

DISCLOSURE STATEMENT

FOR

CARRIAGE CROSSING COMMUNITY ASSOCIATION, INC.

Every purchaser of a residence in the Carriage Crossing community automatically becomes a member of Carriage Crossing Community Association, Inc. (hereinafter the "Association"). All members of the Association are subject to the restrictions, rights and obligations contained within the Declaration of Covenants, Conditions and Restrictions for Carriage Crossing Community Association, Inc. (hereinafter the "Declaration") recorded among the Land Records for Charles County, Maryland in Liber 2083 at folio 334 et seq., as subsequently amended. The disclosure information set forth below is being provided in accordance with Section 11-B-105 of the Maryland Homeowners Association Act, Title 11B, Real Property Article, Annotated Code of Maryland (1988 Repl. Vol., as amended) (the "Act"). The property which is, or may hereafter be referred to as the "Development".

Section I

1. Declarant/Vendor
of the Association:

Forward Valentine Companies,
a Maryland general partnership 9400
Livingston Road
Suite 420
Fort Washington, Maryland 20744

General Partners:

Commonwealth Properties Group, Ltd., Steven G.
Valentine, President

Forward Properties, Inc.
David Forward, President

As of the date of this document the T addresses of the general partners of Forward-Valentine Companies are the same as the principal address for Forward-Valentine Companies; however, the names of the general partners and their addresses may be changed from time to time by Forward-Valentine Companies in its sole discretion.

Section 2

1. The name of the Association is Carriage Crossing Community Association, Inc.
2. The Association is incorporated in the State of Maryland.
3. The resident agent of the Association is:

Lorraine J. Webb, Esquire 105 La
Grange Avenue
P.O. Box F
La Plata, Maryland 20646

Section 3

The Development is located in Charles County, Maryland. The Declarant/Vendor presently anticipates the Development will contain a maximum of One Hundred Six (106) lots and may contain up to approximately 369.34 acres, however, the Declarant/Vendor reserves the right to annex more or less than the anticipated maximum number of lots within the Development. It is currently anticipated that the Development will contain One Hundred Six (106) single-family units. Any property not annexed may be conveyed, transferred or otherwise developed for any lawful purpose by the Declarant/Vendor. The Declarant/Vendor also has the right to deannex property.

Section 4

Currently, the Declarant/Vendor does not anticipate the dedication of any Declarant/Vendor owned land located contiguous or adjacent to the Association Area for public use.

Section 5

The Development is not currently located within any other development and is not anticipated to be within the jurisdiction of any other community association.

Section 6

In addition to the land initially subjected to the Declaration, so long as there are Class B members of the Association, the Declarant/Vendor may annex additional property to the Declaration without the consent of the Class A members for a period of ten (10) years after the date of recordation of the Declaration. Furthermore, upon the affirmative vote of a majority of the Class A members, the Association may annex additional adjacent or contiguous real property to the Declaration at any time. The Declarant/Vendor's right to annex, including any time limits on such annexation, is fully set forth in Article II, Section 2.02 of the Declaration. The Declarant/Vendor's right to deannex property is fully set forth in Article II, Section 2.03 of

the Declaration.

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Section 7

A copy of the Articles of Incorporation of the Association, as filed with the Maryland State Department of Assessments and Taxation, is attached hereto as Exhibit "A". A copy of the Declaration of Covenants, Conditions and Restrictions of Carriage Crossing Community Association, Inc. as recorded among the Land Records of Charles County, Maryland in Liber 2083 at folio 334, et seq., is attached hereto as Exhibit "B". All owners are subject to the restrictions and obligations contained within the Declaration, which may be enforced against any owner or such owner's tenant. Any or all of the lots and/or dwelling units may be subject to other covenants, restrictions, easements or other matters of record which do not relate to the lots and/or dwelling units and/or the Association. Such other recorded covenants, restrictions, easements or other matters, if any, should be available for review in the Land Records of Charles County, Maryland.

Section 8

A copy of the Bylaws and Rules, if any, of the Association are attached hereto as Exhibit "C". These restrictions and obligations are enforceable against an owner and the owner's tenants.

Section 9

Pursuant to Article I, Section 1.02 of the Declaration, "Common Area" is defined as "all real and personal property owned or leased by the Association (including the improvements thereto), together with such additional property as may hereafter be subjected to this Declaration by Supplementary Declaration, pursuant to the provisions of Article II, and all personal property owned or leased by the Association or otherwise available to the Association (including the improvements thereto), for the common use and enjoyment of some or all of the Owners, provided, however, that the Common Area shall not include the Lots or improvements thereon." The current location of the Common Areas are graphically shown on the Final Plat(s) of Subdivision for Carriage Crossing, recorded or to be recorded among the Land Records of Charles County, Maryland. The Association will be responsible for the maintenance and repair of any Common Area and any improvements for the maintenance and repair of any Common Area and any improvements situated thereon as well as any property which it is obligated or elects to maintain pursuant to any cross easement agreement or the requirements of any governmental agency or which property is otherwise appurtenant to the Development. Currently, the Association is not responsible for the maintenance or repair or any property or improvements not owned by the Association. The Association may request permission from the applicable governmental agencies to maintain property dedicated to public use located

contiguous or adjacent to the Development.

It is anticipated that the Common Area for the Association will include, if constructed, those improvements shown on Exhibit "D" attached hereto. The Association will be responsible for the maintenance and repair of the Common Area and any improvements situated thereon as well as any property which it is obligated or elects to maintain pursuant to any cross easement agreement or the requirements of any governmental agency or which is otherwise appurtenant to the Association Area. Currently, the Association is not responsible for the maintenance or repair of any property or improvements not owned by the Association.

Section 10

A copy of the estimated proposed annual operating budget for the current fiscal year of the Association and a copy of the current projected budget for the Association, as fully expanded, are attached hereto as Exhibit "E". The budgets are, of course, estimates and the Declarant/Vendor cannot warrant or in any manner represent that sufficient funds have been budgeted to cover all common expenses that may be incurred. Because actual expenditures may differ from estimated expenditures, due to future expenses of the Association being other than anticipated or other variable factors, such estimates are not intended or considered as guarantees of any kind whatsoever.

Proposed reserves are shown on the attached budgets. Please note that pursuant to Article V, Section 5.10 of the Declaration, the amount of reserves to be kept for the Association shall be determined by the Board of Directors of the Association.

Section 11

Based upon the attached budget, the current anticipated mandatory maximum annual assessment to be paid by owners of lots within the Development for the maintenance of the Common Area and the operation of the Association and for other purposes related to the Association is Three Hundred Forty Dollars (\$340.00) for single-family detached units. Lots subject to joint driveway easements shall be subject to an additional initial maximum annual assessment of \$100.00. Pursuant to Article V, Section 5.03, of the Declaration the annual assessment may be increased by the Board of Directors of the Association. The assessments shall be used for those purposes contained within Article V, Section 5.02 of the Declaration including, but not limited to, maintenance of the Common Area and operation of the Association.

The Declarant/Vendor's obligation to pay reduced assessments is set forth in Article V, Section 5.03 of the Declaration. The Declarant/Vendor must pay twenty-five percent (25%) of the regular rate of assessments for lots which it owns except that the

Declarant/Vendor shall pay regular assessments-for any lot upon which is situated a dwelling occupied by a party other than the Declarant/Vendor. In addition, the Declarant/Vendor must pay any deficit incurred by the Association during the period the Declarant/Vendor has the right to pay reduced assessments; provided, however, the Declarant/Vendor is only obligated to pay an amount up to the amount equal to regular assessments against the lots owned by the Declarant/Vendor.

Lots owned by Participating Builders, if any shall be subject to an assessment equal to fifty percent (50%) of the regular rate of assessment as provided in Article V, Section 5.03 of the Declaration.

Section 12

The property anticipated to be included within the Development is presently zoned Agricultural Conservation ("AC"). The Property was subdivided under the previous zoning of R-3, Rural-Agricultural. Properties which were zoned R-3 were permitted to be used for the purposes set forth in the Zoning Regulations for Charles County, Maryland, amended May 5, 1990; properties which are zoned AC may be used for the purposes set forth in the 1992 Zoning Ordinance for Charles County, Maryland; these purposes include, but are not limited to, single-family suburban cluster residential dwelling units.

Purchasers are encouraged to review the appropriate Zoning Ordinances and other materials regarding land use requirements affecting the Development at the office of the Charles County Department of Planning and Growth Management.

Section 13

All mandatory homeowners association fees or assessments and other permitted charges imposed upon lot owners by the Association will be subject to collection in accordance with Article V of the Declaration and the provisions of the Maryland Contract Lien Act (Section 14-201, et. seq.) Real Property Article, Annotated Code of Maryland. Pursuant to the Declaration, please note the following:

1. The annual assessments will commence as to all lots delineated on a particular subdivision plat on the first day of the month following the conveyance of the first Lot to a Participating Builder or on the first day of the month following the conveyance of the Common Area, shown on a particular plat, whichever occurs first. The first annual assessment will be adjusted according to the number of months remaining in the calendar year. The purchaser or grantee of any Lot will be responsible for assessments on his/her lot on the date of settlement or conveyance to such party.

2. Pursuant to Article V, Section 5.07 of the Declaration, the due dates for assessments shall be established by the Board of Directors.

3. The procedure for increasing or decreasing such fees, assessments or charges is set forth in Article V, Section 5.03 of the Declaration.

4. Delinquent fees, assessments and charges will be collected in accordance with Article V of the Declaration.

5. Pursuant to Article V, Section 5.01 of the Declaration, unpaid fees, assessments or charges shall be the personal obligation of the owner of a lot.

6. Interest may be charged on any unpaid assessment as set forth in Article V, Section 5.01 of the Declaration, at the maximum rate of interest permitted by law, (or such lesser sum as VA and/or FHA may specify if any lot subject to the Declaration is then encumbered by a deed of trust or mortgage which is guaranteed by VA or insured by FHA).

7. Pursuant to Article V, Section 5.01 of the Declaration, unpaid assessments may be collected by the imposition of a lien on a lot in accordance with the Maryland Contract Lien Act.

8. Lot owners may be assessed attorneys' fees, court costs, and administrative costs for the collection of the unpaid assessments as set forth in Article V, Section 5.01 and Article VI of the Declaration.

Section 14

In addition to the purchaser's obligation to pay his/her pro rata share of any fees, assessments or charges of the Association at settlement, the Association may elect to collect a sum equal to two (2) months of regular assessments from each purchaser of a lot at settlement. Such sum represents the contribution to the working capital fund for the initial operation of the Association and may be utilized as the Board of Directors of the Association shall determined at its sole discretion. Such payment is non-refundable and the Declarant/Vendor is pot required to make such payment for lots which it owns.

Section 15

The Association and/or any owner and/or mortgagee shall be entitled to enforce the provisions of the Declaration, Bylaws, Articles of Incorporation and Rules in accordance with the Declaration.

Section 16

Certain special rights or exemptions reserved by or for the benefit of the Declarant/Vendor or other Participating Builders are contained within the Declaration, including, but not limited to:

1. The right to conduct construction, marketing, sales and/or leasing activities within the Development **including**, but not limited to, the right to utilize any lot(s) or the Common Area within the Development or other community facilities as a model or sales office or use any portion of the Development as an office for the rental or management of dwellings located within the Development.

2. The right to pay reduced (twenty-five percent) (25%) of the regular rate of assessment as provided in Article V of the Declaration for lots owned by the Declarant/Vendor unless such lot(s) contain a dwelling unit occupied by the party other than the Declarant/Vendor; provided, however, that the Declarant/Vendor pays any deficit incurred by the Association during the Deficit Period (as defined in the Declaration) up to the amount equal to the rate of assessments levied against lots owned by Class A members for the lots owned by the Declarant/Vendor.

3. The right of the Participating Builders, if any, to be subject to an assessment equal to fifty percent (50%) of the regular rate of assessment as provided in Article V of the Declaration.

4. The right of the Declarant/Vendor to be exempt from the use restrictions and architectural controls contained in the Declaration during the construction and development of the Development and marketing an sale/lease of lots or other property in the Development.

5. The right to annex additional land.

6. The right to grant easements to all public authorities and utilities over any party of the Common Area within the Development.

7. The right to install, replace, repair and maintain all utilities, including, but not limited to, water, sewer, drainage, stormwater detention and/or siltation, gas, cable television, telephones and electricity and the right to connect to such utilities which may exist within the Development.

8. The right during the period of construction and sale in the Development to maintain the facilities and perform operations as the Declarant/Vendor may determine to reasonably require as incidental to the construction and sale or rental of dwellings, including, without limitation, business offices, sales offices,

management, administrative and rental offices, storage areas, construction yards, signs, displays and model units, which may also be utilized for developments other than Carriage Crossing.

9. The right to enter into the Development for the purpose of carrying out any obligations concerning the curing of defects in workmanship or materials in the Development.

10. The reservation of easements and rights reserved to Declarant/Vendor for a period of ten (10) years from the date of the Declaration as specified in Article VIII, Section 8.06 of the Declaration.

11. The right to vote as specified in Article IV of the Declaration with respect to each membership held by the Declarant/ Vendor.

12. The right to modify or alter the size, number and location of the Common Area and lots, including the improvements thereon, resubdivide all or a portion of the Development, convey Common Area, construct improvements on the Common Area, and to take whatever other action with respect to the Common Area and the lots authorized pursuant to the Declaration, including, but not limited to, Declarant/Vendor's reserved rights set forth in Article XII, Section 12.16 of the Declaration.

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ARTICLES OF INCORPORATION

OF

CARRIAGE CROSSING COMMUNITY ASSOCIATION. INC.

In compliance with the requirements of Corporations and Associations, Title 2, Annotated Code of Maryland (1993), and any amendments thereto, I, Lorraine J. Webb, whose post office address is P.O. Box F, La Plata, Maryland 20646, being at least eighteen (18) years of age, has this day, by execution of these Articles of Incorporation, voluntarily declared herself to be an incorporator for the purpose of forming a non-stock, non-profit corporation under and by virtue of the laws of the State of Maryland, with no authority to issue capital stock, and does hereby certify:

ARTICLE I

NAME OF CORPORATION

The name of the Corporation is CARRIAGE CROSSING COMMUNITY ASSOCIATION, INC., hereinafter referred to as the "Association".

ARTICLE II

PRINCIPAL OFFICE

The post office address of the principal office of the Association is 9400 Livingston Road, Suite 420, Fort Washington, Maryland 20744.

ARTICLE III

RESIDENT AGENT

The name of its resident agent is Lorraine J. Webb, whose post office address is c/o Fossett & Brugger, Chartered, 105 LaGrange Avenue, P.O. Box F, La Plata, Maryland 20646.

ARTICLE IV

POWERS AND PURPOSES

This Association does not contemplate pecuniary gain or profit, direct or indirect, to the members thereof, and the specific purposes for which it is formed are to provide for or assure maintenance, preservation and architectural control of the Lots and Common Area within the Property described in the Declaration of Covenants, Conditions and restrictions (the "Declaration") recorded or to be recorded among the Land Records of Charles County, Maryland, in which the said Property is located, together with such additional property as may be hereafter brought within the jurisdiction of the Association, and to promote the health, safety and welfare of the Owners within the Property and any additional property as may hereafter be brought within the jurisdiction of this Association. For this purpose, the Association shall have the power and authority to:

(a) Exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration, applicable to the Property, and recorded or to be recorded among the Land

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Records of Charles County, Maryland, and as the same may be amended or supplemented from time to time as therein provided, said Declaration being incorporated herein as set forth at length and made a part hereof;

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

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

(d) Borrow money, and with the assent of three-quarters (3/4) of each class of members, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;

(e) Dedicate, sell or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. Unless otherwise specified in the Declaration, no such dedication or transfer shall be effective unless any instrument has been signed by three-quarters (3/4) of each class of Holders (as defined in the Declaration) agreeing to such dedication, sale or transfer.

(f) Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation of additional property or Common Area shall have the assent of three-quarters (3/4) of each class of members, unless the Declaration or By-Laws provide otherwise.

(g) Have and exercise any and all powers, rights and privileges which a non-stock, non-profit corporation organized under the laws of the State of Maryland by law may now or hereafter have or exercise, and the enumeration of the foregoing powers shall not be deemed to exclude any powers, rights or privileges so granted or conferred. The corporation shall not have the authority to issue capital stock.

The foregoing powers and purposes shall, except when otherwise expressed, be in no way limited or restricted by reference to or inference from the terms of any other clause of this or any other article of these Articles of Incorporation or any amendment thereto, and shall each be regarded as independent.

ARTICLE V
MEMBERSHIP

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

(a) Class A. With the exception of the Declarant and its designees, as defined in (b) below, if any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is an Owners of any Lot which is part of the Property or which otherwise becomes

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subject by 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. Each Class A member shall be entitled to one (1) vote for each Lot in which such Member holds the interest required for Class A membership. Any owner of a Lot which is leased may, in the lease or other written instrument, assign the voting right for such Lot to the lessee, provided that a copy of such instrument is furnished to the Secretary prior to any meeting. When more than one person or entity holds such interest in any Lot, the vote for such Lot shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association. In the absence of such advice, the vote for such Lot shall be suspended if more than one (1) person or entity seeks to exercise it, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B member shall be the Declarant and its designees, which shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment in writing from the Declarant. The Class B member shall be entitled to three (3) votes for each

Class B membership. Each Class B membership shall terminate and become converted to a Class A membership on the first to happen of the following events:

(i) thirty (30) days following the date on which the total votes outstanding with Class A membership equals or exceeds the total votes outstanding in the Class B membership; 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 holder(s) thereof for cancellation on the books of the Association.

Notwithstanding the above, in the event additional property is annexed as set forth in Article II of the Declaration, before or after the dates specified in (i), (ii), or (iii) of Article VI, Section (b) above, then the Declarant shall be a Class "B" member as to each Lot which it owns in such annexed property subject to the limitations set forth in this Article VI.

Upon the termination or surrender of any of the Class B memberships as provided for in this Article, the Declarant shall thereafter remain a Class A member of the Association as to each and every Lot from time to time subject to the terms and provisions of this Declaration in which the Declarant then holds the interest otherwise required for Class A membership.

The Members of the Association shall have no preemptive rights, as such Members, to acquire any memberships of this Association that may at any time be issued by the Association except as may be specifically provided in this Article. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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ARTICLE VII VOTING RIGHTS

Every person or entity who is a record owner of a fee or undivided fee interest or any Lot; excluding contract purchasers, shall be a member of the Association; provided that any such person or entity who or which holds such interest merely as security for the performance of an obligation shall not be a member. Membership shall be appurtenant to and may not be separated from ownership of any Lots which is subject to assessment by the Association.

ARTICLE VIII
RIGHT OF ENJOYMENT

Every owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, including the private streets and parking lots and walkways included therein, for purposes of ingress and egress to and from his Lot.

ARTICLE IX
BOARD OF DIRECTORS

The affairs of the Association shall be managed by a Board of Directors initially consisting of two (2) directors whose names and addresses are hereinafter listed. Commencing with the first annual meeting of the Association, the Board of Directors shall consist of an uneven number of not less than three (3) nor more than seven (7) directors. The names and addresses of the persons who are to initially act in the capacity of directors until the selection of their successors are:

Steven G. Valentine
9400 Livingston road
Suite 420
Fort Washington, Maryland 20744

David Forward
9400 Livingston road
Suite 420
Fort Washington, Maryland 20744

The number, qualifications, powers, duties and tenure of the office of the directors and the manner by which directors are to be chose shall be as prescribed and set forth in the By-laws of the Association. Officers of the Association shall be elected and shall serve as provided for in said By-laws.

ARTICLE X DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than three-quarters (3/4) of each class of members, which approval shall not be unreasonably withheld or delayed. Written notice of a proposal to dissolve, setting for the reasons therefore and the disposition to be made of the assets (which shall be consonant with this ARTICLE X), shall be mailed to every member not less than ten (10) days nor more than fifty (50) days in advance of any action to be taken. Notwithstanding the foregoing, the Charles County Planning Commission, or its designee, must consent to the

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dissolution of the Association. In the event of a merger or consolidation of the Association with another homeowner's association, the assets of the Association shall become the assets of the merged or consolidated association. Upon dissolution of the Association, other than incident to a merger or a consolidation, the assets of the Association shall be dedicated, granted or otherwise conveyed to the Charles County Government, or to such other appropriate public agency or authority to be used for purposes similar to those for which this Association was created. In the event that such dedication, grant or conveyance is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit organization, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XI
DURATION

This Association shall exist perpetually.

ARTICLE II
AMENDMENTS

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

ARTICLE XIII
FHA/VA APPROVAL

As long as there is a Class B membership and any Lot subject to the Declaration is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration or guaranteed by the Veterans Administration, the following actions will require the prior approval of the Federal Housing Administration and/or the Veterans Administration (as applicable): annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and member of these Articles.

ARTICLE XIV MISCELLANEOUS

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

Invalidation of any one of these Articles by judgment or court order shall in no way effect any other provisions which shall remain in full force and effect.

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IN WITNESS WHEREOF, for the purpose of forming this Corporation under the laws of the State of Maryland, I, the undersigned, signed, sealed and delivered these Articles of Incorporation on this 2nd day of March, 1995 and I acknowledge the same to be my free act and deed.

WITNESS:

David M. Jenkins Lorraine J. Webb
Lorraine J. Webb

STATE OF MARYLAND

ss:

COUNTY OF CHARLES

I HEREBY CERTIFY that on this 2nd day of March , 1995, before me, the undersigned notary public, personally appeared Lorraine J. Webb, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same for the purposes therein contained.

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

Karen D. Hogge
Notary Public

My commission expires: 7/25/98

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CARRIAGE CROSSING COMMUNITY ASSOCIATION, INC.

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

REAL PROP	2.00
RECORD FEE	75.00
OTHER#	2083334 #
CHECK TL	127.00

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ARTICLE I DEFINITIONS

Section 1.01. "Association" shall mean and refer to the Carriage Crossing Community Association, Inc., a non-stock, non-profit corporation, its successors and assigns.

Section 1.02. "Common Area" shall mean and refer to all real and personal property owned or leased by the Association (including the improvements thereto), together with such additional property as may hereafter be subjected to this Declaration by Supplementary Declaration, pursuant to the provisions of Article II, and all personal property owned or leased by the Association or otherwise available to the Association (including the improvements thereto), for the common use and enjoyment of some or all of the Owners provided, however, that the Common Area shall not include the Lots or improvements situated thereon. Any required cluster open space as shown on the recorded plat(s) of subdivision for Carriage Crossing, or any amendment(s) thereto, shall be dedicated by the Declarant to the Association and shall be included within the Common Area.

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 of Directors.

Section 1.04. "Declarant" or "Developer" shall mean and refer to Forward-Valentine Companies, a Maryland general partnership, its successors and assigns; provided, however, that the rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant shall not inure to the benefit of or burden the successors and assigns of the Declarant except to the extent that any of the rights, reservations, easements, interests, exemptions, privileges or powers of the Declarant are specifically assigned or transferred to any such successor or assign by an instrument in writing, which shall be recorded among the Land records of Charles County, Maryland.

Section 1.05. "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 notice of other significant matters which would affect the interests of the mortgagee.

Section 1.06. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision plat of the Property upon which it is intended that a dwelling unit be constructed (including, without limiting the generality of the foregoing, single-family detached home lot and single-family attached home lots).

Section 1.07. "Member" shall mean and refer to every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who holds any class of membership in the Association.

Section 1.03. "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage", as used herein, shall include deed of trust. "First Mortgage", as used herein, shall mean a mortgage (secured by a Lot) with priority over all 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"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government which has a security interest in any Lot.

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

Section 1.09. "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, excluding contract purchasers, and excluding those having such interest merely as security for the performance of an obligation.

Section 1.10. "Participating Builder" shall mean and refer to any grantee of the Declarant who is conveyed a Lot for the purpose of constructing a dwelling on such Lot, except to the extent that any of the rights, reservations, easements, interests, exemptions, privileges or powers of the Declarant are specifically assigned or transferred to any such successor or assign by an instrument in writing and recorded.

Section 1.11. "Project" and the "Community", as used in this Declaration, means that certain community being developed by the Declarant in Charles County, Maryland, known as "Carriage Crossing".

Section 1.12. "Property" or "Properties" shall mean and refer to all real property described in Exhibit "A" attached hereto, together with such additional property as may hereafter be subjected to this Declaration by Supplementary Declaration, pursuant to the provisions of Article II.

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 Charles County, State of Maryland, and is more particularly described on Exhibit "A" attached hereto.

Section 2.02. Annexation. Subject to the consent of the owner thereof, the Association may annex additional adjacent or contiguous real property to the provisions of the Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of a majority of the Class "A" members of the Association (other than those held by Declarant) present at a meeting duly called for such purpose and of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject hereto in accordance with this Article. Notwithstanding the foregoing, so long as there are Class B members of the Association, additional property may be annexed by the Declarant to the Property without the consent of the Class A members of the Association, if any, for a period of ten (10) years after the date of recordation of this Declaration. In either case, the scheme of the within Covenants and restrictions shall not, however, be extended to include any such additional

property unless and until the same is annexed to the Property as hereinafter provided. Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration of Covenants, Conditions and Restrictions among the Land Records of Charles County, Maryland, which Supplementary Declaration shall extend the scheme of the within Declaration of Covenants, Conditions and Restrictions to such annexed property.

So long as any lot is encumbered by a deed of trust or mortgage which is guaranteed by the VA or insured by the FHA, no annexation shall be made pursuant to this Article, or otherwise, except following the prior written approval of the VA or the FHA.

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

Every Owner of a Lot in property 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 Section 3.01 herein.

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

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

Section 2.04. Acquisition of Additional Common Area. Declarant may convey to the Association additional real property, improved or unimproved, which may be annexed to the Property pursuant to Section 2.02 hereof and which upon conveyance or dedication to thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

Section 2.05. Amendment. This Article shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any portion of the Property.

ARTICLE III
PROPERTY RIGHTS,

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Section 3.01. Owner's Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of use, access and enjoyment, in common with others, in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) the right of the Association to charge reasonable and uniform admission and other fees for the use of the Common Area by Owners and their guests, lessees or invitees;
- (b) the right of the Association to suspend the voting rights and rights to use of the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid and for a period not to exceed thirty (30) days for any infraction of the published rules and regulations of the Association; provided, however, such Owner is given reasonable notice of such violation and an opportunity for a hearing;
- (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 as are consistent with the purposes of this Declaration and subject to such conditions as may be agreed to by the Members. Except as otherwise permitted pursuant to Sections 8.06 and/or 8.07 hereof, no such dedication or transfer shall be effective unless an instrument signed by three-fourths (3/4) of each class of members and fifty-one percent (51%) of the Eligible Mortgage Holders agreeing to such dedication or transfer has been recorded.
- (d) the right of the Association to limit the number of guests of Members with respect to the use of the Common Area and facilities situated thereon;
- (e) the right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and facilities situated thereon;
- (f) the right of the Association to provide for the exclusive use by Members of certain designated parking spaces within the Common Area;
- (g) the rights of the Association, the Declarant, utility companies, governmental entities and other owners with respect to the easements established in this Declaration;
- (h) the right of the Association, in accordance with its Articles of Incorporation and Bylaws, and with the consent of three-quarters (3/4) of each class of the Members, voting separately, to borrow money for the purpose of improving the Common Area and any facilities situated thereon 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 facilities situated thereon;
- (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; and
- (j) the right of the Association, acting by and through its Board of Directors, to grant easements, including, but not limited to, forest conservation easements, licenses or other rights of use to persons or entities

who are not Members for such consideration and on such terms and conditions as the Board of Directors may from time to time consider appropriate; provided, however, that no such easements, licenses or other rights of use shall be unreasonably and permanently inconsistent with the rights of Members to the use and enjoyment of the Common Area and any facilities situated thereon. Forest conservation easements shall not be considered to be inconsistent with the use and enjoyment of the Common Area.

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 for both vehicular and pedestrian ingress and egress to and from his Lot and for parking.

(b) 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 the Common Area and any facilities situated thereon for necessary, ordinary and reasonable pedestrian ingress and egress to and from his Lot or to suspend any easement over the Common Areas or any facilities situated thereon 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.

Section 3.03. Delegation of Use. Any Member may delegate, in accordance with the Bylaws and Rules and Regulations of the Association, his right of enjoyment to the Common Area and any facilities situated thereon to the members of his family, his tenants, guests, invitees, or contract purchasers who reside on the Property. The owner of any Lot that is leased to a tenant must provide a copy of the lease agreement to the Board of Directors. The lease agreement must state that the tenant shall abide by the conditions set forth in the Declaration and any rules and regulations adopted by the Board of Directors of the Association in accordance with Section 8.03 hereof.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 4.01. Membership. Every Owner shall be deemed to have a membership in the Association. No Owner, whether one or more persons, shall have more than one (1) membership for each Lot owned. In the event the Owner of a Lot is more than one person or an entity, votes and rights of use and enjoyment shall be as provided herein.

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

(a) Class A. With the exception of the Declarant and its designees as defined in (b) below, every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is an Owner of any Lot which is part of the Property or which otherwise becomes subject by 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. Each Class A member shall be entitled to one (1) vote for each Lot in which such Member holds the interest required for Class A membership. Any owner of

a Lot which is leased may, in the lease or other written instrument, assign the voting right for such Lot to the lessee, provided that a copy of such instrument is furnished to the Secretary prior to any meeting. When more than one person or entity holds such interest in any Lot, the vote for such Lot shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association, but in no event shall more than one (1) vote be cast with respect to any Lot. In the absence of such advice, the vote for such Lot shall be suspended if more than one (1) person or entity seeks to exercise it.

(b) Class B. The Class B member shall be the Declarant and its designees, which shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment in writing from the Declarant. The Class B member shall be entitled to three (3) votes for each Lot in which such member holds the interest required for a Class B membership. Each Class B membership shall terminate and become converted to a Class A membership on the first to happen of the following events:

(i) ninety (90) days following the date on which the total votes outstanding with Class A membership equals or exceeds the total votes outstanding in the Class B membership; 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 seven (7) years, whichever is less; or

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

Notwithstanding the above, in the event additional property is annexed as set forth in Article II hereof, before or after the dates specified in (i), (ii), or (iii) of this Section 4.02(b), then the Declarant shall be a Class "B" member as to each Lot which it owns in such annexed property subject to the limitations set forth in this Article IV.

Upon the termination or surrender of any of the Class B memberships as provided for in this Article, the Declarant shall thereafter remain a Class A member of the Association as to each and every Lot from time to time subject to the terms and provisions of this Declaration in which the Declarant then holds the interest otherwise required for Class A membership.

The Members of the Association shall have no preemptive rights, as such members, to acquire any memberships of this Association that may at any time be issued by the Association except as may be specifically provided in this Article. membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Whenever in this Declaration any action is required to be taken by a specified percentage of "each class of the then Members" of the Association, then such action shall be required to be taken separately by the specified percentage of the then outstanding Class A members of the Association and by the specified percentage of the then outstanding Class B members of the Association. Whenever in this Declaration any action is

required to be taken by a specified percentage of the "then Members" of the Association, then such action shall be required to be taken by the specified percentage of the then outstanding cumulative membership of the Association.

ARTICLE V
COVENANT FOR ASSESSMENTS

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

Section 5.02. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property and for the improvement and maintenance of the Common Area, the payment of real estate taxes, assessments and utility services for the Common Area, and management fees, administration expenses, insurance and all other costs and expenses incurred by the Association in the proper conduct of its activities, including, without limitation, reserves for replacements or contingencies, charges accruing under any cross-easement or reciprocal easement agreements, or charges accruing with respect to off-site facilities required to be maintained by the Association or which the Association elects to maintain whether or not such facilities are located within the Property.

Section 5.03. Initial Maximum Annual Assessment. The initial maximum annual assessment shall be One Hundred Seventy-Five Dollars (\$175.00). Any Lots owned by the Declarant shall be subject to an assessment equal to twenty-five percent (25%) of the assessment applicable to Lots not owned by the Declarant. Notwithstanding the foregoing, the Declarant shall pay the full maximum annual and special assessments for any Lot owned by Declarant which has been improved by a completed dwelling unit approved for occupancy by the appropriate governmental authorities and occupied by a party other than the Declarant. Lots owned by Participating Builders shall be subject to an assessment equal to fifty percent (50%) of the assessment applicable to Class A members. 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 exempted from the payment of assessments (or entitled to a reduced assessment, as applicable), then the Declarant shall only be obligated to pay any further assessments during that annual period in an amount equal to what would be due

for such Lots had they been owned by a Class A member. As used herein, the term "Deficit Period" shall mean that period of time commencing on the date of recordation of this 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 a writing recorded among the Land records of Charles County, Maryland, declares that it (from the date specified in such recorded writing) waives its right to not pay any assessments (or its right to pay reduced assessments, as applicable) on Lots owned by the Declarant in accordance with this Section 5.03. The Declarant may make such declaration with respect to less than all of the Lots owned, to be owned or to be brought within the jurisdiction of the Association in which event the Deficit Period shall terminate only with respect to those Lots specifically described.

From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment to be established by the recordation of a Supplementary Declaration may be increased by the Board of Directors of the Association, without a vote of the Class A membership, by an amount equal to (i) ten percent (10%) of the maximum annual assessment for the preceding year, plus (ii) the amount by which any ad valorem real estate taxes and insurance premiums payable by the Association have increased over amounts payable for the same or similar items for the previous year, plus (iii) the amount by which the Association has incurred or anticipates incurring increased operating expenses by reason of the completion, annexation or addition of facilities within the Common Areas and/or additional Common Areas, plus (iv) the amount by which the Association has incurred or anticipates incurring additional obligations or responsibilities in performing its duties and responsibilities in accordance with this Declaration.

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

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

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

Association membership.

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

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

Upon resolution of the Board of Directors, installments of annual general assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on the monthly basis hereinabove provided for. Any Class A member may prepay one or more installments on any annual general assessment levied by the Association, without premium or penalty.

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

Section 5.05. Notice and Quorum for any Action Authorized Under Section 5.04. Written notice of any meeting called for the purpose of establishing a special assessment in accordance with Section 5.04 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

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

Section 5.07. Date of Commencement of Annual Assessments: _____ Due Dates.

The annual assessments provided for herein shall commence as to all Lots delineated on a particular subdivision plat, as listed in Schedule "A" hereof, on the first day of the month following the first to occur of (i) the conveyance of a Lot delineated on that particular subdivision plat to a Participating Builder; or (ii) the conveyance of the Common Area delineated on that particular subdivision plat to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall make reasonable efforts to fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer for the Association setting forth whether the assessments on a specified Lot have been paid, which certificate shall be binding on the Association as of the date of its issuance.

Section 5.08. Subordination of the Lien to Mortgages. As is more fully set

forth in Article VI, the lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. The 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 (or the indebtedness secured thereby), which First Mortgage is recorded prior to recordation of such amendment, unless the holder thereof shall join in the execution of such amendment.

Section 5.09. Additional Default. Any recorded first mortgage secured on a

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

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

ARTICLE VI
REMEDIES OF ASSOCIATION FOR NON-PAYMENT OF ASSESSMENTS

Section 6.01. Non-Payment of Assessments. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the Lot or Lots belonging to the Member against whom such assessment is levied and shall bind such Lot or Lots in the hands of the then Owners, their heirs, devisees, personal representatives and assigns; provided, however, that the requirements of the Maryland Contract Lien Act have been substantially fulfilled. The personal obligation of the Member to pay such assessment shall, in addition, remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any assessment levied pursuant to this Declaration, or any installment thereof, may be maintained without foreclosing or waiving the lien herein created to secure the same.

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed the maximum legal rate permitted from time to time in 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 VA or insured by FHA), and may, by resolution of the Board of Directors, subject the Member obligated to pay the same to the payment of such reasonable penalty or "late charge" as the Board may fix, and the Association may bring an action at law against the Member personally obligated to pay the same, or foreclose on the lien against the Lot or Lots then belonging to said Member in the manner now or hereinafter provided for the foreclosure of mortgages, deeds of trust or other liens on real property in the State of Maryland containing a power of sale and consent to a decree, and subject to the same requirements, both substantive and procedural, or as may otherwise from time to time be provided by law, in either of which events interest, late charges, costs and reasonable attorneys' fees shall be added to the amount of each assessment.

To the extent requested in writing so to do by any such mortgagee, the Association shall notify the holder of the first mortgage on any Lot for which any assessment levied pursuant to this Declaration becomes delinquent for a period in excess of sixty (60) days and in any other case where the Owner of such Lot is in default with respect to the performance of any other obligation hereunder for a period in excess of sixty (60) days, but any failure to give such notice shall not affect the validity of the lien for any assessment levied pursuant to this Declaration, nor shall any such failure affect any of the priorities established in this Article.

Section 6.02. Assessment Certificates. The Association shall upon demand at any time furnish to any Member liable for any assessment levied pursuant to this Declaration (or any other party legitimately interested in the same) a certificate in writing signed by an officer of the Association, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed Ten Dollars (\$10.00) may be levied in advance by the Association for each certificate so delivered if permitted by applicable law.

Section 6.03. Acceleration of Installments. Upon default in the payment of any one or more monthly installments or such other periodic

installment of any assessment levied pursuant to this Declaration, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 6.04. Priority of Lien. The lien established by this Declaration shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

(a) general and special assessments for ad valorem real estate taxes on the Lot; and

(b) the liens of any deeds of trust, mortgage instruments or encumbrances duly recorded on the Lot prior to the assessments provided for in this Declaration or duly recorded on said Lot after receipt of a written statement from the Board of Directors reflecting that payments on account of any such assessments were current as of the date of recordation of said deed of trust, mortgage Instrument or encumbrance.

Notwithstanding any other provision of this Declaration to the contrary, the lien of any assessment levied pursuant to this Declaration upon any Lot, as in this Article provided, shall be subordinate to the lien of any deed of trust, mortgage or other encumbrance duly recorded on such Lot and made in good faith and for value received and shall in no way affect the rights of the holder of any such deed of trust, mortgage or other encumbrance; provided, however, that such subordination shall apply only to assessments, and installments thereof, which have become due and payable prior to a sale or transfer of the Lot pursuant to a foreclosure of such deed of trust, mortgage or other encumbrance, or any deed, assignment or other proceeding or arrangement in lieu of foreclosure. Any holder of any deed of trust, mortgage or other encumbrance duly recorded on the Lot and made in good faith and for value received who comes into possession of the Lot pursuant to foreclosure of such deed of trust, mortgage or other encumbrance, or any deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any other purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid maintenance assessments levied against the Lot which accrue prior to the time such holder comes into possession of the Lot or prior to the foreclosure sale, except for claims for a proportionate share of such unpaid maintenance assessments resulting from a reallocation of such unpaid maintenance assessments among the Lots upon the Property. Such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not, however, relieve the purchaser at any foreclosure sale from any liability for any maintenance assessments thereafter becoming due, or from the lien herein created to secure the payment of such maintenance assessments, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

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.

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

Section 7.01. Construction of Dwelling Unit.

(a) All dwellings shall be single-family detached houses. Manufactured or modular homes which meet BOCA Code requirements may be permitted subject to the approval of the Declarant at its sole discretion. Other manufactured or mobile homes and trailers shall not be permitted. At a minimum, all dwellings shall include an attached or detached one (1) car enclosed garage, unless an exception is specifically granted by the Declarant. The garage shall be constructed during the initial home construction period. Prior to the construction or alteration of any dwelling unit, and any other initial improvement on any Lot including, but not limited to, grading, landscaping, the erection of fences, construction of driveways and other improvement including, but not limited to, construction material, exterior color schemes, architectural drawings and any other material reasonably requested shall be submitted to and shall require the prior written approval of the Declarant. The Declarant shall have the right to review and approve the plans and specifications for the construction of the dwelling units and other improvements on each Lot until (i) the completion of all the initial improvements on each Lot (which have been approved pursuant to the terms of this Section 7.01) within the Property, or (ii) until the Declarant surrenders such right, whichever occurs earlier. The aforesaid approval shall not be required for (i) construction or development by, for or under contract with the Declarant, (ii) any improvements to any Lot or to the Common Area or any facilities situated thereon accomplished by the Declarant concurrently with said construction and development, or (iii) purposes of proper maintenance and repair.

(b) The Owner of a Lot shall submit to the Declarant or a building application in a form approved by the Declarant together with two (2) complete sets of plans and specifications for any and all proposed improvements. Such plans shall include, but not be limited to, a plan or survey indicating the location on the Lot of any proposed building, wall, fence, or driveway along with proposed construction material(s), color schemes and landscaping. The Owner shall also submit architectural plans of the proposed improvements to be constructed on the Lot together with any other material reasonably required by the Declarant.

The Declarant shall approve or disapprove the plans and specifications within fifteen (15) days after receipt of all materials reasonably requested. Failure to approve or disapprove the plans and specifications within this time period shall be deemed an automatic approval thereof by the Declarant. The Declarant shall have the right to disapprove any plans, plans or specifications or other application submitted to it for any reason, in its sole discretion. The decision of the Declarant shall be final.

(c) The approval by the Declarant of any application, plans, plats or specifications shall in no way be construed as the approval by any applicable governmental agency, and the Owner of the Lot submitting such application, plats, plans or specifications shall be required to obtain any and all applicable permits, approvals or consents from such governmental agencies prior to the initiation of construction of any improvements on such Owner's Lot. The granting of approval by the Declarant shall in no way subject the Declarant, the Association, or the Board of Directors, or any officer, agent and/or employee thereof, to any liability resulting from the Owner's failure to obtain the necessary permits, approvals or consents from

the applicable governmental agencies and such Owner shall indemnify and hold the Declarant, the Association, and the Board of Directors, or any officer, agent and/or employee thereof, harmless from such liability.

(d) Neither the Declarant, the Association, nor the Board of Directors, or any officer, agent or employee thereof, shall be liable or responsible in any way for any defect in any plans or specifications submitted, revised or approved in accordance with the provisions hereof nor shall such parties be liable or responsible for any injury or damage to persons or real or personal property resulting, directly or indirectly, from any work done or improvements which may be constructed, erected, installed, altered, replaced and/or submitted to the Declarant pursuant to the terms of this Declaration whether such plans, specifications or applications were approved or disapproved pursuant to the terms hereof.

Section 7.02. Architectural Change Approval (Modifications Committee).

(a) Except as otherwise provided in this Article VII, prior to alteration of any dwelling unit and to any other improvement on any Lot including, but not limited to, grading, the erection of fences, erection of satellite dishes, and/or construction of driveways, all plans and specifications for any such alteration or improvement including, but not limited to, construction material, architectural drawings and any other material reasonably requested shall be submitted to and shall require the prior written approval of the Association, or a committee composed of three (3) or more representatives appointed by the Board of Directors of the Association ("Modifications Committee"). Aforesaid approval shall not be required for (i) construction or development by, for or under contract with the Declarant, (ii) any improvements to any Lot or to the Common Area or any facilities situated thereon accomplished by the Declarant concurrently with said construction and development, (iii) any new construction approved by the Declarant or the New Construction Committee, or (iv) purposes of proper maintenance and repair.

(b) The Owner of a Lot shall submit to the Board of Directors or the Modifications Committee a building application on forms approved by the Board of Directors or the Modifications Committee together with two (2) complete sets of plans and specifications for any and all proposed improvements. Such plans may include, but not be limited to, a plan or survey indicating the nature, kind, shape, height and location on the Lot of any proposed building, wall, fence, or driveway along with proposed construction material(s). The Owner shall also submit architectural plans of the proposed improvements to be constructed on the Lot, together with any other material reasonably required by the Board of Directors or the Modifications Committee.

The Board of Directors or the Modifications Committee shall approve or disapprove the plans and specifications, in writing, as to harmony of external design and location in relation to surrounding structures, topography, landscaping and conformity with the design concept for the Property, within fifteen (15) days after receipt of all materials reasonably requested. Failure to approve or disapprove the plans and specifications within this time period shall be deemed an automatic approval thereof by the Board of Directors or the Modifications Committee. The decision of the Board of Directors shall be final and the decision by the Modifications Committee shall be final to the extent provided in Section 7.05 below.

(c) The approval by the Board of Directors or the Modifications Committee of any application, plans, plats or specifications

shall in no way be construed as the approval by any applicable governmental agency, and the Owner of the Lot submitting such application, plats, plans or specification shall be required to obtain any and all applicable permits, approvals or consents from such governmental agencies prior to the initiation of construction of any improvements on such Owner's Lot. The granting of approval by the Board of Directors or Modifications Committee shall in no way subject the Declarant, the Association, the Board of Directors or the members of the Modifications Committee (if applicable) to any liability resulting from the Owner's failure to obtain the necessary permits, approvals or consents from the applicable governmental agencies and such Owner shall indemnify and hold the Declarant the Association, the Board of Directors and the members of the Modifications Committee (if applicable) harmless from such liability.

(d) Neither the Declarant, the Association, the Board of Directors nor the Modifications Committee, nor any agent or employee thereof, shall be liable or responsible in any way for any defect in any plans or specifications submitted, revised or approved in accordance with the provisions hereof nor shall such parties be liable or responsible for any injury or damage to persons or real or personal property resulting, directly or indirectly, from any work done or improvements which may be constructed, erected, installed, altered, replaced and/or repaired on any Lot according to any plans, specifications or applications submitted to the Board of Directors or the Modifications Committee pursuant to the terms of this Declaration whether such plans, specifications or applications were approved or disapproved pursuant to the terms hereof.

(e) The Board of Directors or the Modifications 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 Owners' cost and expense. In any event, no such exterior addition to or change or alteration as provided for in Section 7.02(a) 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 Section 7.02 shall not be applicable to the Declarant or any part of the Property owned by the Declarant.

Section 7.03. Initiation and Completion of Approved Changes. Construction or alterations in accordance with plans and specifications approved by (i) the Declarant or the New Construction Committee or (ii) the Modifications Committee or Board of Directors 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 Modifications Committee or Board of Directors (whether by affirmative action or by forbearance from action), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as (i) the Declarant or the New Construction Committee or (ii) the modifications Committee or Board of Directors shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by (i) the Declarant or the New Construction Committee or (ii) the Modifications Committee or Board of Directors 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 (i) the Declarant or the New Construction Committee or (ii) the Modifications Committee or Board of Directors without any prior consent in writing of (i) the Declarant or the New Construction Committee or (ii) the

Modifications Committee or Board of Directors. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Modifications Committee or Board of Directors to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 7.04. Certificate of Compliance. Upon completion of any construction or alterations or other improvements or structures in accordance with plans and specifications approved in accordance with the provisions of this Article, (i) the Declarant or the New Construction Committee or (ii) the Modifications Committee or Board of Directors shall, if so requested by 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 are in full compliance with the provisions of this Article and with such other provisions and requirements of this Declaration as may be applicable.

Section 7.05. Modifications Committee rules and regulations; Appeal of Modifications Committee Decision. The Modifications Committee or Board of Directors 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 Modifications Committee shall be final except that any Member who is aggrieved by any action or forbearance from action by the modifications Committee may appeal the decision of the Modifications 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 Modifications Committee.

ARTICLE VIII
USE RESTRICTIONS AND EASEMENTS

In addition to all other covenants contained herein, the use of the Property and each Lot therein is subject to the following:

Section 8.01. Permitted Uses. The Lots shall be used for residential purposes exclusively, and no dwelling shall be erected, altered, placed or permitted to remain on any such Lot other than one used as a single-family dwelling and other structures used for storage, hobby space, garage space or shelter for permitted pets as may be permitted and/or approved in accordance with the provisions of this Declaration; except that a professional office may be maintained in a dwelling, provided that such maintenance and use is limited to the person actually residing in the dwelling and, provided further that such maintenance and use is in strict conformity with the provisions of any applicable zoning law, ordinance or regulation. As used in this Section, the term "professional office" shall mean rooms used for office purposes by a member of any recognized profession, including doctors, dentists, lawyers, architects and the like, but not including medical or dental clinics. Nothing contained in this Article, or elsewhere in this Declaration, shall be construed to prohibit the Declarant from the use of any Lot, dwelling, Common Areas, or improvement thereon, for promotional or display purposes, or as "model homes", a sales, leasing, management and/or construction office, or the like, so long as such activities do not prohibit

the Developer from constructing proposed recreational facilities, if any, in phase with development and do not restrict or prevent the use of the Common Area by any owner (or its tenant, licensee, occupant or other party entitled to occupy any dwelling unit within the Benefited Property). Furthermore, the Declarant shall have an easement for access to such facilities.

Section 8.02. Prohibited Uses and Nuisances. Except for the activities of the Declarant during the construction or development of the community, 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 not more than a reasonable number of dogs, cats, caged birds or other domestic pets provided they are not kept, bred or maintained for commercial purposes and, provided further, that such domestic pets are not a source of annoyance or nuisance to the neighborhood or other Members. The Board of Directors or, upon resolution of the Board of Directors, the Modifications Committee, shall have the authority, after a hearing, to determine whether a particular pet is a domestic pet or 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, and no odors shall be permitted to arise therefrom as to render any such Lot or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Lot in the vicinity thereof or to any other Lot Owner(s) in the vicinity thereof.

(d) No boats, trailers, campers, commercial trucks and vans, buses, or portable vehicle, other than duly registered and licensed automobiles, shall stay parked forward of any dwelling for a period exceeding seventy-two (72) hours. All boats, trailers and campers, if parked for a period exceeding 72 hours, must be substantially concealed from sight of any traffic along subdivision roads by appropriate fencing, enclosure or other year round screening. Any screened area must be located to the side yard or rear yard of a dwelling. No motor vehicle shall be constructed, reconstructed, or repaired upon the front or side yard of any Lot or street; *provided*, however, that the provisions of this paragraph shall not apply to temporary emergency repairs. No motor vehicle of any type, or part thereof,

shall be permitted to remain on any Lot or street in an exposed position and in a non-operative condition, for more than thirty (30) days in any calendar year. Any such vehicle or part thereof which does not display current or valid license plates and safety inspection stickers, as required by law, shall be deemed to be a "non-operating condition vehicle" and may be removed at the request of any Lot Owner and at the expense of the Lot Owner in violation, after a ten (10) day written notice has been provided. No motorized "off-the-road" vehicles shall be operated on any Lot in a noisy or disturbing manner which would create a nuisance.

(e) No motor vehicles of any type shall be parked on the streets or on any Lots, other than on the driveways, except for temporary parking by visitors. No unlicensed motor vehicle shall be maintained on any street within the subdivision.

(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, its successor and assigns (by written assignment), who, prior to sale and transfer of a Lot, may alter, amend and change any Lot lines or subdivision plan pursuant to a recorded subdivision plat. 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. No portion of a Lot but for the entire Lot, together with the improvements thereon, may be rented.

(g) No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines or access for vehicular traffic on any streets and roadways or which restricts driveway access or encroaches upon any private driveway. 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.

(h) Other than uses exempted under Section 8.05 hereof, no structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, shed or other buildings shall be erected, used or maintained on any Lot without the specific approval of the Modifications Committee or Board of Directors as provided in Article VII. In no event shall a trailer, basement, incomplete structure, tent, shack, garage, barn or temporary building or structure of any kind be used at any time as a residence either temporarily or permanently.

(i) Except for entrance signs, directional signs, signs for traffic control or safety and such promotional sign or signs as may be maintained by the Declarant or the Association, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any Lot or dwelling provided, however, that one temporary real estate sign not exceeding six (6) square feet in area may be erected upon any Lot or attached to any dwelling placed upon the market for sale or rent. Any such temporary real estate sign shall be removed promptly following the sale or rental of such dwelling.

(j) Any tank (e.g. for storage of gas, oil or water) or any refrigeration or heating apparatus must be located underground or concealed from sight by appropriate fencing, screening or enclosure and must be approved by the Board of Directors or Modification Committee pursuant to Article VII.

Except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no hose, 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.

No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or prevent or preclude the relocation of any existing facilities by the appropriate utility company.

(k) Antennas, satellite dishes, or other devices for the transmission or reception of television, radio or electric signals or any other form of electromagnetic radiation shall not be erected on the front yard of any Lot. Notwithstanding the above, a television antenna may be attached to the side of a dwelling, if using a fireplace chimney for support. Satellite dishes are subject to approval pursuant to Sections 7.01 or 7.02 hereof, and at a minimum shall be painted an earth tone color and shall be fenced or otherwise screened from view of adjoining Lot Owners.

(l) Vegetable gardens and/or compost areas shall be maintained only within the rear yard of any Lot and shall be screened from public view.

(m) Other than commercial vehicles permitted pursuant to subsection (d) of this Section, no commercial machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot within the Property except such machinery or equipment that is usual and customary in connection with the development, maintenance or construction of a residence, appurtenant structures, or other improvements within the Property.

(n) No garbage or trash shall be placed or kept on any Lot within the Property except in covered containers. In no event shall such containers be maintained so as to be visible from adjoining Lots except to make the same available for collection and then, only the shortest time reasonably necessary to effect such collection. All rubbish, trash and garbage shall be removed from the Lot and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any Lot.

(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 Modifications Committee or the Board of Directors 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) With the exception of fences approved by the Declarant or the New Construction Committee in accordance with Section 7.01, any fence constructed upon the Property shall not extend forward of the front building line of the dwelling on the Lot upon which any such fence is erected. All other fencing must be approved by the Modification Committee. This provision does not apply to fencing constructed within the Common Areas associated with recreational facilities.

(q) Bed sheets, plastic sheets, newspapers, or other similar window treatments shall not be hung or placed in or on any window on any dwelling located on any Lot.

(r) Outside clothes lines or other outside facilities for

drying or airing clothing shall not be erected, placed or maintained on any portion of the lot except within rear yards when substantially screened from the view of adjacent Lot(s) and/or Common Area.

(s) No above-ground or below-ground pool shall be erected on any Lot without the specific approval of the Modifications Committee or Board of Directors as provided in Article VII.

(t) No exterior lighting shall be installed on any Lot that is specifically directed outside the boundaries of the Lot on which it is located. No other lights in the nature of spot lights or floodlights shall be permitted on the exterior of any dwelling unless approved by the Modifications Committee.

(u) Each dwelling shall have a street number discreetly placed at or near the street entrance to the Lot. Mailboxes installed along the roads shall be wood construction with a wood post in order to achieve a uniform appearance. They shall be paid for by the Lot Owner.

(v) The removal of any trees within areas designated as Forest Conservation Easements, if any, as shown on the Preliminary Plat and/or Record Plat of Subdivision for the Property, shall not be permitted unless otherwise required or permitted by law for health and/or safety reasons. Nothing in this Declaration shall prohibit the logging or clearing of Common Area which is not subject to a Forest Conservation Easement.

(w) In-home day care facilities must be approved by the Board of Directors prior to commencement of operations. Only appropriately licensed day care providers will be allowed. The number of day care facilities allowed to operate in the subdivision at any one time shall not be less than seven and one-half percent (7.5%) of the number of dwelling units in the subdivision or the minimum number permitted by applicable laws, requirements and regulations, whichever is more.

(x) All private driveways/parking areas within 200 lineal feet of the county maintained subdivision road shall be paved. If such drives or parking areas extend beyond 200 lineal feet, then the Lot Owner may either pave or gravel the driveway/parking area beyond 200 lineal feet.

(y) No Lot Owner, other than the Declarant, shall have the right to grant any private ingress/egress easements to other Lot Owners or other entities without approval of the Board of Directors or the Modifications Committee, provided however that this restriction shall not be construed in any way to restrict access by public servants for public health and safety purposes.

(z) Each dwelling must use a sanitary disposal system of design and installation using soil absorption systems only approved by the Charles County Health Department. The system must be designed by a registered professional engineer and installed by a competent licensed contractor. If public sewers become available, dwelling then under construction or subsequently built shall make use thereof.

(aa) The source of water supply for all Lots shall be from on-lot individual domestic wells. There is no assurance or representation that there will ever be a central water treatment plant or water distribution system to serve the Lot Owners who have not had a well installed. However, if a quasi-municipal district or other entity is created to provide a water treatment and distribution facility, all Lots which have not had a well

completed shall be served by such entity and shall be required to pay all fees required to connect thereto.

Section 8.03. Rules and Regulations. There shall be no violation of any reasonable rules for the use of the Common Area 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. The Board of Directors is authorized elsewhere in this Declaration to adopt such rules and regulations, provided each Owner is mailed or delivered a copy of the proposed rule(s) or regulation(s) and notice of the meeting of the Board of Directors at which such proposed rule(s) or regulation(s) will be discussed and/or adopted.

Section 8.04. Enforcement - right to remove or Correct Violations. In the event any violation or attempted violation of any of the covenants or restrictions contained in this Declaration shall occur or be maintained upon any Lot, or in the event of any other conduct in violation of any of the provisions or requirements of this Declaration or the rules and regulations adopted by the Board of Directors, then the same shall be considered to have been undertaken in violation of this Declaration and without the approval of the Board of Directors or the Modifications Committee required herein, and, upon written notice from the Board of Directors or the Modifications Committee, such violation shall be promptly removed or abated. In the event the same is not removed, or the violation is not otherwise terminated or abated, within fifteen (15) days (or such shorter period as may be required in any such notice) after notice of such violation is delivered to the Owner of the Lot upon which such violation exists, or to the Member responsible for such violation if the same shall be committed or attempted on premises other than the Lot owned by such Member, then the Association shall have the right, through its agents and employees (but only after a resolution of the Board of Directors or the Modifications Committee and a reasonable opportunity for a hearing is given to the Owner and/or resident(s) of the Lot) to enter upon such Lot and to take such steps as may be necessary to remove or otherwise terminate or abate such violation and the cost thereof may be assessed against the Lot upon which such violation occurred and when so assessed, a statement for the amount thereof shall be rendered to the Owner of said Lot, at which time the assessment shall become due and payable and a continuing lien upon such Lot, and a binding personal obligation of the Owner of such Lot, in all respects (and subject to the same limitations) as provided in Article VI of this Declaration.

The Association shall have the further right, through its agents, employees or committees, to enter upon and inspect any Lot at any reasonable time for the purpose of ascertaining whether any violation of the provisions of this Article or any of the other provisions or requirements of this Declaration exist on such Lot; and neither the Association nor any such agent or employee shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection; provided, however, the interior of a dwelling located on such Lot may not be entered pursuant to this paragraph unless such entry is necessary for the protection of any Lot or the Common Area as determined by the Board of Directors or its agents, employees or committees.

Section 8.05. Exemptions. None of the foregoing restrictions shall be applicable to the activities of:

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

model homes, sales offices, lighting, displays and signage; or

(b) To the Association, its officers, employees and agents, in connection with the proper maintenance, repair, replacement and improvement of the Common Area and any improvements situated thereon.

(c) Participating Builders, in connection with the construction and/or marketing trailer, model homes, sales offices, lighting, displays and signage, subject to the written approval of the Declarant.

Section 8.06. reservation of Easements and rights by Declarant.

The following easements and rights are hereby declared or reserved for a period of ten (10) years from the date hereof:

(a) There is hereby reserved unto the Declarant [and to such other party(ies) as the Declarant may specifically, and in writing, assign such rights], for the benefit of the Property, such property to be hereinafter referred to as the "Benefited Property", a blanket easement upon, across and under the Property (provided such easement does not encroach upon any building within the Property or unreasonably interfere with the use and enjoyment of the Property), for vehicular and pedestrian ingress and egress, curb cuts, slope, or grading easements, as well as for the installation, replacement, repair and maintenance of all utilities, including, but not limited to, water, sewer, drainage, storm water detention, siltation, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Property from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles, pipes, lines and other equipment on the Property, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Property, including any improvements constructed thereon, and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress over the Property.

(b) Declarant further reserves the right to grant specific easements, both temporary and permanent, to all public authorities, governmental bodies and utility companies over any part of the Common Area, so long as such easements are consistent with the purposes of this Declaration.

(c) There is further reserved unto the Declarant the right to erect entry features, promotional and other similar items within the Property, provided they do not unreasonably interfere with the use, operation and enjoyment of the Property.

(d) An easement is hereby reserved to Declarant to enter the Common Area during the period of construction and sale of the Property, to construct and maintain such facilities and perform such operations as, in the sole opinion of Declarant, may be reasonably required by, convenient or incidental to the construction and sale of residences upon the property, including, without limitation, a business office, sales office, storage area, construction yards, signs, displays and model units, so long as such activities do not prohibit the Developer from meeting its obligation to construct recreational facilities in phase with development pursuant to the Recreational Facilities Agreement between the Developer and the County and do not restrict or prevent the use of the Common Area by any owner (or its tenant, licensee, occupant or other party entitled to occupy any dwelling unit within the Benefited Property).

(e) Declarant also reserves the right to enter into the Common

Area for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or material in the Property or the improvements thereon.

(f) For a period of ten (10) years from the date of the conveyance of the first Lot, the Declarant reserves a blanket easement on, over and under the Property to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near as practicable. The Declarant shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Declarant an emergency exists which precludes such notice.

(g) Further, without limiting the generality of the foregoing, the Declarant reserves the right to unilaterally execute and record such additional easements and agreements as may be necessary in order to give effect to the foregoing easements and other rights, which additional easements and other agreements need not be consented to or joined in by any party having an interest in the Property; provided, however, that if requested by the Declarant, any party having an interest in the Property shall promptly join in and execute such confirmatory easements and other agreements.

Section 8.07. Declaration of Easements and rights for all Owners.

(a) Each Lot within the Property is hereby declared to have an easement, not exceeding one foot (1') in width, over all adjoining Lots and Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, errors in placement of fences, settlement or shifting of the building, roof overhangs, gutters, architectural or other appendages, draining of rainwater from roofs, or any other similar cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

(b) Each Lot shall further be subject to a public pedestrian access easement over and upon any path, trail or sidewalk (or the replacement thereof) constructed on the Lot by the Declarant, which path, trail or sidewalk is reasonably deemed to be for the use of the community of which the Lot is a part.

(c) Prior to the sale of any flag or pipestem Lot(s), the Declarant shall establish common driveway easements over an area to be defined in a separate joint access easement agreement to be recorded among the Land Records of Charles County, Maryland. The future Owners of such Lots, and their successors and heirs, shall be mutually responsible for the maintenance of the common driveway area easement and shall share equally the expense of all maintenance, construction and repair. The Owners of such Lots, their successors and heirs, may also be allowed to maintain an area on an adjacent Lot bordering the common driveway easement area as may be defined in such

joint access easement agreement. Such maintenance may be-for the purpose of providing adequate drainage of the common driveway and for trimming trees, part or all of which could possibly block the driveway and for keeping grass and weeds from becoming unsightly or, for making other necessary repairs.

(d) The rights and duties of the Owners and the Association with respect to sanitary sewer and water, electricity, gas and telephone lines and facilities shall be governed by the following:

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

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

(iii) In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, upon written request of one of such Owners addressed to the Association, the matter shall be referred to arbitration. Each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators, and shall be binding upon the parties. Pursuant to Maryland law, judgment on the award made by the arbitrators may be maintained in any court of law with jurisdiction.

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

Further, there is hereby reserved for the benefit of the Benefited Property a right of any owner (or its tenant, licensee, occupant or other party entitled to occupy any dwelling unit within the Benefited Property) of any dwelling within the Benefited Property to use any recreational or other similar facilities that may, from time to time, be located within the Property.

ARTICLE IX MAINTENANCE

Section 9.01. Lot Maintenance. Except as otherwise specifically provided in this Declaration, each Owner shall keep each Lot owned by him, and all improvements therein or thereon, and shared driveways, in good order and repair and free of debris, including but not limited to the seeding, watering and mowing of all lawns, the pruning and cutting of all trees, shrubbery, grass and plantings, and the painting (or other appropriate external care) of all buildings and other improvements, all in a manner and with such frequency as is consistent with good property management. In the event an Owner of any

Lot in the Property shall fail to maintain the Lot and the improvements situated thereon, the Board of Directors or its agent shall have the right to enter upon said Lot to correct drainage and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. All costs related to such correction, repair, maintenance or restoration shall become a lien upon such Lot, and such lien may be enforced in the same manner as an annual assessment levied in accordance with Article V hereof. Any such lien shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Lot shall not affect such 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 any such lien 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 9.02. Association Maintenance.

(a) The Association shall maintain and keep in good order the Common Area, such maintenance to be funded as hereinafter provided. This obligation shall include, but not be limited to, maintenance, repair and replacement, of all landscaping and other flora, structures, improvements and stormwater management facilities situated upon such areas.

(b) The Association may, in the discretion of the Board of Directors, assume additional maintenance responsibilities upon all or any portion of the Property, including but not limited to shared driveways. In such event, all costs of such maintenance may be assessed only against those Owners residing within the portion of the Property receiving the additional services. This assumption of responsibility may take place either by contract or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the standards established by the Board of Directors for 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 any single-family attached dwelling unit located on such Lot, without the consent of the Owner and/or occupant thereof, to correct drainage and to conduct any emergency repairs as are necessary for the maintenance and protection of the Common Area or adjacent dwellings. 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 X
INSURANCE

Section 10.01. Optional Coverage. 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, against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost (less a reasonable deductible) of any repair or reconstruction work in the event of damage or destruction from any insured hazard. Unless the prior written approval to do otherwise is obtained from the Board of Directors, the insurance proceeds

payable on account of loss or damage to the dwelling shall be applied to repair or restoration of the damaged property in substantial conformity to the original plans and specifications.

Section 10.02. 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 insurable improvements to the Common Area and any facilities situated thereon (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 Area or any facilities situated thereon, as well as common personal property and supplies owned by the Association.

The insurance policy shall afford, as a minimum, protection against loss or damage by fire and other perils normally covered by the standard "All risk" endorsement, where such is available. If an All Risk" endorsement is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. The policy shall be in an amount equal to one hundred percent (100%) of the current replacement cost of the Common Area, including any facilities situated thereon, (less a deductible deemed reasonable by the Board of Directors.

Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by Best's Insurance reports of B/V1 or better (or its equivalent). Hazard insurance policies are also acceptable from any insurance carrier which has a financial rating by Best's Insurance Reports of Class V, provided it has a general policyholder's rating of at least "A". Each insurer must be specifically licensed or authorized by law to transact business within the State of Maryland. The policy contract shall provide that no assessment may be made against the mortgagees, and that any assessment made against others may not become a lien on the mortgaged premises superior to the first mortgage.

All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly accepted 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.

If any portion of the Common Area is 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 evaluate the necessity of obtaining a "master" or "blanket" policy of flood insurance on Common Area buildings and facilities and have the authority to obtain a flood insurance policy in an amount deemed appropriate.

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 Area, 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 may 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. Except for fidelity bonds that a management agent obtains for its personnel, all other bonds should name the Association as an obligee and should have their premiums paid as a common expense by the Association. The total amount of fidelity coverage required should be sufficient to cover the maximum funds that will be in the custody of the Association or management agent at any time, but should at least equal the sum of three (3) months' assessments on all Lots within the Property, plus the Association's reserve funds. Any such 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 10.03. repair and reconstruction of the Common Area After Fire or Other Casualty. 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 shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration.

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.

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 three (3) years; 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.

ARTICLE XII
GENERAL PROVISIONS

Section 12.01. Limitation of Liability. The Association shall not be liable to any Member for loss or damage, by theft or otherwise, of articles which may be stored upon the Common Area. 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 Area, 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 12.02. Enforcement. The Association or any Owner 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 rules and regulations promulgated by the Board of Directors. Failure by the Association or by any Owner to enforce any covenant or restrictions herein contained or any provision of the Bylaws or Articles of Incorporation of the Association or rule or regulation of the Association, shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the within covenants or restrictions or any provision of the Bylaws or Articles of Incorporation of the Association or rule or regulation 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 or rule or regulation 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 (such Owner shall be responsible for the acts or omissions of any tenant, guest, invitee or occupant of his Lot and/or dwelling unit), and such costs shall also be a lien upon the Lot of such Owner.

Section 12.03. 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 12.04. Duration and Amendment. 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 vote of, or an instrument signed by not less than, seventy-five percent (75%) of the Lot Owners, and thereafter, by the vote of, or an instrument signed by, not less than a majority of the Members. Any amendment must be recorded among the Land Records of Charles County, Maryland.

Section 12.05. 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, which shall be recorded among the Land Records of Charles County, Maryland, without notice to the Association.

Section 12.06. 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 12.07. Rights of the Planning Commission ("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 or Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent of the Commission, or its designee, which consent shall not be unreasonably withheld or delayed:

- (a) abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Common Area; 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 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 provision 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 12.08. Consents. 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:

- (a) abandon, partition, alienate, release, hypothecate, dedicate, subdivide, encumber, sell or transfer any of the Common Area directly or indirectly owed by the Association unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and Lot Owners representing seventy-five percent (75%) of the votes in the Association have given their prior written approval; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Area by Members of the Association shall not be considered a transfer within the meaning of this Section; or
- (b) subject to the provisions of Article X of the Articles of Incorporation for the Association, if applicable, abandon or terminate this Declaration unless at least sixty-seven percent (67%) of the Eligible Mortgage

Holder (based upon one vote for each first mortgage owned) and Lot Owners representing seventy-five percent (75%) of the votes of the Association have given their prior written approval; or

(c) modify or amend any material provision of this Declaration, which establishes, provides for, governs or regulates any of the following, without first obtaining the written consent of fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and the requisite number of Lot Owners as provided elsewhere in this Declaration:

- (i) voting rights;
- (ii) assessment liens or subordination of such liens;
- (iii) reserves for maintenance, repair and replacement of the Common Area;
- (iv) insurance or fidelity bonds;
- (v) rights to use of the Common Area by any Owner, except in accordance with Article III of this Declaration;
- (vi) responsibility for maintenance and repairs;
- (vii) expansion or contraction of the property subject to this Declaration or the addition, annexation or withdrawal of property to or from this Declaration, except in accordance with Article 11 of this Declaration;
- (viii) boundaries of any Lot;
- (ix) a decision by the Association to establish self management when professional management had been previously required by an Eligible Mortgage Holder;
- (x) leasing of Lots;
- (xi) imposition of any restrictions on the rights of an Owner to sell or transfer his or her Lot;
- (xii) restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents;
- (xiii) any provisions which expressly benefit mortgage holders, Eligible Mortgage Holders or insurers or guarantors.

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

(d) substantially modify the method of determining and collecting assessments against an Owner or his Lot as provided in this Declaration, unless at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each first mortgage owned) or Owners

(other than the Declarant) of the individual Lots in the Association have given their prior written approval; or

(e) waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of buildings or structures on the Lots, the exterior maintenance of buildings or structures on the Lots, the maintenance of the Common Area, party walkways or common fences and driveways, or the upkeep of lawns and plantings within the Property unless at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each first mortgage owned) or Owners (other than the Declarant) of the individual Lots in the Association have given their prior written approval; or

(f) fail to maintain insurance in accordance with Section 10.02 of this Declaration unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and seventy-five percent (75%) of the owners have given their prior written approval; or

(g) use hazard insurance proceeds for losses to any Association Common Area for other than the repair, replacement or reconstruction of such Common Area, or property, unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and seventy-five percent (75%) of the Owners have given their prior written approval.

Section 12.09. 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 mortgagee of any Lot may pay any taxes, utility charges or other charges levied against the Common Area which are in default and which may or have become a charge or lien against any of the Common Area 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 Area. Any first mortgagee who advances any such payment shall be due immediate reimbursement of the amount so advanced from the Association.

Section 12.10. Casualty Losses. In the event of substantial damage or destruction to any of the Common Area, 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.

Section 12.11. Condemnation or Eminent Domain. In the event any part of the Common 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.

Section 12.12. Changes required by Lenders. Notwithstanding any provision to the contrary contained in the Articles of Incorporation or Bylaws of the Association or this Declaration, the Declarant shall have and hereby reserves the right to make modifications, additions or deletions to the Declaration, the Articles of Incorporation and the Bylaws of the Association if such modifications, additions or deletions are required by VA, FHA, FHLMC or FNMA, subject to the approval of the Planning Commission, if required, pursuant to Section 13.07 hereof. The Declarant further reserves the right to waive in writing any exemption, right or privilege granted or reserved to the Declarant by this Declaration or the Articles of Incorporation or the Bylaws of the Association.

Section 12.13. 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.

Section 12.14. 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 by any public or municipal agency, authority, or utility and no public or municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any of the Common Area.

Section 12.15. 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 12.16. Declarant Reserved Rights.

(a) 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 12.06) of the Declarant.

(b) Notwithstanding any other provision of this Declaration, so long as the total Common Area to be dedicated to the Association contains at least 221.6 acres, as required under the conditions of approval for Preliminary Plat 92-152, the Declarant reserves the right, without the

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consent of any Class A member, to make adjustments to the property lines of any Common Area parcel(s) in order to correct any engineering errors, provide access to adjacent property(ies), or make other modifications. Furthermore, without limitation of the foregoing, the Declarant reserves the right, without the consent of any Class A member to dedicate all or a portion of a 50 foot right-of-way to Charles County, for the purpose of providing public access to the adjacent property(ies), said right-of-way to be located within all or any portion of Parcel A, Lot 58, and/or Lot 59 as shown on Plat 7, Carriage Crossing, recorded, or to be recorded, among the Land Records of Charles county, Maryland. Such adjusted property line(s) and/or dedication of a public right-of-way must be shown on a plat of correction or amended final plat of subdivision as approved by Charles county, Maryland, and recorded, or to be recorded, among the Land records of Charles County, Maryland.

Section 12.17. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provisions 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 12.18. 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, FORWARD-VALENTINE COMPANIES, a Maryland general partnership, being the Declarant herein, has caused this Declaration of Covenants, Conditions and Restrictions to be signed by its general partners this 3rd day of March, 1995.

WITNESS/ATTEST:

FORWARD-VALENTINE COMPANIES, a Maryland general partnership

By: COMMONWEALTH PROPERTIES GROUP, LTD.,
General Partner

By: Steven G. Valentine
Steven G. Valentine, President

[JURAT FOLLOWS]

STATE OF MARYLAND :
COUNTY OF Charles : ss:

I HEREBY CERTIFY that on this 3rd day of March, 1995, before me, the undersigned notary public, personally appeared Steven G. Valentine, who acknowledged himself to be the President of Commonwealth Properties Group, Ltd., a General Partner of Forward-Valentine Companies, and that he as such President of the General Partner, Forward-Valentine Companies, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the General Partnership by himself as such President of the General Partner.

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

Karen D. Hogge
Notary Public

My commission expires: 7/25/98

16M:B:\carcrone.DEC:3/2/95



"EXHIBIT A"

CARRIAGE CROSSING

BEING part of the land inherited by George F. Forbes and E.F. Carrico from Eugenia Hall Forbes and recorded among the Will Records of Charles County, Maryland on September 14, 1962 in Liber G.C.W. 26 at Folio 618 and intended to be all of the land shown on a boundary survey dated February, 1993 prepared by FSI Design Group, and being more particularly described as follows:

PARCEL ONE

BEGINNING at a point on the easterly right-of-way line of Maryland State Route 381 (100' wide), said point being the common corner of Parcel One and the lands of Howard and Shalon Moore recorded among the Land Records of Charles County, Maryland in Liber 279 at Folio 157, thence running to describe Parcel One

1. North 40 degrees 48 minutes 39 seconds East 591.85 feet to the common corner of Parcel One, the Moore property, and the lands of Charles Gardiner recorded in Liber 234 at Folio 582, said point being marked by a stone as shown on the boundary survey prepared by FSI Design Group, thence
2. North 41 degrees 13 minutes 27 seconds East 751.93 feet to a point being the common corner of Parcel One, part of the lands of Francis A. and Ella Mae Gardiner recorded in Liber 103 at Folio 159, and the lands of Jennings C. Cross, Jr., recorded in Liber 210 at Folio 6, said point being marked by a concrete monument as shown on the abovementioned boundary survey, thence
3. North 40 degrees 48 minutes 17 seconds East 241.32 feet to a point being the common corner of Parcel One, the Cross property and a 15 foot wide roadway right-of-way, thence
4. North 40 degrees 24 minutes 31 seconds East 252.19 feet to an iron pipe found at the common corner of Parcel One, the lands of Lawrence J. Therres recorded in Liber 154 at Folio 525, and the lands of Joseph Gardiner recorded in Liber 344 at Folio 84, thence running with the lands of Joseph Gardiner
5. North 38 degrees 18 minutes 52 seconds East 83.33 feet to a point being marked by an iron pipe as per abovementioned boundary survey, thence
6. North 18 degrees 24 minutes 30 seconds East 143.94 feet to a point being the common corner of Parcel One, the Gardiner property and part of the lands of Francis A. and Ella Mae Gardiner recorded in Liber 103 at Folio 159, said point being marked by an iron pipe per abovementioned survey, thence running with the Francis Gardiner property
7. North 18 degrees 37 minutes 07 seconds East 1090.47 feet to a point, thence

8. North 07 degrees 20 minutes 41 seconds East 352.10 feet to a point being the common corner of Parcel One, the Gardiner property and the lands of John W. Bunting recorded among the land Records of Prince George's County in Liber 4870 at Folio 121, thence running with the Bunting property along Swanson Creek and the boundary line between Charles County and Prince George's County
9. South 41 degrees 04 minutes 54 seconds East 194.10 feet to a point, thence
10. South 55 degrees 31 minutes 59 seconds East 145.55 feet to a point, thence
11. South 40 degrees 17 minutes 03 seconds East 294.57 feet to a point, thence
12. South 51 degrees 23 minutes 00 seconds East 150.00 feet to a point, thence
13. South 69 degrees 38 minutes 00 seconds East 110.00 feet to a point, thence
14. North 84 degrees 52 minutes 01 seconds East 100.00 feet to a point, thence
15. North 62 degrees 22 minutes 01 second East 125.00 feet to a point, thence
16. North 81 degrees 52 minutes 00 seconds East 320.00 feet to a point, thence
17. South 79 degrees 08 minutes 01 seconds East 230.00 feet to a point, thence
18. North 88 degrees 52 minutes 01 second East 245.00 feet to a point, thence
19. South 57 degrees 23 minutes 00 seconds East 80.00 feet to a point, thence
20. South, 29 degrees 38 minutes 00 seconds East 560.00 feet to a point, thence
21. South 09 degrees 38 minutes 00 seconds East 245.00 feet to a point, thence
22. South 24 degrees 37 minutes 59 seconds East 105.00 feet to a point, thence
23. South 43 degrees 08 minutes 00 seconds East 110.00 feet to a point being the common corner of Parcel One, the Bunting property, and the lands of Barbara Leach recorded among the Land records of Prince George's County in Liber 7843 at Folio 279, thence running with the Leach property along Swanson Creek and boundary between Charles County and Prince George's County

24. South 64 degrees 37 minutes 48 seconds East 369.34 feet to a point being the common corner of Parcel One, the Leach property, and the lands of Margaret N. White recorded in Liber 55 at Folio 177, thence leaving Swanson Creek and running with the White property
25. South 24 degrees 06 minutes 50 seconds West 532.92 feet to a point, thence
26. South 21 degrees 36 minutes 50 seconds West 1455.30 feet to a point, thence
27. South 37 degrees 10 minutes 11 seconds East 345.73 feet to a point, thence
28. South 69 degrees 29 minutes 24 seconds East 310.00 feet to a point, being the common corner of Parcel One, the White property, *and* the lands of Richard P. Graham recorded in Liber 1069 at Folio 278, thence running with the Graham property
29. South 32 degrees 09 minutes 08 seconds East 216.17 feet to a point, thence
30. South 23 degrees 09 minutes 08 seconds East 294.78 feet to a point, thence
31. South 28 degrees 0, minutes 08 seconds East 120.40 feet to a point being the common corner of Parcel One, the Graham property, and the lands of Swanson Creek Landing Corporation recorded in Liber 1506 at Folio 515, also being shown on a plat entitled "Plat #4-A, Section Two, Swanson Creek Landing" recorded in Plat Book 444 at Plat No. 125, thence running with the lots of Swanson Creek Landing recorded on Plat #4-A
32. South 62 degrees 06 minutes 19 seconds West 260.62 feet to a point being marked by an iron pipe per abovementioned boundary survey, thence
33. South 37 degrees 22 minutes 11 seconds West 250.82 feet to a point, thence
34. South 33 degrees 49 minutes 51 seconds West 293.20 feet to a point being marked by an iron pipe at a fence per abovementioned boundary survey, said point also being the corner of Lot 41-B and Lot 48 as shown on the abovementioned Plat #4-A, thence running with said Lot 48
35. South 54 degrees 07 minutes 10 seconds West 588.85 feet to a point being the common corner of Parcel One, Swanson Creek Landing Lot 48-A as shown on a plat entitled "Plat 16, Section Two, Lot 48-A, Swanson Creek Landing" and recorded in Plat Book 44 at Plat No. 130, and the lands of Francis Goelling and W.W. Tomlinson recorded in Liber 1382 at Folio 570, said point being marked by an iron pipe per abovementioned boundary survey, thence running with the Goelling/Tomlinson property
36. North 23 degrees 18 minutes 03 seconds West 23.89 feet to a point, thence
37. North 62 degrees 41 minutes 53 seconds West 122.45 feet to a point, thence

38. North 58 degrees 56 minutes 54 seconds West 99.29 feet to a point, thence
39. North 51 degrees 11 minutes 53 seconds West 99.29 feet to a point, thence
40. North 47 degrees 26 minutes 54 seconds West 99.29 feet to a point, thence
41. North 40 degrees 24 minutes 44 seconds West 237.31 feet to a point being marked by an iron pipe per abovementioned boundary survey, thence
42. North 59 degrees 46 minutes 15 seconds West 58.08 feet to a point being marked by an iron pipe per abovementioned boundary survey, thence
43. South 75 degrees 22 minutes 54 seconds West 663.00 feet to a point, thence
44. South 38 degrees 33 minutes 21 seconds West 37.42 feet to a point being the common corner of Parcel One, the Goelling/Tomlinson property, and the lands of Bernard L. Goelling recorded in Liber 155 at Folio 480, said point being marked by an iron pipe per the abovementioned boundary survey, thence running with the Goelling property
45. South 75 degrees 27 minutes 36 seconds West 339.02 feet to a point, thence
46. South 76 degrees 22 minutes 26 seconds West 489.61 feet to a point being marked by an iron pipe per the abovementioned boundary survey, thence
47. South 69 degrees 50 minutes 30 seconds West 190.90 feet to a point being marked by an iron pipe per the abovementioned boundary survey, thence
48. South 53 degrees 54 minutes 48 seconds West 64.52 feet to a point being the common corner of Parcel One, the Goelling property, and the lands of Ellen P. Neshiem recorded in Liber 1031 at Folio 79, said point being marked by an iron pipe per the abovementioned *boundary* survey, thence running with the Neshiem property
49. South 75 degrees 44 minutes 20 seconds West 951.49 feet to a point being marked by a 30' oak at a fence corner per the abovementioned boundary survey, thence running along a fence
50. North 35 degrees 05 minutes 32 seconds West 370.39 feet to a point, thence
51. North 14 degrees 51 minutes 12 seconds West 130.34 feet to a point, thence
52. North 02 degrees 28 minutes 01 seconds West 572.56 feet to a point being at the end of a fence per the abovementioned boundary survey, thence
53. North 69 degrees 45 minutes 41 seconds West 278.90 feet to a point being on the easterly right-of-way line of Maryland State Route 381 (100' wide), thence running with said right-of-way

54. 784.64 feet along an arc to the left having a radius of 2596.48 feet with a chord bearing and distance of North 23 degrees 33 minutes 26 seconds East 781.66 feet to a point, thence
55. North 14 degrees 54 minutes 00 seconds East 801.28 feet to the point of beginning.

CONTAINING 369.3374 acres of land, more or less.

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FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR

CARRIAGE CROSSING COMMUNITY ASSOCIATION, INC.

THIS FIRST AMENDMENT made this 8th day of August, 1995, by FORWARD-VALENTINE COMPANIES, a Maryland general partnership (hereinafter referred to as a the "Declarant").

WITNESSETH:

WHEREAS, by Declaration of Covenants, Conditions and Restrictions, made as of March 3, 1994, and recorded in Liber 2083 at folio 334 of the Land Records of Charles County, Maryland, (hereinafter referred to as the "Declaration"), certain parcels of land were subjected to the covenants, conditions and restrictions therein set forth; and

WHEREAS, Article XII, Section 12.04 of the Declaration provides that the Declaration may be amended during the first thirty (30) year period by an instrument signed by not less than seventy-five percent (75%) of the lot owners; and

WHEREAS, Declarant is the owner of at least seventy-five percent (75%) of the lots; and

WHEREAS, Declarant desires to amend the said Declaration.

NOW, THEREFORE,

1. Pursuant to Article XII, Section 12.04, Declarant does hereby amend the first paragraph of Article V, Section 5.03 to read as follows:

Section 5.03. Initial Maximum Annual Assessment. The initial maximum annual assessment shall be Three Hundred Forty Dollars (\$340.00). All lots subject to joint driveway easements shall be subject to an additional maximum annual assessment of \$100.00 for driveway maintenance. Any Lots owned by the Declarant shall be subject to an assessment equal to twenty-five percent (25%) of the assessment applicable to Lots not owned by the Declarant. Notwithstanding the foregoing, the Declarant shall pay the full maximum annual and special assessments for any Lot owned by Declarant which has been improved by a completed dwelling unit approved for occupancy by the appropriate governmental authorities and occupied by a party other than the Declarant. Lots owned by

Participating Builders shall be subject to an assessment equal to fifty percent (50%) of the assessment applicable to Class A members. 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 exempted from the payment of assessments (or entitled to a reduced assessment, as applicable), then the Declarant shall only be obligated to pay any further assessments during that annual period in an amount equal to what would be due for such Lots had they been owned by a Class A member. As used herein, the term "Deficit Period" shall mean that period of time commencing on the date of recordation of this 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 a writing recorded among the Land Records of Charles County, Maryland, declares that it (from the date specified in such recorded writing) waives its right to not pay any assessments (or its right to pay reduced assessments, as applicable) on Lots owned by the Declarant in accordance with this Section 5.03. The Declarant may make such declaration with respect to less than all of the Lots owned, to be owned or to be brought within the jurisdiction of the Association in which event the Deficit Period shall terminate only with respect to those Lots specifically described.

2. All provisions of the said Declaration and the Amendments thereto are hereby affirmed in their entirety, except as modified hereinabove.

IN WITNESS WHEREOF, FORWARD-VALENTINE COMPANIES, being the Declarant herein has caused these presents to be executed on the date and year first above written.

[SIGNATURES FOLLOW]

1995 000 51

WITNESS/ATTEST:

DECLARANT:

FORWARD-VALENTINE COMPANIES, a Maryland general partnership

By: COMMONWEALTH PROPERTIES GROUP, LTD.,
General Partner

By: Steven G. Valentine
Steven G. Valentine, President

STATE OF MARYLAND :

ss:

COUNTY OF CHARLES :

I HEREBY CERTIFY that on this 8th day of August, 1995, before me, the undersigned notary public, personally appeared Steven G. Valentine, who acknowledged himself to be the President of Commonwealth Properties Group, Ltd., a General Partner of Forward-Valentine Companies, and that he as such President of the General Partner, Forward-Valentine Companies, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the General Partnership by himself as such President of the General Partner.

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

Karen D. Hogge
Notary Public

My commission expires: 7-25-98

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BYLAWS

OF

CARRIAGE CROSSING COMMUNITY ASSOCIATION, INC.

ARTICLE I

Section 1. Name and Location. The name of the corporation is CARRIAGE CROSSING COMMUNITY ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 9400 Livingston Road, Suite 420, Fort Washington, Maryland 20744, but meetings of members and Directors may be held at such places within the State of Maryland as may be designated by the Board of Directors. Said principal office may be changed by the Board of Directors at any time and from time to time.

ARTICLE II
Definitions

Section 1. "Association" shall mean and refer to CARRIAGE CROSSING COMMUNITY ASSOCIATION, INC., a Maryland non-stock, non-profit corporation, its successors and assigns, (i) created pursuant to, or in accordance with, the Declaration of Covenants, Conditions and Restrictions (hereinafter referred to as the "Declaration"), (ii) formed for the purposes of preserving, maintaining and managing the common areas owned by the Association and of safeguarding conditions necessary for maintaining the physical appearance and image of the Carriage Crossing Community subdivision, and (iii) membership in which is either appurtenant to a Lot within the Carriage Crossing Subdivision or vested in Declarant, or its successors in interest, pending development and sales of such lots. Association shall be synonymous with "Corporation".

Section 2. "Common Area" shall mean and refer to all real and personal property owned or leased by the Association or otherwise available to the Association (including the improvements thereto) for the common use and enjoyment of some or all of the Owners provided, however, that the Common Area shall not include the Lots or improvements situated thereon. Any required cluster open space as shown on the recorded plat(s) of subdivision for Carriage Crossing, or any amendment(s) thereto, shall be dedicated by the Declarant to the Association and shall be included within the Common Area.

Section 3. "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 of Directors.

Section 4. "Declarant" or "Developer" shall mean and refer to Forward-Valentine Companies, a Maryland general partnership, its successors and assigns; provided, however, that the rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant shall not inure to the benefit of or burden the successors and assigns of the Declarant except to the extent that any of the powers of the Declarant are specifically assigned or transferred to any such successor or assign by an instrument in writing, which shall be recorded among the Land Records of Charles County, Maryland.

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Section 5. "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 notice of other significant matters which would affect the interests of the

mortgagee.

Section 6. "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 (including, without limiting the generality of the foregoing, single-family detached home lots and single-family attached Lots).

Section 7. "Member" shall mean and refer to every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who holds any class of membership in the Association.

Section 8. "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage", as used herein, shall include deed of trust. "First Mortgage", as used herein, shall mean a mortgage with priority over other mortgages. As used in the Declaration and these Bylaws, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in the Declaration and these Bylaws, 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"), Government National Mortgage Association ("GNMA"), Federal Home Loan mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government, or any other organization or entity which has a security interest in any Lot.

In any 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 Commissioner and the Commissioner of Veterans Benefits or through other duly authorized agents.

Section 9. "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 10. "Participating Builder" shall mean and refer to any grantee of the Declarant who is conveyed a Lot for the purpose of constructing a dwelling on such Lot.

Section 11. "Project" and the "Community", as used in this Declaration, means that certain community being developed by the Declarant in Charles County, Maryland, known as "Carriage Crossing Community Association, Inc."

Section 12. "Property" shall mean and refer to all real property described in Article II of the Declaration, and such additions thereto as may hereafter be brought within the jurisdiction of the Association pursuant to the provisions of the Declaration.

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Section 13. Any other term used in these Bylaws shall have the same meaning as set forth in the Declaration except where said meaning is clearly inappropriate.

ARTICLE III
Meeting of Members

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter or such other reasonably similar date as may be selected by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing or delivering a copy of such notice, at least seventy-two hours (72) hours (but not more than sixty (60) days) before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. No business shall be transacted at a special meeting except as stated in the notice. All meetings of the Members shall be held at places and times convenient to the greatest numbers of Members. Attendance by a Member at any meeting of the Members shall be a waiver of notice by him of the time, place and purpose thereof.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Voting. At every meeting of the members, each Class A Member shall have the right to cast one (1) vote for each Class A membership which he owns on each question. Each of the Class B Members shall have the right to cast three (3) votes for each Class B membership which he owns on each question. The vote of the Members representing fifty-one percent (51%) of the total of the votes of all of the memberships at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any questions brought before such meeting, unless the question is one upon which, by the express provision of law or of the Articles of Incorporation, or of the Declaration or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of the co-owners present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any

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

Section 6. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the dwelling unit on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 7. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of Maryland shall be satisfactory and approved as to form by the Board of Directors.

Section 8. Rights of Mortgagees. Any institutional mortgagee of any Lot who desires notice of the annual and special meetings of the Members shall notify the Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the members should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the members to each such institutional mortgagee in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice to the Members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Members and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the "Members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Members upon request made in writing to the Secretary.

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Section 9. Open Meetings.

(a) All meetings of the Association shall be open to all owners or occupants of units of the Association, their guests and any representative of the news media, except that such meetings may be held in closed session for the following purposes:

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

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

(iii) Consultation with legal counsel;

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

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

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

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the Members present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings;

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

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

(x) Conducting collective bargaining negotiations or considering matters and issues in conjunction therewith; or

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

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

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

(ii) A statement of the time, place and purpose of any closed meeting, the record of the vote of each member by which any meeting was closed, and the authority under this Section for closing any meeting shall be made available so as to reasonably notify Members of the Association within fourteen (14) days after the meeting.

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ARTICLE IV

Board of Directors: _____ Selection: ___ Term of Office

Section 1. Number. The affairs of the Association shall be managed by a Board of Directors initially consisting of two (2) natural persons who shall be designated by the Declarant and who shall hold office until the election of their successors at the first annual meeting of the members of the Association. The names of the initial Directors are as set forth in the Articles of Incorporation.

Commencing with the first annual meeting of the Association, the Board of Directors shall consist of an uneven number of not less than three (3) nor more than seven (7) members who shall be elected by the Members of the Association. Prior to the lapse of all of the Class B memberships as provided for in the Articles of Incorporation and the Declaration, the number of Directors shall be determined from time to time by a vote of the initial Directors named by the Declarant; thereafter the number of Directors shall be determined by a vote of the Members at the annual meeting of Members and the number of Directors may be changed by a vote of the Members at any subsequent annual or special meeting of the Members; provided, however, that (a) the limitations of this Section shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

A majority of the Board of Directors (after lapse of the Class B memberships as provided for in the Articles of Incorporation and the Declaration) shall be members of the Association.

Section 2. Term of Office. At the first annual meeting of the Members if the Board consists of three (3) or five (5) members, the Members shall elect the Board of Directors and the term of office of the Director receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the Director receiving the second greatest number of votes shall be fixed for two (2) years and the term of office of the other Director or Directors shall be fixed for one (1) year. If the Board consists of seven (7) members, the term of office of the two (2) Directors receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the two (2) Directors receiving the next greatest number of votes shall be fixed for two (2) years and the term of office of the remaining Directors shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. In the alternative, the membership may, by resolution duly made and adopted at the first annual meeting of members, or at any subsequent annual meeting, resolve to fix the term for each Director elected at any such meeting at one (1) year. No change in the term of office of the Directors shall act to extend or curtail the term of office of any Director. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 3. Removal. After the first annual meeting of the Members, any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. Prior to the first annual meeting of the members, any Director may be removed from the Board, with or without cause, by the Declarant. In the event of death, resignation or removal of an at large Director, his successor shall be selected by the majority of the remaining members of the Board, whether or not the remaining members of the Board constitutes a quorum of the Board of Directors, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V
Nomination and Election of Directors

Section 1. Nomination. Nomination for election to the Board of Directors, commencing with the first annual meeting of Members, may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee may be appointed by the Board of Directors prior to each annual meeting of the Members and such appointment may be announced at each annual meeting. The Nominating Committee may make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot unless waived by the majority of Members present, in person or by proxy, at a meeting. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Any proxy valid under Maryland law shall be valid for the purpose of such casting of votes. All election materials prepared with funds of the Association shall list candidates in alphabetical order and shall not suggest a preference among candidates. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI
Meetings of Directors

Section 1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods at such time and place as shall have been made known to all Members in accordance with the procedures established in Article III, Section 3, of these Bylaws. All such meetings shall be open to all owners or occupants of units of the Association, their guests and any representative of the news media and be held at places and times convenient to the greatest number of Members. Meetings of the Board of Directors may be held in closed session only in accordance with Article III, Section 9, of these Bylaws.

Section 2. Quorum. A majority of the number of Directors members shall constitute a quorum for thereupon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 3. Rights of Mortgagees. Any institutional mortgagee of any Lot who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office

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address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the Members of the Board of Directors. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the Members of the Board of Directors present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 4. Fidelity Bonds. The Board of Directors shall require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty. The premiums on such bonds or insurance shall be paid by the Association.

ARTICLE VII
Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have power to:

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

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

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

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

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

(f) exercise its right to pursue any proceeding at law or in equity to enforce compliance with the adopted and published rules and regulations governing the Lots.

(g) The Board of Directors shall have the right to demand and enforce removal of all construction or alterations undertaken and/or completed

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by a homeowner without the required prior approval of the Modifications Committee or the Board of Directors, or undertaken and/or completed in violation of the published rules and regulations promulgated by Section 8.03 of this Declaration. In the event that the Board of Directors undertakes legal action to enforce such removal, the homeowner in violation shall be responsible to reimburse the Board of Directors for reasonable attorney's fees and the payment of all costs incurred.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

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

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

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

(3) foreclose the lien against any property for which assessments are not paid within sixty (60) days after due date or to bring an action at law against the owner personally obligated to pay the same;

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

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

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

(g) cause the Common Area to be maintained;

(h) otherwise perform or cause to be performed the functions and obligations of the Board and the Association as provided for in the Declaration and Articles of Incorporation and these Bylaws, including collection of assessments payable pursuant to any cross easement or other similar agreement. The Association shall periodically employ an insurance consultant if the Board of Directors deems it necessary to do so in order to analyze the insurance requirements of the Association.

Section 3. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and

services as the Board of Directors shall from time to time authorize in writing, which may include the following services.

(a) 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 the Declaration and to provide for the enforcement of liens therefore in a manner consistent with the law and the provisions of the Declaration; and

(b) provide for the care, upkeep, maintenance and-surveillance of the Common Area and any facilities situated thereon; and

(c) designate, hire and dismiss such personnel as may be required for the good working order, maintenance and efficient operation of the Common Area; and

(d) promulgate (with the approval of the Board of Directors of the Association) and enforce such rules and regulations and such restrictions or requirements, or the like as may be deemed proper respecting the use of the Common Area and;

(e) provide such other services (including legal and accounting services) for the Association as may be consistent with law and the provisions of the Declaration.

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 three years; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods. If the standards and regulations of FNMA and/or FHLiC prohibit self-management by the Association, and FNMA and/or FHLiC holds an interest in a first mortgage or deed of trust against any Lots, then no such self-management shall be undertaken by the Association, without the prior written consent and approval of all of the holders of the first mortgages of record on the Lots.

Provided that any Lot subject to these Bylaws is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration or guaranteed by the Veterans' Administration, and, provided, further, that FHA and/or VA standards and regulations prohibit self-management of the Association, then no such self-management shall be undertaken by the Association without the prior written consent and approval of FHA and/or VA (as applicable). 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 seventy-five percent (75%) of the Owners and the approval of fifty-one percent (51%) of the votes of lots subject to eligible holder mortgages.

ARTICLE VIII Officers and Their Duties

Section 1. Enumeration of Officials. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to

be elected by the Board of Directors.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until his successor is duly elected and qualified, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Assistant Secretary may be held by one (1) person as well as the offices of Treasurer and Vice President, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article and except as otherwise provided in this Section 7.

Section 8. Duties. The duties of the officers are as follows: President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

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

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate

seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account, upon election of the Board of Directors, cause an annual independent review of the Association books to be made by a Certified Public Accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX
Liability and Indemnification of Officers and Directors

The Board of Directors shall not be liable to any Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Areas. No diminution or abatement of annual assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Area, or from any action taken by the Board of Directors to comply with any law, ordinance or with the order or directive of any Municipal or other Governmental authority.

The Association shall indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Director in connection with any action, suit or other proceeding (including the settlement or any such suit or proceeding if approved by the Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

ARTICLE X
Committees

Association Committees. The Board of Directors may appoint a Covenant Committee, as provided in the Declaration, and a Nominating Committee, as provided by these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose. All committees appointed by the Board of Directors shall hold meetings in accordance with Article III, Sections 3 and 9, of these Bylaws.

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ARTICLE XI
Insurance

Section 1. Insurance. In addition to the insurance coverage required to be maintained by the Declaration, the Board of Directors of the Association may obtain and maintain, to the extent reasonably available, the following:

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

(b) A "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and/or Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and

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

Section 2. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "A+AA" or better in the current edition of Best's Insurance Guide.

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

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

(d) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to any and all insureds named thereon, including any mortgagee of any Lot who requests such notice in writing.

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



ARTICLE XII
Books and Records/Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin at the date of recordation of the Declaration among the Land Records for Charles County, Maryland. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in Article II of the Articles of Incorporation of the Association. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

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

Section 4. Auditing. At the close of each fiscal year, at the election of the Board of Directors, the books and records of the Association may be audited, compiled or reviewed by an independent Certified Public Accountant whose report shall be prepared in accordance with generally auditing standards, consistently applied. In the event such report is made, the Association shall furnish the Members and any mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Association, within ninety (90) days following the end of each fiscal year.

Section 5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Lot and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIII
Assessments

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment

is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency up to the maximum rate permitted by law (or such lesser sum as VA or FHA shall specify if any Lot is insured by FHA or guaranteed by VA), and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees or any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XIV
Corporate Seal

The Association shall have a seal in circular form having within its circumference the words: CARRIAGE CROSSING COMMUNITY ASSOCIATION, INC., a Maryland corporation.

ARTICLE XV
Amendments

These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, except that if any Lot subject to these Bylaws is then encumbered by a mortgage or deed of trust guaranteed by VA or insured by FHA, then VA and/or FHA (as applicable) shall have the right to veto amendments while there is Class B membership.

ARTICLE XVI
Interpretation/Miscellaneous

Section 1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 2. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in these Bylaws shall be given in writing.

Section 3. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the

construction thereof.

Section 6. Gender, etc. Whenever in these Bylaws the context requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, we, being all of the Directors of CARRIAGE CROSSING COMMUNITY ASSOCIATION, INC., have hereunto set our hands this ____ day of _____, 1995.

WITNESS:

By: _____
Steven G. Valentine

By: _____
David Forward

CERTIFICATION

I, the undersigned, do hereby certify:

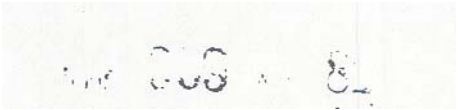
THAT I am the duly elected and acting secretary of CARRIAGE CROSSING COMMUNITY ASSOCIATION, INC., a Maryland non-stock, non-profit corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the ____ day of _____, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____ day of _____, 1995.

Steven G. Valentine, Acting Secretary

[Corporate Seal]



RECREATIONAL FACILITIES PHASING PLAN

(1) PHASE I: Prior to the issuance of the thirtieth (30th) building permit, and in accordance with the Preliminary Plat, the Developer shall construct the following recreation facilities:

- (a) tot lot
- (b) 25% of nature trail

(2) PHASE II: Prior to the issuance of the sixtieth (60th) building permit, and in accordance with the Preliminary Plan, the Developer shall construct the following recreational facilities:

- (a) two (2) tennis courts and one (1) parking lot
- (b) 50% of nature trail

(3) PHASE III: Prior to the issuance of the ninetieth (90th) building permit, and in accordance with the Preliminary Plat, the Developer shall construct the following recreational facilities:

- (a) 100% of nature trail