

**Waterford Place Homeowners Association****DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (SEARCHABLE)***Germantown, Maryland USA*

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*\* Original error in official document from 1991*

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**  
**WATERFORD PLACE HOMEOWNERS ASSOCIATION, INC.**

**THIS DECLARATION** is made on this 22<sup>nd</sup> day of February 1991, by Elm Street Development, Inc., a Virginia corporation formerly known as NVLand, Inc., hereinafter referred to as “Declarant”.

**WITNESSETH:**

**WHEREAS**, the Declarant is the owner of certain real property located in Montgomery County, Maryland, described in Article II hereof and desires to create and develop thereon a residential community with permanent common areas and community facilities for the benefit of said community; and

**WHEREAS**, the Declarant desires to provide for the preservation of the values and amenities in said community and for the maintenance of said common areas and community facilities, and, to this end, desires to subject the real property described in Article II hereof to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which are for the benefit of said property and the subsequent owners thereof; and

**WHEREAS**, Declarant has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an association to which should be delegated and assigned the powers and duties of maintaining and administering the common areas, administering and enforcing the within covenants and restrictions and disbursing the charges and assessments hereinafter created; and

**WHEREAS**, Declarant has formed (or intends to form) Waterford Place Homeowners Association, Inc., as a non-profit corporation, without capital stock, under the Laws of the State of Maryland for the purposes of carrying out the powers and duties aforesaid.

**NOW, THEREFORE**, Declarant hereby declares that the real property described in Article II hereof is and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens (hereinafter sometimes referred to as “covenants and restrictions”) hereinafter set forth, all of which are declared and agreed to be in aid of a plan for the improvement of said property, and shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant, its successors and assigns, and any person acquiring or owning an interest in said property and improvements, including, without limitation, any person, group of persons, corporation, trust or other legal, entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation.

**ARTICLE I**

**DEFINITIONS**

**Section 1. Definitions.** The following words, when used in this Declaration, shall have the following meanings:

- (a) “Association” shall mean and refer to Waterford Place Homeowners Association, Inc., and its successors and assigns.
- (b) The “Property” shall mean and refer to all real property described in Article II hereof and such additions thereto as may hereafter be made pursuant to the provisions of Article II.

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- (c) "Lot" shall mean and refer to all subdivided parcels of land which are part of the Property and shown on any recorded subdivision map of the Property, with the exception of the Common Areas.
- (d) "Common Areas" and "Community Facilities" shall mean and refer to all real property owned or leased by the Association or otherwise available to the Association for the benefit, use and enjoyment of its members.
- (e) "Completed Dwelling Unit" shall mean and refer to any building or portion of a building situated upon the Property and designed and intended for use and occupancy as a residence by a single person or family, which has been approved for occupancy by the governmental authorities having jurisdiction thereover.
- (f) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated on the Property, including contract sellers, but excluding those having such interest solely as security for the performance of an obligation.
- (g) "Declarant" shall mean and refer to the Declarant hereinabove identified in the preamble to this Declaration, its successors and assigns, if such successors or assigns should acquire more than one (1) undeveloped Lot from the Declarant for the purpose of development.
- (h) "Mortgagee", as used herein, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage", as used herein, shall include deed of trust. "First Mortgage", as used herein, shall mean a mortgage with priority over other mortgages. As used in this Declaration, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Declaration, the term "institutional mortgagees" 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"), all corporations and any agency or department of the United States Government or of any state or municipal government. As used in this Declaration, the terms "holder" and "mortgagee" shall include the parties secured by any deed of trust or any beneficiary thereof.

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

- (i) "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.

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

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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 II**

**PROPERTY ENCUMBERED**

**Section 1. Property Subject to 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 Montgomery County, State of Maryland, and is more particularly described on “EXHIBIT A” attached hereto and by this reference made a part hereof.

**Section 2. Additions.** So long as there are Class B members of the Association, additional property may be annexed to the above-described property without the consent of the Class A members of the Association, if any. Following the lapse or surrender of the Class B memberships as provided for in Article III of this Declaration, additional property may be annexed to the above-described property only with the consent of two-thirds (2/3) of the Class A Members of the Association, if any. The scheme of the within Covenants and Restrictions shall not, however, be extended to include any such additional property unless and until the same is annexed to the real property described on “EXHIBIT A” as hereinafter provided.

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration of Covenants and Restrictions among the Land Records for Montgomery County, Maryland, which Supplementary Declaration shall extend the scheme of the within Declaration of Covenants and Restrictions to such annexed property.

Such Supplementary Declaration may contain such complementary additions and modifications to the Covenants and Restrictions set forth in the within Declaration as may be necessary to reflect the different character or use, if any, of such annexed property, provided, however, that in no event shall any such addition or modification be substantially inconsistent with the provisions of the within Declaration. Such annexations need not be made by the Declarant; provided, however, that any such annexation accomplished by persons other than the Declarant shall have the written consent of the Declarant.

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

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**ARTICLE III**

**MEMBERSHIP**

**Section 1. Membership.** The Association shall have two (2) classes of voting membership which shall be known as “Class A” and “Class B”:

- (a) **Class A Membership:** Every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, other than the Declarant, who is a record owner of a fee interest in any Lot which is part of the property described in Article II of the Declaration, or which otherwise becomes subject to the covenants set forth in the Declaration and to assessment by the Association, shall be a Class A member of the Association, provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a Class A member solely on account of such interest. 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.
- (b) **Class B Membership:** The Class B member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment from the Declarant. The Class B member or members shall have one (1) Class B membership for each Lot in which such member holds the interest otherwise required for Class A membership. Each Class B member shall be entitled to three (3) votes for each Lot in which such member holds the interest otherwise required for Class A membership. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:
- i. when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, except when the provisions of Article II of the Declaration of Covenants permit additional land to be annexed, and such annexation may cause the total Class B votes to, again, exceed the total Class A votes, the Class B membership shall not be terminated under this paragraph; or
  - ii. five (5) years from the date of recordation of the 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, the aforesaid five (5) year period shall be extended by a period of time equal to the length of the delays or two (2) years, whichever is less.

Upon the lapse or surrender of all 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 in which the Declarant then holds the interest otherwise required for such 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.

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**ARTICLE IV**

**PROPERTY RIGHTS**

**Section 1. Member's Right of Enjoyment.** Every member shall have a right and easement of enjoyment in and to the common areas and community facilities and such easement shall be appurtenant to and shall pass with the fee title to every Lot, subject to the following:

- (a) the right of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the common areas and community facilities in a manner designed to promote the enjoyment and welfare of the members and in aid thereof, and, with the consent of two-thirds (2/3) of each class of the then members of the Association, voting separately, to mortgage any of the common areas and community facilities; and
- (b) 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
- (c) the right of the Association to adopt reasonable rules respecting use of the common areas and community facilities to reasonably limit the number of guests of members to the use of any facilities which are developed upon The Property; and
- (d) the right of the Association to levy reasonable admission and other fees for the use of any recreational facility situated on the common areas by the Association members and their guests; and
- (e) the right of the Association to suspend the voting rights and the rights to use the common areas and community facilities for any period during which any assessment remains unpaid and for any period not to exceed sixty (60) days for any infraction of any of the published rules and regulations of the Association; and
- (f) the right of the Association to dedicate or transfer all or any part of the common areas or community facilities to any public or municipal agency, authority or utility for purposes consistent with the purpose of this Declaration and subject to such conditions as may be agreed to by the members; provided, however, that no such dedication or transfer or determination as to the purposes or as to the conditions thereof, shall be effective unless two-thirds (2/3) of each class of the then members of the Association consent to such dedication, transfer, purpose and condition; and provided, further, that any such dedication or transfer shall also be subject to the limitations provided for in Article XII of this Declaration; and
- (g) the right of the Association, acting by and through its Board of Directors, to grant licenses, rights-of-way and easements for access or for the construction, reconstruction, maintenance and repair of any utility lines of appurtenances, whether public or private, to any municipal agency, public utility, cable television franchisee, the Declarant or any other person; provided, however, that no such licenses, rights-of-way or easements shall be unreasonably and permanently inconsistent with the



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rights of the members to the use and enjoyment of the common areas and community facilities.

- (h) the right of Declarant (and its sales agents and representatives) to the non-exclusive use of the Common Area for display and exhibit purposes, which right Declarant hereby reserves; provided, however, that such use shall not be for a period of more than five (5) years after the conveyance of the Common Area to the Association, or the sale of all residential Lots within the Property, whichever is the earlier; provided, further, that no such use by Declarant or its sales agents or representatives shall otherwise restrict the members in their use and enjoyment of the Common Area or facilities thereon.

**Section 2. Member's Ingress and Egress Easement.** Notwithstanding any statement contained in Section 1 of this Article IV, if ingress or egress to any Lot is over the Common Area, any conveyance or encumbrance of any such Common Area shall be subject to an easement for ingress and egress benefitting such Lot Owner.

**Section 3. Delegation of Rights of Use.** Any member of the Association may delegate his rights to the use and enjoyment of the common areas and community facilities to the members of his family who reside permanently with him and to his tenants, contract purchasers and guests, all subject to such reasonable rules and regulations which the Association may adopt and uniformly apply and enforce.

**Section 4. Parking Rights.** Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces, at least one (1) of which shall be as near and convenient to said Lot as reasonably possible, together with the right of ingress and egress in, from and upon said parking area.

For those Lots which are improved with a garage and driveway, the foregoing requirements shall be deemed satisfied by such garage and driveway, and the owners of those Lots, so improved, shall not be entitled to use two (2) additional parking spaces within the Association's common areas.

The Board of Directors of the Association shall have the authority and power to establish rules and regulations concerning parking on any of the common areas, including without limitation, the designation of assigned parking spaces for use by specific Lot owners, the imposition of reasonable fines, and provisions for involuntary removal of any vehicle violating the provisions of this Declaration or such rules.

**ARTICLE V**

**COVENANT FOR MAINTENANCE ASSESSMENTS**

**Section 1. General Maintenance Assessment.** Except as the assessments of the Declarant are limited by the provisions of Article VI of this Declaration, each person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who becomes a fee owner of a Lot within The Property, which has been improved with a Completed Dwelling Unit (i.e., each Class A member of the Association), by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association, in advance, a monthly sum (herein elsewhere sometimes referred to as a "general assessment" or "maintenance assessment") equal to one-twelfth (1/12) of the member's proportionate share of the sum required by the Association, as estimated by its Board of Directors, to meet its annual expenses, including, but in no way limited to, the following:

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- (a) the cost of all operating expenses of the common areas and community facilities and the services furnished to or in connection with the common areas and community facilities, including charges by the Association for any services furnished by it; and
- (b) the cost of necessary management and administration of the common areas and community facilities, including fees paid to any Management Agent; and
- (c) the amount of all taxes and assessments levied against the Association or upon the Association's common areas and community facilities; and
- (d) the cost of fire and extended liability insurance on the common areas and community facilities and the cost of such other insurance as the Association may effect; and
- (e) the cost of utilities and other services which may be provided by the Association for the common areas and community facilities; and
- (f) the cost of maintaining, replacing, repairing and landscaping the common areas, including without limitation, asphalt pathways, tot lot (multi-age play area), adult sitting area, entrance monument, all private streets, roadways, sidewalks, curb and gutter aprons, gas lamp posts including those located on an individual Owner's Lot, snow removal and trash removal, maintenance of any storm water facilities and sediment control basins or the like located upon the common areas and the cost of the maintenance of all pathways upon the property, together with such equipment as the Board of Directors shall determine to be necessary and proper in connection therewith; and
- (g) the cost of cutting all grass in the community, including common areas and the front and back yards of the individually owned Lots, unless the Board of Directors of the Waterford Place Homeowners Association determines it is too difficult to cut the grass due to fences or other such obstacles; and
- (h) the cost of funding those reserves established by the Board of Directors of the Association.

The Board of Directors shall determine the amount of the general assessment annually, but may do so at more frequent intervals, should circumstances so require. Upon resolution of the Board of Directors, installments of annual assessments may be levied and collected on a quarterly, semi-annual or annual basis, rather than on the monthly basis hereinabove provided. Any Class A member may prepay one or more installments on any annual maintenance assessment levied by the Association, without premium or penalty.

The Board of Directors shall prepare, or cause the preparation of an annual operating budget for the Association which shall provide, without limitation, for the management, operation and maintenance of the common areas. The Board of Directors of the Association shall make reasonable efforts to fix the amount of the annual maintenance assessment against each Lot for each assessment period at least thirty (30) days in advance of the beginning of such period and shall, at that time, prepare a roster of the Lots and the general assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner upon reasonable notice to the Board. Written notice of the general assessment shall thereupon be sent to the members. The omission by the Board of Directors, before the expiration of any assessment period, to fix the amount of the general assessment hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release of any member

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from the obligation to pay the general assessment, or any installment thereof, for that or any subsequent assessment period, but the general assessment fixed for the preceding period shall continue until a new general assessment is fixed. No member may exempt himself from liability for assessments by abandonment of any Lot belonging to him or by the abandonment of his right to the use and enjoyment of the common areas and community facilities.

Except as may be specifically provided for herein, or in each Supplementary Declaration recorded hereafter, this Declaration does not contemplate that the Association shall have any responsibility for the maintenance or repair of the dwellings or their appurtenances and the responsibility and duties of the Association for maintenance and repairs shall be limited to the common areas and community facilities. The owner of any Lot shall, at his own expense, maintain his Lot and Dwelling, and any and all appurtenances thereto, in good order, condition and repair and in a clean, sightly and sanitary condition at all times.

**Section 2. Special Maintenance Assessments.** In addition to the general assessments authorized by this Article, the Association may levy, in any assessment year, a special maintenance assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, extraordinary repair or replacement of a described capital improvement located upon, or forming a part of the common areas and community facilities, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate; provided, however, that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of the members of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose.

**Section 3. Reserves for Replacements.** The Association may establish and maintain a reserve fund for replacements of the common areas and community facilities by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such fund shall be conclusively deemed to be a common expense of the Association and may be deposited with any banking institution, the accounts of which are insured by any State or by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America.

The reserve for replacement of the common areas and community facilities may be expended only for the purpose of effecting the replacement of the common areas and community facilities, major repairs, equipment replacement, and for start-up expenses and operating contingencies of a non-recurring nature relating to the common areas and community facilities and for such exterior maintenance of the Lots as may be provided for herein. The Association may establish such other reserves for such other purposes as the Board of Directors may from time to time consider necessary or appropriate. In no event shall reserves be collected for such facilities until the fiscal year in which such facilities, or a clearly identifiable portion thereof, are substantially complete. The proportional interest of any member in any such reserves shall be considered an appurtenance of his Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot to which it appertains.

**Section 4. Maximum General Assessment.** The initial maximum general assessment for each Lot to which Class A membership is appurtenant shall not exceed the sum of Five Hundred Forty and No/100ths Dollars (\$540.00) per annum. The general assessment shall be levied at a uniform rate for each Lot to which Class A membership is appurtenant.

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**Section 5. Increase in Maximum General Assessment.**

- (a) From and after January 1<sup>st</sup> of the year immediately following the conveyance of the first Lot to an Owner, the maximum general assessment for all Class A memberships hereinabove provided for may be increased by the Board of Directors of the Association, without a vote of the Class A membership, by an amount equal to ten percent (10%) of such maximum assessment for the preceding year plus the amount by which any refuse collection costs and casualty and other insurance premiums payable by the Association may have increased over amounts payable for the same or similar items for the previous year, plus the amount by which the Consumer Price Index shall have increased above the level prevailing as of the date of the recording of this Declaration.
- (b) From and after January 1<sup>st</sup> of the year immediately following the conveyance of the first Lot to an Owner, the maximum general assessment for all Class A memberships hereinabove provided for may be increased above that established by the preceding paragraph by vote of the members, as hereinafter provided, for the next succeeding year and, thereafter, at the end of such year, for each succeeding year. Any change made pursuant to this paragraph 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.
- (c) The Board of Directors may from time to time fix the annual assessment at an amount not to exceed the maximum.

**Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 5.** Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 5 of this Article V shall be sent to all members not less than ten (10) days, nor more than thirty (30) 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.

**ARTICLE VI**

**PAYMENT OF MAINTENANCE ASSESSMENTS**

**Section 1. 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 who such assessment is levied and shall bind such Lot or Lots in the hands of the then owner(s), his heirs, devisees, personal representatives and assigns. 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

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exceed the maximum legal rate permitted from time to time in the State of Maryland, and may, by resolution of the Board of Directors, subject the member obligated to pay the same to the payment of such 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 then belonging to said member in the manner now or hereafter provided for in the Maryland Contract Lien Act, or as may otherwise from time to time be provided by law, in which event interest, costs and reasonable attorneys' fees shall be added to the amount of each assessment.

In the event any proceeding to foreclose the lien for any assessment due the Association pursuant to this Article is commenced with respect to any Lot in The Property, then the owner of such Lot, upon resolution of the Board of Directors, may be required to pay a reasonable rental for such dwelling unit, and the Association shall be entitled to the appointment of a receiver to collect the same.

The Board of Directors may post a list of members who are delinquent in the payment of any assessments or other fees which may be due to Association, including any installment thereof, which becomes delinquent, in any prominent location upon The Property.

**Section 2. Assessment Certificates.** The Association shall upon request 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 reasonable charge may be levied in advance by the Association for each certificate so delivered.

**Section 3. Acceleration of Installments.** Upon default in the payment of any one or more installments of any assessment levied pursuant to this Declaration, the entire balance of said annual assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

**Section 4. 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 assessment thereon of the lien 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 said lien 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. Such sale, foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not, however, relieve the mortgagee in possession or the purchaser at

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any foreclosure sale from liability for any assessments thereafter becoming due, or from the lien of any such subsequent assessments, which 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 of 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 of the indebtedness secured thereby) not otherwise entitled thereto.

**Section 5. Additional Default.** Any recorded first mortgage secured on a Lot in The Property 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 protection extended to the holder of such mortgage (or the indebtedness secured thereby) by reason of Section 4 of this Article shall not be altered, modified or diminished by reason of such failure.

**Section 6. Commencement of Annual Assessments.** Except as may be otherwise resolved by the Board of Directors of the Association, the annual assessments for each Class A membership shall commence on the date a deed for the Lot to which such membership is appurtenant is delivered by the Declarant to the member. The first monthly installment of each such annual assessment shall be made for the balance of the month during which a deed for the Lot is delivered to the member and shall become due and payable and a lien on the date a deed for the Lot is delivered to the member. Except as hereinelsewhere provided, the monthly installments of each such annual assessment for any Lot for any month after the first month shall become due and payable and a lien on the first day of each successive month.

**Section 7. Assessment of Declarant.** Declarant shall pay the full maximum assessments for Lots owned by Declarant, which have been improved with a Completed Dwelling Unit, provided such Completed Dwelling Units are occupied, whether as a model home, a sales office or otherwise. Declarant shall be required to pay twenty-five percent (25%) of the full maximum assessment for Lots owned by Declarant which have been improved by a Completed Dwelling Unit, but are unoccupied. The foregoing notwithstanding, Declarant shall be responsible for the payment of all of the Association's operating deficits (excluding reserves), as of the end of each fiscal year, to the extent that the same are not funded by assessments and working capital contributions paid to the Association. Declarant shall not, however, be obligated to pay an amount in excess of that equal to one hundred percent (100%) of the assessments, which would be due for its lots, were they owned by a Class A member.

**Section 8. Exempt Property.** No portion of the common areas or community facilities shall be subject to assessment of any kind by the Association.

**Section 9. Working Capital Fund.** At the time of the conveyance of each Lot which is improved by a Completed Dwelling Unit to an owner, each such owner shall pay to the Association a non-refundable contribution to the Association's Working Capital Fund in an amount equal to Ninety and No/100ths Dollars (\$90.00). This payment shall be in addition to and shall not be credited toward the general assessment due from each owner. The Working Capital Fund shall be used by the Association to assist in defraying its initial and ongoing operating expenses.

**ARTICLE VII**

**ARCHITECTURAL CONTROL – USE RESTRICTIONS**

**Section 1. Architectural and Environmental Review Committee.** Except for construction or development by, for or under contract with the Declarant, and except for any improvements to any Lot or to the common areas accomplished by the Declarant concurrently with said construction and development, and except for purposes of proper maintenance and repair, no building, fence, wall or other improvements or structures shall be commenced, directed, placed, moved, altered or maintained upon The Property, nor shall any exterior addition to or change (including any change of color) or other alteration thereupon be made until the complete plans and specifications showing the location, nature, shape, height, material, color, type of construction and any other proposed form of change (including, without limitation, any other information specified by the Architectural and Environmental Review Committee) shall have been submitted to and approved in writing as to harmony of external design, color and location in relation to surrounding structures and topography and conformity with the design concept for the community by the Board of Directors of the Association or by an Architectural and Environmental Review Committee appointed by the Board of Directors.

Subject to the same limitations as hereinabove provided for, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio covers, fences, solar panels, wall, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, or to make any change or otherwise alter (including any alteration in color), in any manner whatsoever, the exterior of any improvements constructed upon any Lot or upon any of the common areas, or to combine or otherwise join two (2) or more dwellings, or to partition the same after combination, or to remove or alter any windows or exterior doors of any dwelling, until the complete plans and specifications, showing the location, nature, shape, height, material, color, type or construction and any other proposed form of change (including, without limitation, any other information specified by the Board of Directors or the Architectural and Environmental Review Committee) shall have been submitted to and approved in writing as to harmony of external design, color and location in relation to surrounding structures and topography and conformity with the design concept for the community by the Board of Directors or the Architectural and Environmental Review Committee appointed by the Board of Directors.

All of the responsibilities and duties herein delegated to the Architectural and Environmental Review Committee shall be carried out by the Board of Directors of the Association, unless and until the Board appoints such a committee. References hereinafter to the Architectural and Environmental Review Committee shall apply with equal force to the Board of Directors acting in the capacity of such a committee.

**Section 2. Architectural and Environmental Committee – Operation.** The Board of Directors may appoint an Architectural and Environmental Review Committee. The Architectural and Environmental Review Committee shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors. The affirmative vote of a majority of the members of the Architectural and Environmental Review Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article. Said Committee may from time to time delegate its ministerial and policing functions to the Managing Agent.

**Section 3. Approvals, etc.** Upon approval by the Architectural and Environmental Review Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and

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specifications, as approved, shall be deposited among permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and information required by the Architectural and Environmental Review Committee) have been submitted to it in writing, then approval will not be required, and this Article will be deemed to have been fully complied with. Design approval by the Architectural and Environmental Review Committee or by the Board shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability of water flow or drainage, location of utilities, or other qualities of the item being reviewed. The Board of Directors or the Architectural and Environmental Review Committee shall have the right to charge a reasonable fee for reviewing such application in an amount not to exceed Fifty Dollars (\$50.00). Any such 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 may be required to be restored to the original condition at the Owner's cost and expense.

**Section 4. Limitations.** Construction or alterations in accordance with plans and specifications approved by the Architectural and Environmental Review Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date on which the same are approved by the Committee (whether by affirmative action or by forbearance from actions, as in Section 3 of this Article provided), and shall be substantially completed within twelve (12) months following the date of commencement, or within such period as the Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall, again, be required. There shall be no deviation from the plans and specifications approved by the Committee without the prior consent in writing of the Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

**Section 5. Certification of Compliance.** Upon the completion of any construction or alterations or other improvements or structure in accordance with plans and specifications approved by the Architectural and Environmental Review Committee in accordance with the provisions of this Article, the Architectural and Environmental Review Committee shall, at the request of the owners thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Architectural and Environmental Review Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of the Declaration as may be applicable.

**Section 6. Rules and Regulations, etc.** The Architectural and Environmental Review Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be suitable for approval and may publish and record such statements of policy, standards, guidelines and establish such criteria relative to architectural styles or details, fences, colors, set-backs, materials or other matters relative to architectural control and the protection of the environment, 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 Architectural and Environmental Review Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article.



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The decisions of the Architectural and Environmental Review Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Committee (or by any policy, standards or guidelines established by the Committee) may appeal said decision of the Architectural and Environmental Review Committee to the Board of Directors and, upon the request of such member, shall be entitled to a hearing before the Board of Directors of the Association as hereinafter provided.

**Section 7. Appeals.** Any member dissatisfied with a decision of the Architectural and Environmental Review Committee may, within fifteen (15) days after the rendering of such decision, make an appeal thereof to the Board of Directors. Not less than fifteen (15), nor more than sixty (60), days after the noting of such appeal, the Board of Directors shall conduct a hearing thereon. Within fifteen (15) days of such hearing, the Board of Directors may affirm, reverse, modify or remand the decision appealed. Two-thirds (2/3) of the Board of Directors shall be required to reverse a decision of the Architectural and Environmental Review Committee. The Board of Directors is hereby authorized and empowered to promulgate reasonable rules of procedure for the conduct of such appeals and hearings. In the event that the Board of Directors, itself, acts in the capacity of the Architectural and Environmental Review Committee, no such right of appeal will lie.

**Section 8. Prohibited Uses and Nuisances.** Except for the activities of the Declarant during the construction or development of the community, or except with the prior written approval of the Board of Directors of the Association or the Architectural and Environmental Review Committee, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the common areas:

- (a) no noxious or offensive trade or activity shall be carried on upon any Lot or within any dwelling, 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 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.
- (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, except that this shall not prohibit the keeping of dogs, cats or caged birds as 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 Architectural and Environmental Review Committee, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other members, and such determination shall be conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the common areas unless accompanied by a responsible person and unless they are carried or leashed. Each member who walks a pet on the common area is required to clean up any and all solid waste deposited by their pet within that area. 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

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Lot; firewood may be stored in the rear of the yard of each Lot provided such firewood does not exceed one cord in size.

- (d) except as hereinelsewhere provided, no junk vehicle, vehicle larger than a  $\frac{3}{4}$ -ton truck and/or with more than two (2) axles and not to exceed four (4) wheels, house trailer, motor home, camper, vehicle with commercial lettering and signs (not including vehicles of a governmental agency), boat or other similar machinery or equipment of any kind or character (except for such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and except for such equipment and machinery as the Association may require in connection with the maintenance and operation of the common areas and community facilities) shall be kept upon The Property (including streets, driveways, Lots and parking spaces) nor (except in bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. The Association may, in the discretion of the Architectural and Environmental Review Committee, provide and maintain a suitable area designated for the parking of such vehicles or the like, and may adopt and promulgate such additional rules and regulations in this regard as it deems necessary or desirable.
- (e) trash and garbage containers shall not be permitted to remain in public view, except on days of trash collection. No incinerator shall be kept or maintained upon any Lot. Garbage, trash and other refuse shall be placed in covered containers.
- (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. No portion of any dwelling (other than the entire dwelling) shall be leased. The provisions of this subsection shall not apply to the Declarant and, further, the provisions hereof shall not be construed to prohibit the granting of any easement or right-of-way to any municipality, political subdivision, public utility or other public body or authority, or to the Association, the Declarant or any other person for any purpose.
- (g) except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, television cable or similar transmission line shall be installed or maintained on any Lot above the surface of the ground.
- (h) no Lot shall be used for the purpose of boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth.
- (i) no sound hardwood trees measuring in excess of six (6) inches in diameter two (2) feet above the ground shall be removed from any Lot without written approval of the Association acting through the Architectural and Environmental Review Committee or duly appointed subcommittee. The Architectural and Environmental Review Committee may from time to time adopt and promulgate such additional rules and regulations regarding the preservation of trees and other natural resources and wildlife as it may consider appropriate.
- (j) no structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes dryer, shed or other buildings shall be erected, used or maintained on any Lot at any time, without the prior written consent of the Architectural and Environmental Review Committee.

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- (k) except for entrance signs, directional signs, signs for traffic control or safety, community “theme areas” and such promotional sign or signs as may be maintained by the Declarant or the Association, no signs or advertising devices or any character shall be erected, posted or displayed upon, in or about any Lot or dwelling, provided, however, that one sign not exceeding two (2) square feet in area and not illuminated may be attached to a dwelling where a professional office (as herein elsewhere in this Declaration defined) is maintained, and provided, further, 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 sign shall be removed promptly following the sale or rental of such dwelling. The provisions and limitations of this subsection shall not apply to any institutional first mortgagee of any Lot who comes into possession of the Lot by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure.
- (l) no structure, planting or other material shall be place or permitted to remain upon any Lot which may damage or interfere with any easement for the installation or maintenance of utilities, or which may unreasonably change, obstruct or retard direction or flow of any drainage channels.
- (m) no tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sightlines for vehicular traffic on streets and roadways.
- (n) no outside television aerial or radio antenna, or other aerial or antennae for either reception or transmission, shall be maintained upon The Property except that such aerials or antennae may be erected and maintained within the dwellings located upon The Property; no satellite dishes shall be allowed. **[AERC policy regarding satellite dishes was updated via an Administrative Resolution in 1997 to comply with Federal, state, and local laws. See Architectural & Environmental Control Guidelines for updated rules and regulations regarding satellite dishes.]**
- (o) no member shall make any private or exclusive or proprietary use of any of the common areas except with the specific approval of the Architectural and Environmental Control Committee and, then, only on a temporary basis and no member shall engage or direct any employee of the Association on any private business of the member during the hours such employee is employed by the Association, nor shall any member direct, supervise or in any manner attempt to assert control over any employee of the Association.
- (p) no all-terrain vehicles (“ATV’s”) and/or off-road motorcycles or off-road motor vehicles of any kind shall be allowed on any Common Areas, with the exception that such vehicles may be parked on the townhouse parking lots.

**Section 8. Residential Use.** All dwellings shall be used for private residential purposes exclusively, 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

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Declarant from the use of any Lot or dwelling for promotional or display purposes, or as “model homes”, a sales office, or the like.

**Section 9. Leasing.** Any lease agreement between a Lot Owner and a lessee shall provide that the terms of the lease are subject in all respects to the provisions of this Declaration, and the Articles of Incorporation and By-Laws of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All such leases shall be in writing and a copy thereof shall be filed with the Association’s Board of Directors. Any lease shall be for a term of six (6) months or more.

**Section 10. Fences.** Any fence constructed upon The Property shall be substantially similar in design, dimension and material to the fences installed by Declarant, if any, as a part of original construction and shall not extend beyond the midpoint of the dwelling on the Lot upon which any such fence is erected or midpoint of the dwellings on all immediately adjacent Lots. Chain link and other wire fencing is specifically prohibited. The erection of all fences shall be subject to the provisions of Article VII of this Declaration.

**Section 11. Community Rules, etc.** There shall be no violation of any rules for the use of the common areas and community facilities or community rules and regulations not consistent with the provisions of this Declaration which may from time to time be adopted by the Board of Directors of the Association and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in this Declaration authorized to adopt such rules.

**Section 12. Reconstruction After Fire or Other Casualty Loss.** In the event of any dwelling is partially or completely destroyed by fire or other casualty, and in the absence of a resolution to the contrary by the Board of Directors, the owner of such dwelling shall promptly restore or reconstruct such dwelling, at his own expense, in accordance with the original plans and specifications or with such amended plans and specifications as may be approved in writing by the Board of Directors at the request of such owner. The provisions of this Section shall not apply when prohibited by the first trust holder, the Veterans Administration, FNMA, FHLMC or FHA, or when in conflict with any law, ordinance, municipal regulation or the like.

**Section 13. 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 Article 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 Article, then the same shall be considered to have been undertaken in violation of this Article and without the approval of the Board of Directions or the Architectural and Environmental Review Committee required herein, and, upon written notice from the Board of Directors or the Architectural and Environmental Review 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 Architectural and Environmental Review Committee) either to take such action as is provided in Article XII, Section 4, of this Declaration and/or 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 costs thereof and reasonable attorneys’ fees incurred thereby 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

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respects (and subject to the same limitations) as provided in Article V 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.

**Section 14. Enforcement – Fines.** In addition to the means for enforcement provided elsewhere herein, the Association shall have the right to levy fines against an Owner of his guests, relatives, lessees or invitees, in the manner set forth herein, and such fines shall be collectible as any other assessment such that the Association shall have a lien against the Lot of such Owner as provided in this Declaration, the By-Laws and the Articles of Incorporation and such fine(s) shall also become the binding personal obligation of such Owner.

- (a) The Board of Directors, or a duly appointed Covenants Committee, shall be charged with determining where there is probable cause that any of the provisions of this Declaration, the By-Laws, Articles of Incorporation or the rules and regulations of the Association, regarding the use of the dwelling units, Lots, common areas or other Association property, are being or have been violated. In the event that the Board of Directors or the Covenants Committee determines an instance of such probable cause, it shall cause the Board of Directors to provide written notice to the person alleged to be in violation, and the Owner of the Lot which that person occupies or is visiting if such person is not the owner, of the specific nature of the alleged violation and of the opportunity for a hearing before the Board of Directors upon a request made within five (5) days of the sending of the notice. The notice shall also specify, and it is hereby provided, that each recurrence of the alleged violation or each day during which it continues shall be deemed a separate offense, subject to a separate fine for each offense, the amount of such fine to be determined by the Board of Directors in its reasonable discretion. The notice shall also specify, and it is hereby provided, that in lieu of requesting a hearing, the alleged violator or Owner may respond to the notice within five (5) days of its sending, acknowledging in writing that the violation occurred as alleged and promising that it will henceforth cease and will not recur, and that such acknowledgment and promise, and performance in accordance therewith, shall terminate the enforcement activity of the Association with regard to such violation.
- (b) If a hearing is timely requested, the Board of Directors shall hold the same, and shall hear any and all defenses to the charges, including any witnesses that the alleged violator, Owner or the Board of Directors or Covenants Committee may produce. Any party at the hearing may be represented by counsel.
- (c) Subsequent to any hearing, or if no hearing is timely requested and if no acknowledgment and promise is timely made, the Board of Directors shall determine whether there is sufficient evidence of a violation or violations as provided herein. If the Board of Directors determines that there is sufficient evidence, it may levy a fine for each violation in the amount provided herein.
- (d) A fine pursuant to this Section 14 shall be assessed against the Lot which the violator occupied or was visiting at the time of the violation, whether or not the violator is the Owner of that Lot, and shall be collectible in the same manner as any other assessment, including by the Association's lien rights as provided in this Declaration. Nothing herein shall be construed to interfere with any right that an Owner

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may have to obtain from a violator occupying or visiting his Lot payment of the amount of any fine(s) assessed against that Lot.

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

**ARTICLE VIII**

**PARTY WALLS AND EASEMENTS**

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

**Section 1. General Rules of Law to Apply.** Each wall which is constructed as part of the original construction on the Property and any part of which is placed on the dividing line between separate Lots, shall constitute a party wall, and to the extent not inconsistent herewith, the general rules of law regarding party walls and of liability for property damage due to negligence or willful acts or omissions, shall apply thereto.

**Section 2. Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty.** If any such party wall is damaged or destroyed by fire or other casualty, or by some cause other than the act of one of the adjoining Owners, his agents, or family (including ordinary wear and tear and deterioration from lapse of time), then, and in such event, both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good a condition as it was in formerly, in proportion to their respective use of the party wall.

**Section 3. Repairs of Damage Cause by One Owner.** If any such party wall is damaged or destroyed through the act of one adjoining Owner or any of his agents or guests or members or his family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Owner of the full use and enjoyment of such wall, then the first of such Owners shall forthwith proceed to rebuild and repair the same to as good a condition as it was in formerly, without cost to the adjoining Owner.

**Section 4. Other Changes.** In addition to meeting the other requirements of these restrictive covenants, and of any building code or similar regulations or ordinances, any Owner proposing to modify, make addition(s) to or rebuild his residence in any manner which requires the extension or other alteration of any party wall, shall first obtain the written consent of the adjoining Owner.

**Section 5. Right to Contribution Runs with Land.** The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

**Section 6. Dispute.** In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall, or with respect to the sharing of the cost thereof, then, upon written request of one of such owners addressed to the Association, the matter shall be submitted to its Board of Directors, who shall decide the dispute, and the decision of such Board of Directors shall be final and conclusive upon the parties.

**Section 7. Easement for Installation of Post Lamps.** There shall be and is hereby reserved to the Declarant a perpetual and nonexclusive easement to install a post lamp on any Lot at any time, such easement to include, but not be limited to, the right to install, relocate and maintain all necessary underground wire and/or leads into any living unit situate upon the Property.

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**Section 8. Easement for Landscaping and Related Purposes.** There shall be and is hereby reserved to the Declarant a perpetual and nonexclusive easement over all Lots, or any Common Area or Community Facility, for a distance of ten feet (10') behind any Lot line which parallels a street (whether public or private) for the purpose of erecting street intersection signs, lights, stone or masonry wall features and/or related landscaping.

**Section 9. Encroachments.** If any portion of a party wall shall encroach upon an adjoining Lot, by reason of settlement or shifting of any building or otherwise, a valid easement for the encroachment and for the maintenance of the same as long as the building stands, shall exist.

**Section 10. Easements.** Each Lot and dwelling shall be subject to easements to the benefit of the Owners of the adjoining and abutting Lots and dwellings for the unobstructed and uninterrupted use of any and all pipes, ducts, flues, chutes, conduits, cables and wire outlets and utility lines of any kind, to easements for lateral support of adjoining and abutting dwellings, and to easements for the leadwalks and sidewalks serving adjoining and abutting dwellings.

**ARTICLE IX**

**MANAGEMENT**

**Section 1. 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. The Management Agent shall perform such duties and services as the Board of Directors shall authorize in writing, including, without limitation:

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

**Section 2. Duration of Management Agreement.** Any management agreement entered into by the Association shall provide, *inter alia*, that such agreement may be terminated, with or without cause and without the payment of any termination fee, by either party upon thirty (30) days' written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that

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the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

**Section 3. Limitation of Liability.** The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the common areas or community facilities, or from any wire, pipe, drain, conduit or the like. The Association shall not be liable to any member for loss or damage, by theft or otherwise, of articles which may be stored upon the common areas or community facilities. No diminution or abatement of assessments, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common areas or community facilities, or from any action taken by the Association to comply with any of the provisions of this Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

**Section 4. Self-Management.** If the standards and regulations of FNMA and/or FHLMC prohibit self-management by the Association and FNMA and/or FHLMC holds an interest in a first mortgage or deed of trust against any of the 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 this 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, 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 or VA, as the circumstances may require.

**ARTICLE X**

**EASEMENTS**

**Section 1. Reservation of Easement Rights by the Declarant.**

- (a) The Declarant hereby reserves to itself, its successors and assigns, a non-exclusive easement and right-of way in, through, over and across the common areas and community facilities for the purpose of the storage of building supplies and materials, and in, through, over and across the common areas, community facilities and Lots for the installation, construction, maintenance, reconstruction and repair of sanitary sewer lines, water lines, cables, storm drains and appurtenances to any of the same, and for all other purposes reasonably related to the completion of construction, the achievement of uniform grading on adjoining Lots, the furnishing of required warranty services and the provisions of utility services, whether public or private, to the community and to other property adjacent to, or in the vicinity of, the community. Any and all instruments of conveyancing made by the Declarant to the Association with respect to any of the common areas and community facilities and to each member with respect to a Lot shall be conclusively deemed to incorporate this reservation, whether or not specifically set forth in such instruments. At the request in writing of the Declarant, the Association shall from time to time execute, acknowledge and deliver to the Declarant such further assurances of this reservation as may be necessary.



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- (b) The Declarant hereby reserves the absolute right to grant easements and rights-of-way, both temporary and permanent, over the common areas and community facilities to any and all governmental or quasi-governmental authorities and to any and all public utilities, including, without limitation, Montgomery County, Maryland, The Maryland-National Capital Park & Planning Commission, the Washington Suburban Sanitary Commission, the Potomac Edison Power Company, the Washington Gas Light Company and the Chesapeake & Potomac Telephone Company of Maryland.

**Section 2. Easements for Utilities and Related Purposes.** The Association is authorized and empowered to grant (and shall from time to time grant) such other licenses, easements and rights-of-way over the common areas and community facilities for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, cables, underground conduits and such other purposes related to the provisions of utility and cable television services to the community as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the common areas and community facilities and for the preservation of the health, safety, convenience and welfare of the owners of the Lots or the Declarant.

**Section 3. Existing Utilities.** The rights and duties with respect to previously installed sanitary sewer and water, cable television, electricity, gas and telephone lines and facilities shall be governed by the following:

- (a) Whenever water, sanitary sewer, electricity, gas, cable television or telephone connections, lines, cables or any portion thereof, are or have been installed within the Property, the Owner of any Lot, or the Association shall have the right, and are hereby granted an easement to the extent necessary therefor, to enter upon or have a utility company enter upon any portion of the Property in which said installation lies, to repair, replace and generally maintain said installations.
- (b) The right granted in subparagraph (a), above, shall be only to the extent necessary to entitle the Owner or Association served 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.
- (c) 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 costs thereof, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to its Board of Directors, who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

**Section 4. Parking and Sidewalk Easements.** There is hereby established for the benefit of the owners of the Lots a perpetual and non-exclusive easement and right-of-way for pedestrian and vehicular ingress, egress and regress, and for the parking of motor vehicles, in, through, over and across any and all private streets and roadways in, through over and across the sidewalks and leadwalks constructed upon the common areas and community facilities or the Lots. Any grant of a Lot made by the Declarant shall be conclusively deemed to incorporate this easement and right-of-way, whether or not specifically set forth in such grant. At the request in writing of either the Declarant or the Association, the owner of any Lot shall, from time to time, execute, acknowledge and deliver such other and further assurances of this easement and right-of-way as may be necessary.

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**Section 5. Easement for Original Construction.** With respect to any step, patio, deck, downspout or yard drain or other similar structure that may benefit any Lot and is constructed by the Declarant and which may encroach upon any portion of the Common Area, there is hereby reserved for the benefit of the Lot for which step, patio, deck, downspout, drain or other structure serves, a perpetual easement for the location, maintenance, repair and use of such structure or items within the Common Area, but only to the extent the Declarant's original construction thereof encroaches within the Common Area. The Owner of the Lot benefiting from such easement agrees to maintain such structure or item and to indemnify and hold the Association harmless from any loss, liability or damage arising out of or resulting from the use, enjoyment and benefit of the easement granted hereby.

**ARTICLE XI**

**EXTERIOR MAINTENANCE**

**Section 1. Duty to Maintain.** Each Owner shall keep each Lot owned by him, and all improvements therein or thereon, in good order and repair and free of debris, including, but not limited to, the seeding, watering and mowing of all lawns, except as provided in Article V, Section 1, Subsection (g), the pruning and cutting of all trees and shrubbery 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, as provided in this Declaration and in the By-Laws, the Board of Directors may appoint someone 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 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 or act in lieu thereof, shall extinguish any such lien as to payments which become 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 2. Easement for Exterior Maintenance.** If any dwelling is situated on or near a Lot line such that proper exterior maintenance and repair of the dwelling cannot reasonably be accomplished exclusively on such Owner's Lot, then that Owner shall have an easement over that portion of the adjoining Lot as is reasonably necessary for such exterior maintenance and repair, including, but not limited to, painting, cleaning, and washing and repairing windows.

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**ARTICLE XII**

**GENERAL PROVISIONS**

**Section 1. Amendment.** Subject to the other limitations set forth in this Declaration, prior to the lapse of all of the Class B memberships in the Association, as in the Article III provided, this Declaration may be amended only with the consent of seventy-five percent (75%) of the Class A members of the Association, if any, and by the Declarant. An instrument reflecting such an amendment shall be recorded among the Land Records for the jurisdiction in which this Declaration is recorded. Subject to the other limitations set forth in this Declaration, following the lapse of all of the Class B memberships in the Association, as in Article III provided, this Declaration may be amended only with the consent of seventy-five percent (75%) of the Class A members of the Association. Such an amendment shall be recorded among the Land Records for the jurisdiction in which this Declaration is recorded. Unless a later date is specified in any such instrument, any amendment to this Declaration shall become effect on the date of recording.

**Section 2. Amendments by Declarant.** Notwithstanding the foregoing, this Declaration may be amended by the Declarant without the vote of the members, provided such amendment is accomplished solely for the purpose of causing this Declaration to conform to the requirements of VA, FHA, FNMA or FHLMC and does not adversely affect the property rights of any member.

**Section 3. Duration.** Unless amended in accordance with the provisions of Sections 1 and 2 of this Article and the other requirements of this Declaration, and except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date of recordation of this Declaration, after which date the said covenants shall be automatically extended for successive periods of ten (10) years each.

**Section 4. Construction and Enforcement.** The provisions hereof shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the community. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenants or restriction, either to restrain or enjoin such violation or to remove such violation or to recover damages or all of the foregoing, and against any Lot to enforce the lien created hereby, all at the cost of the owner in violation; and the failure or forbearance by the Association or the owner of any Lot to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The provisions hereof may be enforced, without limitation, by the Association, by any owner or any mortgagee of any Lot which becomes subject to the provisions hereof and by any other person, firm, corporation or other legal entity who has any right to the use of any of the common areas and community facilities owned by the Association.

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 cannot be adequately remedied by action at law or exclusively by the recovery of damages.

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**Section 5. 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, with or without notice to the Association.

**Section 6. 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 the Declaration.

**Section 7. Notices.** Any notice required to be sent to any member or owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, by ordinary mail, postpaid, to the last known address of the person who appears as member or owner on the records of the Association at the time of such mailing.

**Section 8. No Dedication to Public Use.** Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of any common areas or community facility by any public or municipal agency, authority or utility and no public or municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any of the common areas of community facilities.

**Section 9. Severability.** Invalidation of any one of these covenants or restrictions by judgment, decree or order shall in no way affect any other provisions hereof, each of which shall remain in full force and effect.

**Section 10. Consents.** Any other provisions of this Declaration to the contrary notwithstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of the holders of at least two-thirds (2/3) of the first mortgages of record on the Lots:

- (a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities and cable television or for other purposes consistent with the use of the common areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or
- (b) abandon or terminate this Declaration; or
- (c) modify the method of determining and collecting common expense assessments or other assessments as provided for in this Declaration; or
- (d) resolve to use the proceeds of casualty insurance for any purpose other than the repair, replacement or reconstruction of the common areas and community facilities; or
- (e) modify or amend any material or substantive provision of this Declaration or the By-Laws of the Association; or
- (f) fail to maintain fire or extended coverage on insurable common areas and community facilities on a current replacement cost basis in an amount not less than one hundred percent (100%) of their insurable value (based on current replacement cost).

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**Section 11. Rights of The Maryland-National Capital Park & Planning Commission (“Commission” herein).**

Any other provision of this Declaration or the By-Laws or Articles of Incorporation of the Association to the contrary notwithstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent of the Commission, which consent shall not be unreasonably withheld or delayed:

- (a) abandon, partition, dedicate, subdivide encumber, sell or transfer any of the Common Areas or community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities and cable television or for other purposes consistent with the use of the Common Areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or
- (b) abandon or terminate the Declaration; or
- (c) modify or amend any material or substantive provision of this Declaration, or by the By-Laws 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; or
- (f) fail to maintain fire or extended coverage on insurable common areas and community facilities on a current replacement cost basis in an amount not less than one hundred percent (100%) of their insurable value (based on current replacement cost).

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. Consent of Veterans Administration.**

Provided that any Lot in the project is then encumbered by a deed of trust or mortgage which is guaranteed by the Veterans Administration and provided, further, 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 consent and approval of the Veterans Administration:

- (a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities and cable television or for other purposes consistent with the use of the common areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or
- (b) abandon or terminate this Declaration; or
- (c) modify or amend any material or substantive provision of this Declaration or the By-Laws of the Association.

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**Section 13. Additional Rights of Mortgagees - Notice.** If requested to do so in writing, and, if provided with the holder's name and address and the property address in which the holder has an interest, the Association shall notify the holder of the first mortgage on any Lot for which any assessment levied pursuant to this Declaration and any Supplementary Declaration becomes delinquent for a period in excess of thirty (30) 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 by Article VI of this Declaration.

No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to this Declaration except after such written notice to the holder of the first mortgage on the Lot which is the subject matter of such suit or proceeding has been given.

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

**Section 14. Casualty Losses.** In the event of substantial damage or destruction to any of the common areas or community facilities, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the holders of all first mortgages of record on the Lots. No provision of this Declaration or the By-Laws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his Lot with respect to the distribution to such member of any insurance proceeds paid or payable on account of any damage or destruction of any of the common areas of community facilities.

**Section 15. Condemnation or Eminent Domain.** In the event any part of the common areas and community facilities is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the holders of all first mortgages of record on the Lots. No provision of this Declaration or the By-Laws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his Lot with respect to the distribution to such member of the proceeds of any condemnation or settlement relating to a taking of any of the common areas and community facilities.

**Section 16. Taxes and Assessments.** It is the intent of this Declaration that inasmuch as the interests of each Owner to use and enjoy the Common Area is an interest in real property appurtenant to each Lot, the value of the interest of each Owner in such Common Area shall be included in the assessment for each such Lot, and, as a result, any assessment directly against such Common Area should be of a nominal nature reflecting that the full value of the same should be included in the several assessments of the various Lots.

**Section 17. 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.

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**IN WITNESS WHEREOF**, Elm Street Development, Inc., has caused this Declaration to be executed on its behalf by its undersigned officer, he being thereunto duly authorized and empowered.

Signed/ Notarized on February 22, 1991: *Elm Street Development, Inc. by David D. Flanagan, Vice President; Anita Lawrence, Notary Public; G. Michael DuFour, Attorney.*