\$50.00). 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 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 Covenant Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Covenant Committee (whether by affirmative action or by forbearance from action as provided in Section 6.01), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Covenant Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Covenant Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Covenant Committee without any prior consent in writing of the Covenant Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Covenant Committee, to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are substantially 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 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 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 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 or the Board of Directors:

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

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

(c) the color of the exterior of all structures or dwellings, including, without limitation, garage doors, all sidings, gutters, downspouts, brick and trim, shall not be changed or altered, provided, however, that the color of the exterior of the front door and shutters may be changed if prior written approval of the Covenant Committee or the Board of Directors is obtained.

(d) 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 unit owned by the Declarant, its successors or assigns.

ARTICLE VII Use Restrictions

In addition to all other covenants contained herein, 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 as permitted herein. The use of a dwelling unit as a "no-impact home based business" as defined in §11B-111.1 of the Maryland Homeowners Association Act, shall be permitted, provided that: (i) before any dwelling unit may be used as a no-impact home based business the Owner and/or resident of such dwelling unit shall notify the Association, in writing, at least thirty (30) days prior to the opening of the no-impact home based business; and (ii) in no event shall the Common Area be used in connection with any permitted no-impact home based business. Nothing contained in this Article or elsewhere in this Declaration shall be construed to prohibit the Declarant from the use of any Lot or dwelling, or improvements thereon, for promotional or display purposes, or as "model homes", a sales and/or construction office, or the like.

The use of any dwelling as a "Family Day Care Home" is permitted, provided that it meets all of the necessary approvals under the law, and provided that: (i) before any dwelling unit may be used as a Family Day Care Home, the Owner and/or resident of such dwelling unit shall notify the Association, in writing, at least thirty (30) days prior to the opening of the Family Day Care Home; and further, provided that the Board of Directors, or its designee, is provided at least annually with evidence to its satisfaction that any such dwelling continues to be in compliance

with all of the necessary approvals under the law, including, without limitation, any local ordinances. Provided, however, the use of any such dwelling as a Family Day Care Home shall not include more than four (4) children under the age of thirteen (13) years including the children of the Day Care Provider. Notwithstanding the above, the Board of Directors may order that any such Family Day Care Home cease its operations or otherwise modify its operations, including reducing the number of children, on the grounds that the activity is creating a nuisance. The Board of Directors shall include in any such order a reasonable time in which to comply, as determined by the Board of Directors. In situations where, in the judgment of the Board of Directors, there does not appear the immediate threat of injury to persons or property, the Board of Directors shall provide Notice to the Members of any the opportunity to speak at a hearing convened to consider what action should be taken with regard to the Family Day Care Home under consideration.

Allowing a Family Day Care Home or a no-impact home based business in the Project does not constitute an endorsement or recommendation of any such business on the part of the Association.

Section 7.02. Prohibited Uses and Nuisances. Except for the activities of the Declarant during the construction or development of the Community, or except with the prior written approval of the Board of Directors or the Association or the Covenant Committee, 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, livestock, 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, caged birds or other small 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 three (3) 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 a 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 vehicles, commercial vehicle (including vans used for commercial use), truck (over ½ ton capacity) (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 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 and community facilities) shall be kept upon 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 Board of Directors, 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 the evenings prior to and the 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 Section 5.02 hereof, or which would be inharmonious with the aesthetics of the community of which it is a part. For the purposes of the immediately preceding sentence, wire lawn edging shall be deemed inharmonious.

(h) The display of a candidate sign or a sign that advertises the support or defeat of any question submitted to the voters, as such terms are defined and set forth in Section 11B-111.2 of the Real Property Article of the Annotated Code of Maryland, is restricted:

- (1) In the Common Areas;
- (2) In accordance with provisions of Federal, State and local law; and
- (3) Unless otherwise specified by the laws of Prince George's County or other applicable law, for a time period which is in excess of (a) thirty (30) days before the primary election, general election, or vote on the proposition; and (b) seven (7) days after the primary election, general election or vote on the proposition.

Except as set forth above, and except as the provisions hereof may be prohibited by law, no sign or other advertising device of any nature shall be placed upon any Lot except as provided herein. The Covenant Committee may, in its discretion, adopt and promulgate rules and regulations relating to signs which may be employed. Declarant shall have the right to erect and use signs during the course of development of the Project.

(i) 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 or above the surface of the ground. 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.

(j) 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.

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

(l) Lawn furniture shall be used and maintained in rear yards or on decks or patios only.

(m) 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.

(n) 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 or under or upon decks shall be screened from public view at all times.

(o) No Member shall make any private or exclusive or proprietary use of any of the Common Area except with the specific approval of the Covenant Committee and then only on a temporary basis, 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.

(p) 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.

(q) No exterior lighting, emanating from a Lot, shall be directed outside the boundaries of the Lot, without the prior written approval of the Covenant Committee.

(r) No 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 inhabitation.

(s) If fences are constructed as part of the original construction by the Declarant, then any fences to be constructed upon the Property after original construction shall be: (i) substantially similar in design, dimension and material to the ones constructed as part of the original construction; and (ii) constructed in compliance with the other terms and conditions of this Declaration and with applicable law. The location of fences on end units shall be considered on a case-by-case basis. The erection of all fences shall be subject to the prior written approval of the Covenant Committee. If applicable, each Owner shall be responsible for providing reasonable access to utility companies for the purpose of reading meters located on a Lot.

(t) Except as specifically permitted by applicable Federal governmental regulations, no exterior aerials or antennas of any type, including, but not limited to, satellite dishes for reception or transmission, may be erected or maintained within the Property without the prior written approval of the Board of

Directors or the Covenant Committee; provided, however, that satellite dishes not in excess of one (1) meter in diameter are permitted. The Board of Directors or the Covenant Committee may impose reasonable rules and regulations or requirements regarding the location and screening of any such satellite dish, subject to applicable Federal governmental regulations. Aerials and antennas situated entirely within a dwelling unit, and not visible from the exterior, are permitted.

(u) Notwithstanding anything to the contrary contained in this Declaration, no garage located within the Property, if any, 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 without the approval of the Board of Directors or the Covenant Committee pursuant to the provisions of Article VI of this Declaration.

Section 7.03. Leasing and Transfers.

(a) No portion of a dwelling unit, other than an entire dwelling unit, may be leased or rented. 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 Declaration, the Bylaws and the rules and regulations of the Association; and (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 Declaration, the Bylaws or rules and regulations 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 Owner's 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. 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, by certified mail, return receipt requested, 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 effect 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 parking areas shall be for the temporary guest parking only.

(b) 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 Declaration and/or such rules.

(c) 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 will 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 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 Declaration authorized to adopt such rules.

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

(a) Declarant, its officers, employees, agents or assigns, in their development, marketing, construction, 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 property 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 to the Declarant:

(a) An easement over any road or proposed road in the Common Area for the purpose of ingress and egress, grading and road construction, and the installation and maintenance of public and private utilities to serve all or part of the Property, including any Lot or any part of the Common Areas.

(b) An easement to store building supplies, construction equipment, portable toilets, construction trailers and/or sales trailers and

similar items on any Lot it owns or on the Common Areas reasonably screened.

- (c) An easement to enter upon any Lot to grade a portion of the Lot adjacent to any street if the grading does not materially interfere with the use or occupancy of a residence built or to be built on such Lot; however, Declarant shall be under no obligation to perform such grading or to maintain any slope.
- (d) An easement on, over and under the Common Areas for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve the Property and the Lots therein, including, but not limited to the right to lay, install, construct and maintain pipes, drains mains, conduits, lines, meters and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable television, and other public or private services necessary or advisable to provide services to any Lot, or in the area or on the area in which the Lot is located, together with the right and privilege of entering upon the Common Areas for such purposes and making openings and excavations within a reasonable period.
- (e) A right to amend any Development Plan or subdivision plat relating to the Property in such manner as Declarant deems advisable, including relocation of the easements or rights-of-way granted, if any such amendment is acceptable to or required by public authorities, including without limitation Prince George's County, having the right to approve the site plan or subdivision plat, and to make any dedications or grant any easements or rights-of-way necessary or desirable in connection with an amendment of the site plans or subdivision plat; however, no amendment shall alter the boundaries of any Lot without the prior written consent of the Owner of that Lot, nor shall any amendment deprive any Lot of necessary, ordinary and reasonable vehicular and pedestrian ingress and egress from the Lot to a public street or of storm water drainage, electrical energy, water, sanitary sewer, natural gas, telephone service or similar utilities and services to the Lot.
- (f) Each Owner, by accepting title to his Lot, agrees to sign all site plans, amendments to site plans, subdivision plats, resubdivision plats, or record plats that Declarant may request in furtherance of Declarant's intention to develop the Property, if

the amendment is acceptable to or required by public authorities, including without limitation, Prince George's County. To confirm more fully Declarant's rights and powers reserved, and to secure each Owner's obligation under the first sentence of this subparagraph, each Owner, for himself and his heirs, personal representatives, successors and assigns, including the Mortgagee of any Mortgage, hereby appoints Declarant as Owner's true and lawful attorney in fact to execute such subsequent site plans, amendments to site plans, subdivision plats or resubdivision plats in the Owner's place and stead.

Such power is coupled with an interest and is given to secure each Owner's obligation to Declarant, and therefore, is irrevocable. The Association, by accepting title to the Common Areas, as the same may be increased or decreased in accordance with this Declaration, hereby agrees to sign all deeds, other conveyances, sites plans, amendments to site plans, subdivision plats or resubdivision plats that Declarant may request in furtherance of Declarant's intentions concerning the development of the Property, if the above is acceptable to or required by public authorities, including without limitation Prince George's County.

Each Owner's obligation, the Association's obligation and the Declarant's power of attorney, under this subparagraph is subject to the limitations that no subdivision or resubdivision plat shall alter the boundaries of any Lot without the prior written consent of the Owner of that Lot, nor shall any subdivision or resubdivision deprive any Lot of necessary, ordinary and reasonable vehicular and pedestrian ingress and egress (either directly or via easements) from the Lot to a public street or of storm water drainage, electric, water, sanitary sewer, natural gas, telephone service or similar utilities or sewer to the Lot.

- g. For a period of ten (10) years from the recordation of this Declaration, 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.

Section 7.09. Right to Make Improvements Without Expanding Its Implied Warranty. The Declarant reserves the right, but not the obligation, to take such steps to install, erect, replace or maintain the land and improvements located or to be located on the

Common Areas as will enhance the attractiveness of the Property. Declarant reserves such right so that the Declarant is not required to obtain the consent of the Association. To the extent that the Declarant makes any such improvements to the Common Areas, the Declarant is subject to the implied warranties made to the Association as provided under Title 11B of the Maryland Homeowners Association Act, and accordingly, the Declarant makes an implied warranty to the Association that as to the improvements constructed on the Common Areas by the Declarant, its agents, servants, employees, contractors or subcontractors, are: (i) free from faulty materials; (ii) constructed in accordance with sound engineering standards; (iii) constructed in workmanlike manner. With regard to such improvements, the Declarant does not make any other warranties, whether express or implied.

ARTICLE VIII Maintenance

Section 8.01. Owners' Rights and Responsibilities. Except as otherwise specifically provided in this 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 building and any and all 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 Area. 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 or serve or benefit 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 all flora, structures and improvements situated upon such areas. The Association shall also maintain any entrance features and signage situated within the Property, or which serves or is appurtenant to the Community. Such maintenance shall include, but not be limited to, the repair and replacement of such entrance features and signage as determined by the Board of Directors of the Association. The Association shall also be responsible for the maintenance of any retaining or separation

24975 730

walls whether located in the Common Area or on one or more Lots and shall have a perpetual easement over, across and through the Property to perform such maintenance.

The Association may, in the discretion of the Board of Directors, assume additional maintenance responsibilities upon all or any portion of the Properties. In such event, all costs of such maintenance shall be assessed only against those Owners receiving or benefitting or being served by 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 Area 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. The Board of Directors may impose more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Lot and the standard for returning the Lot to its natural state in the event the Owner decides not to rebuild or reconstruct.

24975 731

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) and shall name the Association as the named insured.

Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by Best's Key Rating Guide of B/III or better (or its equivalent). 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 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 possible.

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 the 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 rate, 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 Party Fences

The rights and duties of the Owners of Lots with respect to the party walls and fences shall be governed by the following:

Section 10.01. General Rules of Law to Apply. Each wall or fence 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 party fence, as applicable. 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 shall be entitled to the benefits of these restrictive covenants. In addition, to the extent not inconsistent herewith, the general rules of law regarding party walls and fences, as the case may be, and liability for property damage due to negligence or willful acts or omissions shall apply.

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 a condition as it was in 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 wall or fence, as the case may be, 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. 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 10.05. 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 10.06. 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 10.07. 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, the, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to its Board of Directors who shall decide the dispute, and the decision of such Board of Directors 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.

(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 Declaration and to provide for the enforcement of liens therefor in a manner consistent with the law and the provisions of this Declaration.

(b) to provide for the care, upkeep, maintenance and surveillance of the Common Area, driveways and any other area for which the Association performs the maintenance and upkeep;

(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;

(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 (including legal and accounting services) for the Association as may be consistent with law and the provisions of this 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. Rights of M-NCPPC ("Commission" herein). Any other provision of this 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 Area or community facilities; 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 Area and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate the Declaration; or

(c) modify or amend any material or substantive provisions of this 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 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 12.02. Common Area Responsibility. The Association, subject to the rights of the Owners as set forth in this 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 12.03. 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 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 12.04. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this 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 12.05. 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 of 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 Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Section 12.06. 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 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 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 not 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 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 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 12.07. Fines. In addition to the powers of 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 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 a duly appointed Covenants Enforcement Committee, shall be charged with determining where there is probable cause that any of the provisions of this 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 Enforcement 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 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 Enforcement 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 12.07 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 Declaration and 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 Declaration, the Bylaws, Articles of Incorporation or rules and regulations, including, but not limited to, legal action for damages or injunctive relief.

Section 12.08. Severability. Invalidation 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 12.09. Duration and Amendment.

(a) Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of the Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is

recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first thirty (30) year period by the approval of not less than ninety percent (90%) of the Lot Owners, and thereafter, by the approval of the Owners of not less than seventy-five percent (75%) of the Lots. Such approval may be obtained at a duly noticed and held meeting of the Association or such approvals may be obtained in writing from the Owners. The execution of the minutes of a meeting of the Association providing for the approval of any proposed amendment(s) by the requisite percentage of Owners shall also fulfill the requirements of this Section 12.09. Any amendment must be recorded among the Land Records of Prince George's County, Maryland.

(b) Notwithstanding anything in this Declaration to the contrary, the Declarant shall have the right, until the lapse of the Class B memberships, to unilaterally amend this Declaration, without the consent or approval of the Class A members, in order to comply with requirements imposed by VA/FHA or any governmental authority with jurisdiction over the Property. Notwithstanding, such amendment may not abrogate the rights of any mortgagee of any Lot without such mortgagee's consent.

Section 12.10. FHA-VA Approvals. Provided that any Lot subject to this 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 Article II); or

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

Section 12.11. Consents. Any other provision of this Declaration 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 and approval of all Eligible Mortgage Holders of record on the Lots:

(a) Abandon, partition, 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 Declaration; or

(c) Modify the method of determining and collecting common expense assessments or other assessments as provided for in this Declaration; or

(d) Resolve to use the proceeds of casualty insurance for any purpose other than the repair, replacement or reconstruction of the Common Areas; or

(e) Modify or amend any material or substantive provision of this Declaration or the By-Laws of the Association.

Section 12.12. 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 the 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 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 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 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 mortgage 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 12.13. Casualty Losses. In the event of substantial damage or destruction to any of the Common Area 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 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 Area or community facilities.

Section 12.14. Condemnation or Eminent Domain. In the event any part of the Common Area 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 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 Area and community facilities.

Section 12.15. Declarant's Power of Attorney. Notwithstanding any provision to the contrary contained in the Articles of Incorporation or Bylaws of the Association or this Declaration, the Declarant hereby reserves for itself, its successors and assigns, for a period of ten (10) years from the date the first Lot is conveyed to a Class A Member, or until it conveys title to the last Lot, whichever occurs first, the right to execute on behalf of all contract purchasers, Owners, Eligible Mortgage Holders, mortgagees, and other lienholders or parties claiming a legal or equitable interest in any Lot or Common Area, any such agreements, documents, amendments or supplements to this Declaration, the Articles of Incorporation and Bylaws of the Association which may be required by FNMA, FHA, VA, FHLMC, GNMA or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Association, or institutional lender or title insurance company designated by the Declarant.

(a) By acceptance of a deed to any Lot or by the acceptance of any other legal or equitable interest in the Lots or Common Area, each and every such contract purchaser, Owner, Eligible Mortgage Holder, Mortgagee or other lienholder or party having a legal or equitable interest in any Lot or Common Area does automatically and irrevocably name, constitute, appoint and confirm the Declarant, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary

to effect the foregoing subject to the limitations set forth herein.

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

(c) The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Lots, Common Area and Community Facilities and shall be binding upon the heirs, personal representatives, successors, transferees and assigns for any of the foregoing parties. Further, said power of attorney shall not be affected by the death or disability of any principal and is intended to deliver all right, title and interest of the principal in and to said power of attorney. Said power of attorney shall be vested in the Declarant, its successors, transferees and assigns until the initial conveyance of all Lots and Common Areas planned to be annexed within the jurisdiction of the Association or the expiration of same.

Section 12.16. Taxes and Assessments. It is the intent of this Declaration that insomuch 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 12.17. 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 12.18. 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 Area or community facility by any public or municipal agency, authority, or utility and no public or municipal agency, authority or utility shall have any

24975 745

responsibility or liability for the maintenance or operation of any of the Common Areas or community facilities.

Section 12.19. 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 Declaration.

Section 12.20. Declarant Reserved Rights. No amendment to this 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 12.17) of the Declarant.

Section 12.21. Perpetuities. If any of the covenants, restrictions, or other provisions of this 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 12.22. 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.

IN WITNESS WHEREOF, the undersigned, being the DECLARANT herein, has executed this instrument this 20th day of April, 2006.

WITNESS:

CALVERT LLC,
a Maryland limited
liability corporation

Norma Lee Perry

By: 4
C. R. Bailey, Jr.

24975 746

STATE OF MARYLAND

:
: to wit:

COUNTY OF CHARLES

On this 20th day of April, 2006, before me, the undersigned officer, personally appeared C. R. BAILEY, JR. who has been satisfactorily proven to be the person whose name is subscribed to this written instrument, who acknowledged himself to be President of DECLARANT, and that said C. R. BAILEY, JR., as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation as Managing Member by himself as President.

GIVEN under my hand and seal this 20th day of April, 2006.

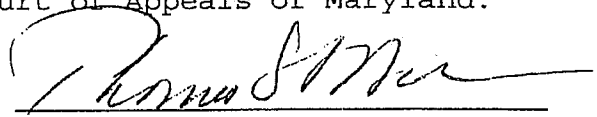
Norma Lee Perry
Notary Public

My Commission Expires: 5/0/10

24975 747

CERTIFICATION

THIS IS TO CERTIFY, that the within instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.

A handwritten signature in dark ink, appearing to read "Thomas J. McNamee", is written over a horizontal line.

24975 748

Exhibit "A"

Description of Property subject to the provisions
of the Declaration of Covenants, Conditions and Restrictions
for the Village of Melwood Homeowners Association, Inc.

Being all that property located in the Melwood (15th)
Election District of Prince George's County, Maryland, and more
particularly described as Parcel 1 on a Plat of Subdivision
entitled "Plat One, Lot 12, Block B and Parcel 1, Village of
Melwood", which plat is recorded among the Land Records of Prince
George's County, Maryland at Plat Book REP 209 plat no. 26. Said
Parcel 1 contains a total of 34.7065 acres, more or less.

Being all the same property conveyed to Calvert, LLC from
Richard O. Moore, Trustee, et al by deed dated November 29, 2005
and recorded among the Land Records of Prince George's County at
Liber 23963 folio 532.

24975 749

Exhibit "B"

Description of Common Area Conveyed to be conveyed to
the Village of Melwood Homeowners Association, Inc.

The Common Area to be owned and maintained by the Village of Melwood Homeowners Association consists of all that property located in the Melwood (15th) Election District of Prince George's County, Maryland, and more particularly described as follows:

A. Parcel "A", Block B depicted on a plat of subdivision entitled "Plat Four, Parcel A, Block B, Village of Melwood", which plat is to be recorded among the land records of Prince George's County, Maryland. Said Parcel A contains a total of 3.7552 acres, more or less and is proposed to contain a stormwater management facility.