

AFTER RECORDING RETURN TO:

Capitol Title Insurance Agency, Inc.
11300 Rockville Pike, Suite 502
Rockville, MD 20852
Attn: Chester N. Katz, Esq.

Tax Account Numbers: See Schedule 1 Attached

MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

THE RESERVE AT TOWER OAKS

made by

RESERVE AT TOWER OAKS DECLARANT LLC

a Delaware limited liability company

75
40
AV

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EXHIBITS

- Exhibit A - Legal Description of Townhouse Lots Subject to Master Declaration
- Exhibit B - Legal Description of Single-Family Lots Subject to Master Declaration
- Exhibit C - Legal Description of Condominium Property Subject to Master Declaration
- Exhibit D - Legal Description of Master Common Area Parcels

**MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
THE RESERVE AT TOWER OAKS**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RESERVE AT TOWER OAKS ("Master Declaration") is made effective for all intents and purposes as of the _____ day of December, 2018, by **RESERVE AT TOWER OAKS DECLARANT LLC**, a Delaware limited liability company (hereinafter the "**Declarant**"), and **THE RESERVE AT TOWER OAKS HOMEOWNERS ASSOCIATION, INC.**, a Maryland corporation (hereinafter the "**Master Association**"), with the joinder and consent of the owners of certain properties subject to this Master Declaration as provided herein.

WITNESSETH:

WHEREAS, the Preserve at Tower Oaks Investment Partners LLC, a Delaware limited liability company (the "**Townhouse Developer**"), is the owner of real property located in Montgomery County, Maryland, as more particularly described on Exhibit A which is attached hereto and incorporated herein by reference; and

WHEREAS, Pulte Home Company, LLC, a Michigan limited liability company ("**Pulte**"), is the owner of real property located in Montgomery County, Maryland, as more particularly described on Exhibit B and Exhibit C which are attached hereto and incorporated herein by reference; and

WHEREAS, the Master Association is the owner of real property located in Montgomery County, Maryland, as more particularly described on Exhibit D which is attached hereto and incorporated herein by reference; and

WHEREAS, the Declarant and the Master Association, with the joinder of the Townhouse Developer and Pulte, desire to create on the Property (as hereinafter defined) a residential community with permanent open spaces and other common facilities for the benefit of the owners and occupants of the Property, and in some cases as more particularly described herein, the owners and occupants of the surrounding neighborhood, including, but not limited to, certain private streets and such other areas as may be subjected to this Master Declaration of Covenants, Conditions and Restrictions; and

WHEREAS, in order to provide for the preservation and enhancement of the property values, amenities, and opportunities in the residential community which will contribute to the personal and general health, safety, and welfare of residents and for the maintenance of the land and improvements thereon, the Declarant and the Master Association, with the joinder of the Townhouse Developer and Pulte, desires to adopt and implement a common scheme of development for the Property and planned improvements within the Development (as hereinafter defined) and to subject the property described in Article II hereof to the covenants, restrictions, conditions, easements, charges, and liens of this Master Declaration of Covenants, Conditions and Restrictions, said covenants, restrictions, easements, conditions, and charges running with

said Property and binding all persons or entities having or acquiring any right, title, or interest in the Property or any part thereof, and inuring to the benefit of each owner thereof; and

WHEREAS, to provide a means for meeting the purposes and intents herein set forth, the Declarant has incorporated the Master Association as a non-stock, non-profit corporation under the laws of the State of Maryland.

NOW, THEREFORE, the Declarant and the Master Association, with the joinder of the Townhouse Developer and Pulte, does hereby declare that all of the Property described on Exhibit A, Exhibit B, Exhibit C, and Exhibit D to this Master Declaration, is to be held, transferred, sold, conveyed, encumbered, leased, rented, used, occupied and improved subject to the covenants, restrictions, easements, conditions, charges, and liens (hereinafter referred to as "**Covenants and Restrictions**") hereinafter set forth, which are for the purpose of protecting the value and desirability of, and shall run with, the real property and be binding on all parties having any right, title, or interest in the herein described real property or any portions thereof, and any other real property annexed within the jurisdiction of the Master Association in accordance with Article II hereof, their heirs, personal representatives, successors, transferees and assigns, and shall inure to the benefit of, and be enforceable by, the Declarant, the Master Association, their successors and assigns, any persons acquiring or owning an interest in said real property and improvements including, without limitation, any person, group of persons, corporation, trust or other legal entity, or any combination thereof.

AND FURTHER, the Declarant hereby delegates and assigns to the Master Association the powers of owning, maintaining, and administering the Master Common Areas, administering and enforcing the Covenants and Restrictions, collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety, and welfare of the residents.

ARTICLE I

DEFINITIONS

Unless the context clearly indicates to the contrary, the terms listed below shall be construed in accordance with the following definitions:

Section 1. "**Adjacent Property**" shall mean and refer to the property located immediately north of the Property and identified as Parcel "A", Block "E", Tower Oaks, shown on Plat 21729 recorded among the Land Records of Montgomery County, Maryland.

Section 2. "**Adjacent Property Owner**" shall mean and refer to the owner of the Adjacent Property.

Section 3. "**Annual Assessments**" shall mean and refer to the assessments to be levied against Lots and collected and disbursed by the Master Association pursuant to Article V, Section 3 of this Master Declaration.

Section 4. **"Approval"** shall mean and refer to the issuance by any public agency of written approval, or any written waiver of approval rights, or a formal letter stating "No objection."

Section 5. **"Architectural Review Board"** shall mean and refer to the architectural review board of the Master Association for the Property.

Section 6. **"Articles of Incorporation"** shall mean and refer to the Articles of Incorporation for The Reserve at Tower Oaks Homeowners Association, Inc., filed with the Maryland State Department of Assessments and Taxation, as the same may be amended from time to time.

Section 7. **"Assessment"** shall mean and refer to all assessments levied against any Lot and/or Owner including Annual Assessments and Special Assessments, and all other fees and charges, including all installments thereof, as may be levied by the Master Association in accordance with this Master Declaration.

Section 8. **"Bio-Retention Facilities"** shall mean and refer to the bio-retention facilities installed by the Declarant or the Master Association within the Master Common Area Parcels or within the Stormwater Management License Area (as defined in the License and Maintenance Agreement) which assist in the management of storm water on the Property. The Bio-Retention Facilities do not include any bio-retention planters which may be installed by Owners or Occupants on the Lots.

Section 9. **"Board of Directors" or "Board"** means the executive and administrative entity of the Master Association established by the Articles of Incorporation of the Master Association as the governing body of the Master Association.

Section 10. **"Bylaws"** shall mean and refer to the Bylaws of the Master Association, as amended from time to time.

Section 11. **"City" or "City of Rockville"** shall mean and refer to the City of Rockville, Maryland.

Section 12. **"Community"** shall mean and refer to the Reserve at Tower Oaks project consisting of the Property and all improvements now or hereafter constructed on the Property.

Section 13. **"Community Landscaping"** shall mean and refer to all landscaping of any nature (including, without limitation, trees, bushes, shrubbery, grasses and plantings) and hardscaping within the Master Common Area Parcels and on the Lots (excluding all of the landscaping and hardscaping located on, or installed in, the Condominium Property and the rear yards of the Single-Family Units on the Single-Family Lots), and the Bio-Retention Facilities which are located throughout the Community, including, without limitation, those located within the Public Street rights-of-way, but excluding all Bio-Retention Facilities which are located on, or which are installed within, the Condominium Property. The Community Landscaping does not include any landscaping or hardscaping within the Condominium Property. The Community Landscaping also excludes trees, bushes, shrubbery, grass, plantings and other landscaping and hardscaping installed by the Owners or Occupants of Living Units on their respective Lots.

Section 14. **"Condominium"** shall mean and refer to a condominium regime established with respect to the Condominium Property pursuant to the provisions of the Maryland Condominium Act, Maryland Code, Real Property, Section 11-101 et seq.

Section 15. **"Condominium Association"** shall mean and refer to the Condominium Association formed with respect to the Condominium established on the Condominium Property, if and when such condominium regime is created.

Section 16. **"Condominium Buildings"** shall mean and refer to the multi-family buildings approved for development on the Condominium Property.

Section 17. **"Condominium Common Elements"** shall mean and refer to those improvements within Condominium Property which are identified as common elements of the Condominium established on the Condominium Property, as said common elements are identified in the Condominium Governing Documents for the Condominium.

Section 18. **"Condominium Developer"** shall mean and refer to the owner and developer of the Condominium Property, its successors and assigns. As of the date of this Master Declaration, the Condominium Developer is Pulte Home Company, LLC, a Michigan limited liability company, and is a Participating Builder.

Section 19. **"Condominium Governing Documents"** shall mean and refer to the governing documents which establish the duties, rights and obligations of the Condominium and the members within the Condominium Association.

Section 20. **"Condominium Property"** shall mean and refer to that portion of the Property described on Exhibit C attached hereto and made a part hereof, and on which the Condominium Buildings are constructed or may hereafter be constructed.

Section 21. **"Condominium Unit"** shall mean and refer to the Living Units located within the Condominium Buildings.

Section 22. **"County"** shall mean and refer to Montgomery County, Maryland, and all agencies and divisions thereof.

Section 23. **"Declarant"** shall mean and refer to Reserve at Tower Oaks Declarant LLC, a Delaware limited liability company, its successors and assigns; provided, however, that no successor or assignee of the Declarant shall have any rights or obligations of the Declarant hereunder (i) unless such rights and obligations are specifically assigned by Reserve at Tower Oaks Declarant LLC by assignment recorded among the Land Records of the County, or (ii) unless said rights and obligations of the Declarant inure to the successor of Reserve at Tower Oaks Declarant LLC by operation of law, or (iii) unless such rights and obligations inure to a purchaser at foreclosure or a grantee in a deed in lieu of foreclosure from the Declarant who acquires not less than five (5) undeveloped Lots for the purposes of development.

Section 24. **"Design Guidelines"** shall mean and refer to the Preserve Parkway Residential Land Design Guidelines applicable to the Property which are attached as Exhibit 2 to

First Amendment to Development Covenant recorded in the Land Records prior to this Master Declaration.

Section 25. **"Development Covenant"** shall mean and refer to that certain Development Covenant recorded in Deed Book 55694 at page 749 among the Land Records, as amended by First Amendment thereto recorded in the Land Records prior to this Master Declaration, as the same may be further amended from time to time.

Section 26. **"Director"** shall mean and refer to a member of the Board of Directors for the Master Association appointed or elected in accordance with the provisions of the Bylaws.

Section 27. **"Eligible Mortgage Holder"** shall mean and refer to a holder, insurer or guarantor of a First Mortgage on a Lot, which holder, insurer or guarantor has submitted a written request for notice from the Master Association of amendments to the Master Association Governing Documents or other significant matters which would affect the interests of the Mortgagee.

Section 28. **"Federal Mortgage Agencies"** shall mean and refer to those Federally related agencies, if any, which may from time to time have an interest in the Property, or any portion thereof, including, but not limited to, the Federal Housing Administration ("FHA"), the Veterans Administration ("VA"), the Federal National Mortgage Association ("FNMA" or "Fannie Mae"), the Government National Mortgage Association ("GNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC").

Section 29. **"First Mortgage"** shall mean and refer to a Mortgage with priority over all other Mortgages.

Section 30. **"First Mortgagee"** shall mean and refer to a Mortgagee who is the holder of a First Mortgage.

Section 31. **"Forest Conservation Area"** shall mean and refer the Forest and Tree Conservation Area established across, upon and through a portion of the Property pursuant to the Forest Conservation Easement, as said area is shown on the Record Plat, as the same may be amended from time to time.

Section 32. **"Forest Conservation Area Access Easement"** shall mean and refer to the perpetual non-exclusive easement granted over portions of the Master Common Area Parcels for the benefit of the public to provide access from publicly-dedicated roads to the Forest Conservation Area, which easements are set forth in the that certain Grant of Common Access Easement recorded or to be recorded in the Land Records.

Section 33. **"Forest Conservation Easement Agreement"** shall mean and refer the Forest and Tree Conservation Easement And Declaration of Covenants with respect to FTP2015-0017 recorded in the Land Records, as may be amended from time to time.

Section 34. **"Forest Conservation Maintenance Agreement"** shall mean and refer the Forest and Tree Conservation Maintenance Agreement(s) recorded in the Land Records with respect to FTP2015-0017 and FTP2000-0021, as may be amended from time to time.

Section 35. **"Governmental Authority" or "Governmental Authorities"** shall mean and refer to the State of Maryland, the County, the City of Rockville, and any other governmental or quasi-governmental entity, or agency thereof, having jurisdiction over the Property.

Section 36. **"Institutional Mortgage" or "Institutional Holder"** shall mean and refer to one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, mortgage companies, pension funds, mortgage insurance companies, Federal Mortgage Agencies, or business trusts, including, but not limited to, real estate investment trusts, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such a lender, or any private or governmental institution which has insured a loan of such a lender, or any combination of any of the foregoing entities. In the event that any mortgage is insured by the FHA or guaranteed by the VA, then as to such mortgage, the expressions "Mortgagee" and "Institutional Mortgagee" shall include the FHA or the VA, as the circumstances may require, acting, respectively, through the Federal Housing Commission and the Secretary of Veterans Affairs, or through other duly authorized agents.

Section 37. **"Land Records"** shall mean and refer to the Land Records of Montgomery County, Maryland.

Section 38. **"Laws"** shall mean and refer to all applicable laws, rules, statutes, regulations codes, acts, orders, ordinances, zoning conditions judgments, decrees, injunctions, permits, licenses, authorizations, directives, requirements or regulations of all Federal, County, City of Rockville and other Governmental Authorities applicable to the Property, the Development and/or the Master Association.

Section 39. **"License and Maintenance Agreement"** shall mean and refer to that certain License and Maintenance Agreement recorded or to be recorded in the Land Records which provides for the maintenance of the Private Stormwater Management System.

Section 40. **"Living Unit"** shall mean and refer to any structure or portion of a structure situated upon the Property designed and intended for use and occupancy as a residence by a Single Household. The Living Units include Condominium Units, Townhouse Units and Single-Family Units.

Section 41. **"Lot"** shall mean and refer to a portion of the Property designated as a separate subdivided lot of record on a plat of subdivision, resubdivision, consolidation, or boundary-line adjustment of a portion of the Property, or an lot created for assessment and taxation purposes, or a Condominium Unit created by the recording of the condominium instruments among the Land Records in accordance with the Maryland Condominium Act, including the plat and plans of condominium subdivision, recorded among the Land Records or any other plot of land shown upon any recorded subdivision plat of the Property or on an assessment and taxation plat of the Property, upon which the planned or actual improvements are Living Unit(s). The term "Lot" shall not include outlots or parcels or areas dedicated for public use, nor Condominium Common Elements, nor Master Common Area Parcels (if any), nor any

lot or parcel of land which is not improved by a Living Unit or on which a Living Unit is not approved for development pursuant to the Regulatory Approvals.

Section 42. **"Maintenance"** shall mean and refer to, and shall include, inspection, testing, care, cleaning, maintenance, operation, refurbishing, repair (whether ordinary or extraordinary), restoration, replacement, decoration, renovation, alteration, rebuilding or reconstruction, including, without limitation, as a result of design defects, construction defects, wear and tear, or damage by fire, casualty or condemnation, as required to keep the item in question in good condition and substantially in accordance with all applicable Laws. To **"Maintain"** means to inspect, test, clean, maintain, operate, refurbish, repair, repaint, restripe, restore, replace, decorate, renovate, alter, reconstruct or rebuild, as the context may allow or require. With respect to the Forest Conservation Area, the term "Maintenance" shall be as described in the Forest Conservation Maintenance Agreement, rather than as defined above in this Article I, Section 43.

Section 43. **"Maintenance Standards"** shall mean and refer to the following standards to be utilized by the Master Association when performing its Maintenance obligations under this Agreement: (i) preserve and enhance the values of the Property, (ii) avoid activities deleterious to the aesthetic or property values of the Property, (iii) Maintain a harmonious relationship among the structures and the natural vegetation and topography, (iv) promote the general welfare and safety of the Owners and the Occupants of the Living Units, and their respective guests, employees and invitees, (v) assure compliance of the improvements on the Property with the Regulatory Approvals, (vi) Maintain all improvements on the Property in good condition and of at least the quality of improvements initially installed on the Property and comparable to the quality, condition, nature or operation found in other similar residential developments in the County of comparable age, quality and construction to the improvements on the Property. All Maintenance work is to be performed and completed on a regular basis, in a good and workmanlike manner, and in accordance with all applicable Laws. All repairs and replacements, and in particular, emergency repairs, will be made in the most expeditious manner possible, to prevent harm to the Property, or any portion thereof, and with the least adverse impact on the areas adjacent to the area in which the work is being performed and to the Owners and the Occupants of the Living Units.

Section 44. **"Management Agent"** shall mean and refer to a management agent or manager employed by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize pursuant to Article IX of this Master Declaration.

Section 45. **"Master Association"** shall mean and refer to The Reserve at Tower Oaks Homeowners Association, Inc., a Maryland non-stock, non-profit corporation, its successors and assigns.

Section 46. **"Master Association Governing Documents"** shall mean and refer to the Articles of Incorporation of the Master Association, this Master Declaration, any Supplementary Declarations or amendments to this Master Declaration, and the Bylaws of the Master Association, all as initially drawn by the Declarant and filed or recorded as the case may be, and the Rules, all as may be duly amended from time to time.

Section 47. **"Master Common Area Improvements"** shall mean and refer to the improvements now existing or hereafter installed within the Master Common Area Parcels, including, without limitation, those described in Article IV, Section 1(a) of this Master Declaration.

Section 48. **"Master Common Area Parcels"** shall mean and refer to the real property described on Exhibit D attached hereto, which is hereby subjected to this Master Declaration, and which is part of the Property, and all interests therein, including easements thereon, owned or leased by the Master Association or otherwise available to the Master Association for the common use and enjoyment of the Members. The Master Common Area Parcels and all "Facilities" located within the Master Common Area Parcels must ultimately include all of the real property and all facilities depicted as such on the Regulatory Approvals. "Facilities" include, as may be applicable, all recreational facilities, storm water management facilities, private roads, and other required features that are to be constructed on the Master Common Area Parcels pursuant to the Regulatory Approvals. Facilities are to be timely constructed in a good and workmanlike manner. All Master Common Area Parcels and completed Facilities must be annexed within the Master Association by the Declarant in accordance with the terms and conditions of the approved Regulatory Approvals, as may be amended from time to time. The Declarant reserves the right to seek an amendment to the Regulatory Approvals for the purpose of modifying the location or amount of real property comprising the Master Common Area Parcels and for the purpose of modifying the improvements to be constructed on the Master Common Area Parcels, which amendment shall be reviewed by the City of Rockville in accordance with applicable law. Such amendment shall become effective only if approved by the City of Rockville. Notwithstanding that the Master Association may be obligated to Maintain all or any portion of any Lot(s), to the extent expressly provided in this Master Declaration, such property shall not be considered Master Common Area Parcel(s).

Section 49. **"Master Common Areas"** shall mean and refer to the Master Common Area Parcels and the Master Common Area Improvements.

Section 50. **"Master Common Expenses"** shall mean and refer to the actual and estimated expenses of operating the Master Association, including, without limitation, a reasonable reserve and expenses for the Maintenance of the Master Common Areas and other areas within or outside of the boundaries of the Property for which the Master Association has responsibility for Maintenance in accordance with Article IV hereof, all as may be found to be necessary or appropriate by the Board of Directors of the Master Association pursuant to this Master Declaration, the Bylaws and the Articles of Incorporation of the Master Association.

Section 51. **"Master Declaration"** shall mean and refer to this Master Declaration of Covenants, Conditions and Restrictions, as the same may from time to time be amended by one or more Supplementary Declarations.

Section 52. **"Members"** shall mean and refer to the members of the Master Association, each of whom shall be the Owner of a Lot.

Section 53. **"Mini Market"** shall mean and refer to a small retail market to be included within the Community for the benefit of the Members of the Master Association.

Section 54. **"Mortgagee"** shall mean and refer to the holder of any recorded Mortgage, or the party secured by or the beneficiary under, any recorded Mortgage, encumbering one or more of the Lots. **"Mortgage,"** as used herein, shall include deeds of trust. As used in this Master Declaration, the term "Mortgagee" shall mean any mortgagee and shall not be limited to Institutional Mortgagees.

Section 55. **"MPDU"** shall mean and refer to each Living Unit which is designated as a "Moderately Priced Dwelling Unit." Said Living Unit and the Lot on which it is located shall be subject to the MPDU Covenants. As of the date of this Master Declaration, the Living Units intended to be constructed on the MPDU Lots will be MPDUs.

Section 56. **"MPDU Control Period"** shall mean and refer to the period during which each MPDU is subject to the MPDU Covenants. The MPDU Control Period as to each MPDU commences on the date of settlement on the initial sale of the MPDU to a Class A Member holding a valid Certificate of Eligibility issued by the County and continues for the period set forth in the MPDU Covenants.

Section 57. **"MPDU Covenants"** shall mean and refer to the covenants recorded against each Lot on which a MPDU is constructed or is intended to be constructed which restrict the ownership of such Living Unit and Lot to parties who meet certain income eligibility standards established by the City and. The restrictions shall be applicable to each MPDU during the MPDU Control Period.

Section 58. **"MPDU Lots"** shall mean and refer to those Townhouse Lots identified as Lots 3, 4, 8, 12, 13, 17, 18, 23, and 24, Block B, and Lots 2, 6, 9, 10, 24, 25, 30, and 31, Block D, and Lots 2, 3, 7, 8, 13, 14, 21, 22, 29, 30, 34 and 35, Block E, Lots 4, 5, 10, 11, 18, 19, 24 and 25, Block F, Lots 4, 5, 10, 16, 20, 27 and 28, Block G, and Lots 3, 15, 21, 22, 40, 45 and 56, Block H, Reserve at Tower Oaks subdivision.

Section 59. **"Notice"** shall mean and refer to (i) written notice delivered personally or mailed, by first-class mail, postage prepaid, to the last known address of the intended recipient; or (ii) notices published at least once a week for two consecutive weeks in a newspaper having general circulation in the County; or (iii) notice published in two consecutive issues of the newsletter of the Master Association, if any, which is delivered personally or mailed to the address of each occupied Living Unit. Notwithstanding the foregoing, the Master Association may provide notice of a meeting or deliver information to an Owner by electronic transmission if: (a) the Board of Directors gives the Master Association the authority to provide notice of a meeting or deliver information by electronic transmission; (b) an Owner gives the Master Association prior written authorization to provide notice of a meeting or deliver information by electronic transmission; and (c) an officer or agent of the Master Association certifies in writing that the Master Association has provided notice of a meeting or delivered material or information as authorized by the Owner. Notice or delivery by electronic transmission shall be considered ineffective if: (x) the Master Association is unable to deliver two consecutive notices; and (y) the inability to deliver the electronic transmission becomes known to the Person responsible for

sending the electronic transmission. The inadvertent failure to deliver notice by electronic transmission does not invalidate any meeting or other action of the Board of Directors or the Master Association.

Section 60. **"Occupant"** shall mean and refer to a resident of a Living Unit, who is the lessee or sublessee. There shall be only one Occupant per Living Unit for the purposes of this Master Declaration, although the Living Unit may house several individuals.

Section 61. **"Owner"** shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is included within the jurisdiction of the Master Association. The term "Owner" shall not include those having an interest merely as security for the performance of an obligation or by virtue of a contract to purchase a Lot (but the term Owner shall include contract sellers of Lots). The term "Owner" shall include the holder of a security interest in all or any portion of a Lot to the extent that such holder acquires a fee simple interest in all or any portion of a Lot as a result of a foreclosure proceeding or by a deed in lieu of foreclosure if such interest is held for purposes other than security for performance of an obligation. A Participating Builder shall be deemed to be an Owner for purposes of this Master Declaration.

Section 62. **"Participating Builder"** shall mean and refer to a person or entity, other than the Declarant, that acquires title to three (3) or more Lots from the Declarant for the purpose of constructing Living Units on such Lots for sale or lease to third party purchasers provided, however, that a person or entity who or which acquires three or fewer Lots for the purpose of constructing a Living Unit shall be deemed to be an Owner (with all the rights and obligations of an Owner), but shall not be a Participating Builder nor have the rights of a Participating Builder, for purposes of this Master Declaration. To the extent that a Mortgagee acquires all rights and interests, and assumes all obligations, of the Declarant or a Participating Builder, then such Mortgagee shall also acquire such party's rights as a Participating Builder under the terms of this Master Declaration. As of the date of this Master Declaration, (i) Pulte is a Participating Builder and is joining in and consenting to this Master Declaration for purposes of subjecting the Condominium Property and the Single-Family Lots to this Master Declaration, and (ii) Preserve at Tower Oaks Investment Partners LLC is a Participating Builder and is joining in and consenting to this Master Declaration for purposes of subjecting the Townhouse Lots to this Master Declaration.

Section 63. **"Private Alleys"** shall mean the private alleyways located within the Master Common Area Parcels as shown on the Record Plat, all of which alleyways provide vehicular access from those Master Common Area Parcels over which public access easements are established as shown on the Record Plat to the individual Lots abutting the alleyways.

Section 64. **"Private Stormwater Management System"** shall mean the private storm water management system constructed or to be constructed under public rights of way adjacent to the Property, or portions thereof, pursuant to the Regulatory Approvals and the License and Maintenance Agreement. The Bio-Retention Facilities are part of the Private Stormwater Management System.

Section 65. **"Prohibited Plants"** shall mean the Exotic and Invasive Plant List published by the City's Department of Recreation and Parks, as the same may be amended from time to time.

Section 66. **"Property"** shall mean and refer to all real property which is hereby subjected to this Master Declaration, together with such other real property as may from time to time be annexed thereto in accordance with Article II, Section 2 of this Master Declaration, and all improvements now or hereafter existing thereon, and excluding any real property which is subjected to this Master Declaration and subsequently withdrawn in accordance with Article II, Section 4 of this Master Declaration. At this time, the Property consists of the real property described on Exhibit A, Exhibit B, Exhibit C and Exhibit D attached hereto.

Section 67. **"Public Improvements"** shall mean and refer to certain improvements installed or to be installed within the Property for the use of the general public, including, without limitation, sewer cleanouts, water meters and public sidewalks.

Section 68. **"Public Improvements Easement"** shall mean and refer to certain Grant of Public Improvements Easements recorded in Deed Book 56725 at page 224 among the Land Records pursuant to which a perpetual, non-exclusive easement is established through portions of the Property which are contiguous and parallel to the Public Streets within the Community, for purposes of maintenance, repair, replacement and inspection of the Public Improvements. The Public Improvements Easement extends over portions of the Lots.

Section 69. **"Public Street"** shall mean and refer to each street within the Community which has been dedicated for public use as reflected on the Record Plat. The Public Street right-of-way includes the street, the curb adjacent to the street, and the sidewalk adjacent to the curb. If there are any Storm Water Management Facilities located between the curb and the sidewalk, then such areas that include the Storm Water Management Facilities are also part of the Public Street right-of-way, although the City shall not be responsible for Maintaining the Storm Water Management Facilities and the Master Association shall be solely responsible for the Maintenance of all Storm Water Management Facilities within the Community, even those within the Public Street rights-of-way.

Section 70. **"Quorum of Members"** shall mean and refer to the representation at a duly called meeting of the Members by presence or proxy of Members who hold, in the aggregate, at least twenty percent (20%) of the Total Class A Votes and Total Class B Votes, and the representation by presence or proxy of each of the Class C Members, so long as such Class C Member's membership in the Master Association has not ceased to exist. In the event a "Quorum of Members" is not present at a duly called meeting of the Members, no action may be taken which requires the vote of a Quorum of Members. At the next duly called meeting of the Members after failure of the attending Members at the previous meeting to constitute a quorum, the quorum requirement may be reduced to constitute at least fifteen percent (15%), in the aggregate, of the Total Class A Votes and Total Class B Votes, and the representation by presence or proxy of each of the Class C Members, so long as each such Class C Member's membership in the Master Association has not ceased to exist, provided that in order for the reduced quorum requirement to apply, the purpose of the meeting shall remain the same as that recited in the original notice given to all Members.

Section 71. **"Record Plat"** shall mean and refer Plat Nos. 25473, 25474, 25475, 25476, 25477, 25478, 25479, 25480 and 25481, filed in the Land Records of Montgomery County, Maryland, as the same may be amended from time to time.

Section 72. **"Recreational Amenities"** shall mean and refer to amenities approved for development within the Community pursuant to the Regulatory Approvals. Such Recreational Amenities may include a pool, tot lot, community center and related open space, and parks within the Community.

Section 73. **"Registered Notice"** shall mean and refer to any notice which has been sent by registered or certified United States mail, return receipt requested, postage paid, to the last known address of the intended recipient and which has been signed for or has been certified by the United States Postal Service that delivery was attempted at the aforementioned address. Failure by refusal of an intended recipient to acknowledge or accept such Notice shall nevertheless constitute receipt.

Section 74. **"Regulatory Approvals"** shall mean and refer collectively to all project plans, preliminary plans and/or site plans reviewed and approved by the Planning Board, including, without limitation, (i) the Concept Plan for Comprehensive Planned Development for Tower Oaks approved by the Mayor and Council of Rockville, Maryland as CPD-1-85, by Resolution No. 25-87 and subsequently amended by Resolution No. 21-93, Resolution No. 1-01 and Resolution No. 20-16, and as the same may be further amended from time to time; (ii) Project Plan No. PJT2016-00006 dated August 8, 2016; (iii) site plan approved by the City of Rockville for the Property; (iv) the Record Plat; (v) that certain signage plan approved by the City of Rockville Sign Review Board with respect to all of the properties which were initially subject to the Tower Oaks Property Owners Association, entitled "Tower Oaks, Campus Signage Plan, Approved 12.04.00"; and (vi) all amendments, modifications, extensions and supplements of and/or to any of the items in clauses (i) through (v), as may be made from time to time.

Section 75. **"Rules"** shall mean and refer to the rules and regulations adopted from time to time by the Board of Directors governing the use, occupancy, operation and physical appearance of the Property.

Section 76. **"Shared Road"** shall mean and refer to the road which separates the Property from the Adjacent Property and provides access to both the Property and the Adjacent Property, and ingress and egress between Preserve Parkway and the Property and the Adjacent Property.

Section 77. **"Shared Road Easements"** shall mean and refer to the easements existing pursuant to which the Shared Road and the water lines and storm drainage lines located within the Shared Road are to serve and be used and maintained by the owners of the Adjacent Property and the owners of the Property.

Section 78. **"Shuttle Service"** shall mean and refer to a shuttle service to be provided by the Master Association for the Owners and Occupants of the Community following such time as occupancy permits for at least fifty percent (50%) of the Living Units have been issued by the

City of Rockville. The Master Association shall determine the manner in which the Shuttle Service shall operate.

Section 79. **"Single Household"** shall mean and refer to a single housekeeping unit which includes not more than three adults who are legally unrelated.

Section 80. **"Single-Family Developer"** shall mean and refer to the owner and developer of the Single-Family Lots, its successors and assigns. As of the date of this Master Declaration, the Single-Family Developer is Pulte Home Company, LLC, a Michigan limited liability company, which is a Participating Builder.

Section 81. **"Single-Family Lots"** shall mean and refer to the Lots on which the Living Units constructed or to be constructed are Single-Family Units. As of the date of this Master Declaration, the Lots on which the Single-Family Units are intended to be constructed are described on Exhibit B to this Master Declaration.

Section 82. **"Single-Family Units"** shall mean and refer to the Living Units constructed or to be constructed on the Single-Family Lots.

Section 83. **"Special Assessments"** shall mean and refer to the assessments which may be levied against Lots and collected and disbursed by the Master Association pursuant to Article V, Section 4 of this Master Declaration.

Section 84. **"Storm Water Management Facilities"** shall mean and refer to the storm water management areas and/or facilities serving the Property, whether for retention, detention, or other purposes, and whether located on or off of the Property, for the purpose of providing for the drainage of storm water, including, without limitation, the Private Stormwater Management System, the Bio-Retention Facilities, storm sewer lines, filters, drainage pipes, ditches, infiltration trenches, ponds, basins, bio-retention facilities, stream beds and related wetlands, vegetated swales, berms, out-flow control devices, underground vaults and/or other structural facilities, manholes, drainage areas, inlets, oil/grit separators, underground facilities and related facilities, if any.

Section 85. **"Supplementary Declaration"** shall mean and refer to any declaration of covenants, conditions, and restrictions which may be recorded by the Declarant, which amends, supplements or modifies the provisions of this Master Declaration.

Section 86. **"Total Class A Votes"** shall mean and refer to the total number of votes in the Master Association allocated to the Townhouse Lots and the Single-Family Lots in accordance with the provisions of Article III, Section 2(c) of this Master Declaration.

Section 87. **"Total Class B Votes"** shall mean and refer to the total number of votes in the Master Association allocated to the Condominium Units in accordance with the provisions of Article III, Section 2(c) of this Master Declaration.

Section 88. **"Total Class C Votes"** shall mean and refer to the total number of votes in the Master Association allocated to the Declarant in accordance with the provisions of Article III, Section 2(c) of this Master Declaration.

Section 89. **"Total Votes"** shall mean and refer to the total number of votes in the Master Association as set forth in Article III, Section 2(c) of this Master Declaration.

Section 90. **"Tower Oaks Cost-Sharing Agreement"** shall mean and refer to that certain Maintenance and Cost Sharing Agreement between the Tower Oaks Property Owners Association and the Declarant recorded prior to this Master Declaration in the Land Records pursuant to which the Tower Oaks Property Association performs certain services which benefits the Property as well as other properties which are now, or formerly were, subject to the Tower Oaks Property Owners Association.

Section 91. **"Tower Oaks Property Owners Association"** shall mean and refer collectively to the Tower Oaks Property Association, Inc. which was established pursuant to the Tower Oaks Property Owners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded in Liber 13933 at folio 441, as amended. The Property subject to this Master Declaration is not subject to the Tower Oaks Property Owners Association or the foregoing referenced Tower Oaks Property Owners Association, Inc. Declaration of Covenants, Conditions, Easement and Restrictions, but the Property is subject to the Tower Oaks Cost-Sharing Agreement.

Section 92. **"Townhouse Developer"** shall mean and refer to the owner and developer of the Townhouse Lots, its successors and assigns. As of the date of this Master Declaration, the Townhouse Developer is Preserve at Tower Oaks Investment Partners LLC, a Delaware limited liability company, which is a Participating Builder.

Section 93. **"Townhouse Lots"** shall mean and refer to the lots on which single-family attached dwelling units are approved for development pursuant to the Regulatory Approvals. The Townhouse Lots are described on Exhibit A to this Master Declaration.

Section 94. **"Townhouse Units"** shall mean and refer to the Living Units constructed or to be constructed on the Townhouse Lots.

ARTICLE II
PROPERTY SUBJECT TO THIS
MASTER DECLARATION AND ADDITIONS THERETO

Section 1. **The Property.** The Property is and shall be held, transferred, sold, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to this Master Declaration and all covenants, restrictions, conditions, easements, charges and liens set forth in this Master Declaration and in the Regulatory Approvals.

Section 2. **Additions to the Property.** So long as the Class D Member is still a Member of the Master Association, the Declarant shall have the unilateral right, without the consent of the Class A Members or the Class B Members, but with the consent of the Class C Members, to subject to this Master Declaration any additional property which the Declarant owns or acquires in the vicinity of the Property, for a period of ten (10) years following the date of recordation of this Master Declaration among the Land Records of the County; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the

Declarant's control, then the aforesaid ten (10) year period shall be extended by a period of time equal to the lesser of (i) the length of the delays or (ii) an additional five (5) years. The scheme of this Master Declaration shall not, however, be extended to include any such real property unless and until the same is annexed within the jurisdiction of the Master Association by the recordation of a Supplementary Declaration as provided in this Section. Except as otherwise provided above with respect to annexations of real property by the Declarant, annexations of real property within the jurisdiction of the Master Association shall require the consent of Members entitled to cast not less than sixty-seven percent (67%) of the votes of all Members present, in person or by proxy, and voting at any meeting of the Master Association.

The Supplementary Declaration which subjects additional property to this Master Declaration shall describe the real property to be annexed to the scheme of this Master Declaration and shall state that it is being made pursuant to the terms of this Master Declaration for the purpose of annexing the property described in the Supplementary Declaration to the scheme of this Master Declaration and extending the jurisdiction of the Master Association to cover the real estate so described in such Supplementary Declaration. The Supplementary Declaration may contain such complementary additions and modifications to the covenants, conditions and restrictions set forth in this Master Declaration as may be considered necessary by the Declarant to (i) reflect the different character, if any, of the real property being annexed or the various housing or style characteristics and development approaches to which the annexed land or parts thereof may be subject, all of which may be significantly at variance with other portions of the Property, but all of which shall be consistent in quality with the improvements constructed on the Property, and (ii) reflect the change in assessments as a result of the annexation of additional Lots and Master Common Areas to the Property. Every Owner of a Lot in property annexed as provided herein shall have an easement of enjoyment in and to the Master Common Areas, and such other rights as are provided in Article III, Section 2 and Article IV, Section 6 of this Master Declaration, but subject to the provisions of Article IV, Sections 6 and 7, and Articles V and VI of this Master Declaration.

The additions authorized under this Section 2 shall be made by complying with the requirements of the applicable County zoning ordinances; by securing the Approval of the Federal Mortgage Agencies, if required; by recording in the Land Records of the County one or more Supplementary Declarations of covenants and restrictions with respect to the additional property; and by filing with the Master Association any applicable site plans and/or subdivision plats for such additions.

Section 3. Adjacent Properties. The Property is located immediately south of the Adjacent Property on which an office building with related parking deck is contemplated. The Property fronts on Preserve Parkway. On the other side of Preserve Parkway are commercial office buildings and restaurant establishments. Preserve Parkway is a public right of way and visitors and customers of the Adjacent Property as well as the properties across Preserve Parkway, and members of the general public, may park on Preserve Parkway.

Section 4. Withdrawable Real Estate. The Declarant shall have the unilateral right, without the consent of the Class A Members or the Class B Members, but with the consent of the Class C Members, to execute and record an amendment to this Master Declaration withdrawing any portion of the Property on which Living Units have not been constructed for a period of ten

(10) years following the date of recordation of this Master Declaration among the Land Records of the County; provided, however, that (i) such withdrawal of any portion of the Property shall not result in the Property failing to comply with applicable zoning ordinances, and (ii) the Declarant is the owner of such property at the time of withdrawal, or, if the Declarant is not the owner of such property, the Declarant withdraws such property with the written consent of the owner thereof; provided, further, that if the Declarant or a Participating Builder 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 control of the Declarant or a Participating Builder, then the aforesaid ten (10) year period shall be extended by a period of time equal to the lesser of (a) the length of the delays or (b) an additional five (5) years. Such withdrawn property shall no longer be subject to the covenants, conditions and restrictions of this Master Declaration except for (x) any easements, rights, reservations, exemptions, powers or privileges reserved to the Declarant and/or Participating Builder(s) pursuant to this Master Declaration which affect the withdrawn property and (y) any other easements, rights, reservations, exemptions, powers or privileges which are expressly reserved to the Declarant and/or Participating Builder(s) in the instrument effectuating such withdrawal. Such withdrawal shall be made by recording a Supplementary Declaration among the Land Records of the County withdrawing the effect of the covenants, conditions and restrictions of this Master Declaration from the withdrawn property. Such withdrawn property may be utilized by the Declarant, or any successor, assign or transferee thereof, for any lawful purpose or use, subject to provisions of the Regulatory Approvals.

Section 5. **Merger.** In accordance with its Articles of Incorporation, the real estate, personal property, rights, and obligations of the Master Association may, by operation of law, be transferred to another surviving or consolidated association similar in corporate nature and purposes. Similarly, the real estate, personal property, rights, and obligations of an association similar in corporate nature and purposes to the Master Association may, by operation of law, be added to the property, rights, and obligations of the Master Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Master Declaration upon any other properties as one scheme. No such merger or consolidation shall, however, effect any revocation, change, or addition to the covenants established by this Master Declaration within the Property except as hereinafter provided. Such merger or consolidation shall require the affirmative vote of at least sixty-seven percent (67%) of each class of Members and the approval and consent as may be required in Article VIII, Section 1 of this Master Declaration.

ARTICLE III

THE MASTER ASSOCIATION

Section 1. **Organization.** The Master Association is a non-profit, non-stock corporation organized and existing under the laws of the State of Maryland and charged with the duties and vested with the powers prescribed by law and set forth in the Master Association Governing Documents, as the same may be amended from time to time; provided, however, that no other Master Association Governing Documents shall be amended for any reason, or otherwise changed or interpreted, so as to be inconsistent with the provisions of this Master Declaration.

Section 2. **Membership.**

(a) **Basis.** Membership shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except as provided in the Master Association Governing Documents. The foregoing is not intended to include persons or entities who or which hold an interest merely as security for the performance of an obligation. Each Person which is a record Owner of a Townhouse Lot or a Single-Family Lot shall be a Class A Member of the Master Association. Each Person which is a record Owner of a Condominium Unit shall be a Class B Member of the Master Association. The Participating Builders shall be Class C Members of the Master Association and the Declarant shall be the Class D Member of the Master Association.

(b) **Member's Rights and Duties.** Each Member shall have the rights, duties, and obligations set forth in the Master Association Governing Documents. In addition, if a Person is a member of the Condominium Association, then such Member shall also have the rights, duties and obligations set forth in the Condominium Governing Documents in addition to the rights, duties and obligations set forth in the Master Governing Documents.

(c) **Voting Rights.** The Master Association shall have four (4) classes of voting membership as follows:

(i) **Class A.** The Class A Members shall be (x) all Owners of the Townhouse Lots on which Townhouse Units have been completed and are owned by Persons other than a Participating Builder or the Declarant, and (y) all Owners of the Single-Family Lots on which Single-Family Units have been completed and are owned by Persons other than a Participating Builder or the Declarant. The Owners (other than the Declarant or a Participating Builder) of each Townhouse Lot on which a Townhouse Unit has been completed, and each Single-Family Lot on which a Single-Family Unit has been completed, shall be entitled, collectively, to one (1) vote in the Master Association, and the Class A Members shall be entitled to an aggregate of two hundred forty-seven (247) votes in the Master Association (the "**Total Class A Votes**").

(ii) **Class B.** The Class B Members shall be all Owners of the Condominium Units which have been completed and are owned by Persons other than a Participating Builder or the Declarant. The Owners (other than the Declarant or a Participating Builder) of each Condominium Unit which has been completed shall be entitled, collectively, to one (1) vote in the Master Association, and the Class B Members shall be entitled to an aggregate of one hundred twenty-eight (128) votes in the Master Association (the "**Total Class B Votes**").

(iii) **Class C.** The Class C Members shall be the Participating Builders. The Class C memberships shall have a total of one thousand one hundred twenty-five (1,125) votes in the Master Association (the "**Total Class C Votes**"). Of the Total Class C Votes, (x) the Townhouse Developer shall hold three (3) votes for each Townhouse Lot subjected to this Master Declaration and which is owned by the Townhouse Developer and which does not satisfy the qualifications for Class A membership, (y) the Single-Family Developer shall hold three (3) votes for each Single-Family Lot subjected to this Master Declaration and which is owned by the

Single-Family Developer and which does not satisfy the qualifications for Class A membership, and (z) the Condominium Developer shall hold three (3) votes for each Condominium Unit approved for development within the Condominium Property subjected to this Master Declaration and which is owned by the Condominium Developer and which does not satisfy the qualifications for Class B membership. The number of votes held by the Townhouse Developer shall be increased by three (3x) the votes for each additional Townhouse Lot subjected to this Master Declaration, and shall be decreased by three times (3x) the vote for each Townhouse Lot conveyed by the Townhouse Developer to a Class A Member, or upon the conversion of the Townhouse Developer's Class C membership to a Class A membership. The number of votes held by the Single-Family Developer shall be increased by three (3x) the votes for each additional Single-Family Lot subjected to this Master Declaration, and shall be decreased by three times (3x) the vote for each Single-Family Lot conveyed by the Single-Family Developer to a Class A Member, or upon the conversion of the Single-Family Developer's Class C membership to a Class A membership. The number of votes held by the Condominium Developer shall be increased by three (3x) the votes for each additional Condominium Unit subjected to this Master Declaration, and shall be decreased by three times (3x) the vote for each Condominium Unit conveyed by the Condominium Developer to a Class B Member, or upon the conversion of the Condominium Developer's Class C membership to a Class B membership.

The Class C membership and Class C Member voting rights of all of the Participating Builders shall cease, and be converted to (i) Class A membership with Class A Member voting rights as to each and every Townhouse Lot in which the Townhouse Developer then holds the interest otherwise required for Class A membership and each and every Single-Family Lot in which the Single-Family Developer then holds the interest otherwise required for Class A membership, or (ii) Class B membership with Class B voting rights as to each and every Condominium Unit in which such Condominium Developer then holds the interest otherwise required for Class B membership, upon the earliest to occur of the following events:

(1) sixty (60) days following the date on which at least seventy-five percent (75%) of all the Lots (including Townhouse Lots, Single-Family Lots and Condominium Units) have been conveyed by the Participating Builders to other Owners, provided that all the Master Common Area Improvements have been completed at such time; or

(2) ten (10) years after the date of recordation of this Master Declaration; provided, however, that if any Participating Builder is delayed in the improvement and development of any of the Lots owned by such Participating Builder on account of a sewer, water or building permit moratorium or any other cause or event beyond the reasonable control of the Participating Builder, the aforesaid ten (10)-year period shall be extended by a period of time equal to the lesser of (a) the period of the delays, or (b) an additional five (5) years; or

(3) upon the surrender of said Class C membership by all of the Participating Builders for cancellation on the books of the Master Association.

(iv) Class D. The Class D Member shall be the Declarant, its nominee or nominees. The Class D Member shall have no vote in any matter before the Master Association; however, if the members of the Declarant are Participating Builders, then such

entities shall have the voting rights in their capacities as Participating Builders. The Class D Membership shall cease and terminate at such time as all Class C memberships shall have ceased and terminated pursuant to Article III, Section 2(c)(iii). So long as any Class C membership shall continue to exist, the Class D membership shall continue to exist.

(d) Exercise of Vote: Multiple Owners. The vote for any Lot, the ownership of which is held by more than one person, shall be exercised as they among themselves shall determine, but it may be exercised by any one of them, provided that no objection or protest by any other holder of such membership is made prior to the completion of a vote. If such protest is lodged prior to the completion of the vote, the vote for such membership shall not be counted, but the Member whose vote is in dispute shall be counted as present at the meeting for quorum purposes if the protest is lodged at such meeting. Except in the case of the Class C voting rights, in no event shall more than one vote be cast with respect to any Lot. In the case where an Owner is not a natural person, then an officer, principal, director or employee of, or partner is, such entity which is an Owner may have the right to cast the vote for the Owner provided that the Owner provides to the Master Association, prior to the time when any voting of the membership is scheduled to occur, a copy of the authorization for such person to exercise the voting right of the Owner. The vote for any membership which is owned by a trust may be exercised by any trustee or beneficiary thereof, as the case may be, and, unless any objection or protest by any other such trustee or beneficiary is noted at such meeting, the Chairperson of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. The Board of Directors may authorize Owners to submit a vote or proxy by electronic transmission if the electronic transmission contains information that verifies that the vote or proxy is authorized by the Owner or the Owner's proxy. To the extent that the Master Association Governing Documents require voting by secret ballot and the anonymity of voting by electronic transmission cannot be guaranteed, voting by electronic transmission shall be permitted if Owners have the option of casting anonymous printed ballots.

(e) Assignment of Voting Rights. Any Owner who leases his or her Lot may, in the lease or other written instrument, assign the voting right appurtenant to that Lot to the Occupant, provided that a copy of such instrument is furnished to the Master Association and the Owner of the Lot provides the Master Association with the name and contact information for the Occupant.

Section 3. **Board of Directors.**

(a) Composition. The number of Directors and method of selection of Directors shall be as provided in the Bylaws; provided, however, that the Declarant, until the Declarant's rights as a Class D Member shall cease in accordance with the provisions of Article III, Section 2(c), shall be entitled to appoint at least three (3) Directors.

(b) Extent of Power.

(i) The Board of Directors shall have all powers to conduct the affairs of the Master Association which are enabled by law or the Master Association Governing Documents and which are not specifically reserved to Members or the Declarant or the Participating Builders by said Documents.

(ii) The Board of Directors shall exercise its powers in accordance with the Master Association Governing Documents.

(c) Powers and Duties. By way of example and without limiting the generality thereof, the Board of Directors shall have the power and obligation to perform the following duties:

(i) Real and Personal Property. To acquire (by gift, purchase or otherwise), own, hold, improve, Maintain, manage, lease, pledge, convey, transfer, or dedicate real or personal property for the benefit of the Members in connection with the affairs of the Master Association, except that no dedication, sale or transfer of the Master Common Areas shall be effective, nor shall any mortgaging of the Master Common Areas be effective, unless (x) the affirmative vote of the Class A Members and Class B Members holding in the aggregate at least sixty-seven percent (67%) of the Total Votes in the Master Association (and the consent of the Class C Members, so long as the Class C memberships shall continue to exist) shall have been obtained, and (y) the consent of fifty-one percent (51%) of the Eligible Mortgage Holders shall have been obtained with respect to such sale, transfer, or mortgaging of the Master Common Areas; provided that the provisions of Article II and Article VIII of this Master Declaration shall have been complied with, to the extent applicable; and further provided, that any conveyance of the Master Common Areas shall be subject to the easements granted across the Master Common Area Parcels pursuant to Article VII of this Master Declaration, and easements, covenants and restrictions of record.

(ii) Rule Making. To establish, and amend from time to time, and enforce compliance with, such reasonable rules and regulations as may be necessary to govern the use of the Property and facilities thereon, and the personal conduct of the Members of the Master Association and their guests thereon, and to establish penalties for the violation of same.

(iii) Assessments. To fix, levy, and collect assessments as provided in Article V, including, without limitation, the establishment of reserves as set forth in Article V of this Master Declaration.

(iv) Agreements; Easements. To enter into, make, grant, perform, enforce and vacate contracts, agreements, licenses, easements, dedications, leases, and/or rights-of-way over and across the Master Common Area Parcels (and to the extent provided in this Master Declaration, the Lots), including, without limitation, pursuant to the provisions of the Regulatory Approvals, and the Development Covenant, the Forest Conservation Easement Agreement, the Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the Shared Road Easements, the License and Maintenance Agreement, the Tower Oaks Cost-Sharing Agreement, and other contracts, agreements and leases with, and easements, licenses, dedications and/or rights of way to public agencies to serve necessary public purposes, to owners of properties adjacent to the Property, to public or private utility companies, and those that may otherwise be or become necessary, and those that are deemed reasonable by the Board of Directors, and those provided in Article VII or otherwise anticipated by this Master Declaration that is not inconsistent with the approved Regulatory Approvals; provided, however, that no such agreements, licenses, easements, dedications, leases, and/or rights-of-way, or other contracts, agreements and/or leases shall be entered into which would violate any of the

restrictions set forth in the Regulatory Approvals, the Forest Conservation Easement Agreement, the Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the License and Maintenance Agreement, the Tower Oaks Cost-Sharing Agreement, the Shared Road Easements or the Development Covenant.

(v) Employment of Agents. To employ, enter into contracts with, delegate authority to, and supervise such persons or entities as may be appropriate to manage, conduct, and perform the business obligations and duties of the Master Association, including, without limitation, to hire and terminate a managing agent or such other employees as they deem necessary, and to prescribe their duties. All of the powers and duties granted to the Board hereunder may be delegated to a managing agent; provided however that such delegation shall not relieve the Board of Directors of any responsibility therefor.

(vi) Mergers/Consolidations. To participate in mergers and consolidations with other non-profit corporations as provided in Article II, and subject to the provisions of Article VIII of this Master Declaration, including, without limitation, the affirmative vote of Class A Members and Class B Members holding in the aggregate at least sixty-seven percent (67%) of the Total Votes in the Master Association (and the consent of the Class C Members, so long as the Class C memberships shall continue to exist) shall have been obtained, and subject to such other approvals and consents as are required in Article VIII of this Master Declaration.

(vii) Enforcement of Master Association Governing Documents. To perform acts, as may be reasonably necessary or appropriate, including bringing suit, causing a lien to be filed or foreclosed, and suspending membership rights, for enforcing or effectuating any of the provisions of the Master Association Governing Documents.

(viii) Performance and Enforcement of Third Party Agreements. To take all actions, as may be reasonably necessary or appropriate to perform the obligations of the Master Association, and to enforce or defend rights, obligations, easements, burdens and benefits under any and all other agreements with third parties affecting the Property, including without limitation, the Development Covenant, the Forest Conservation Easement Agreement, the Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the Shared Road Easements, the License and Maintenance Agreement, and the Tower Oaks Cost-Sharing Agreement. Such actions shall include providing all consents, waivers, approvals, appointments, responses to requests for approval, performing all Maintenance obligations, preparing budgets as may be required, bringing or defending a suit, causing a lien to be filed or foreclosed, or removed, and exercising all remedies available for enforcing or effectuating any of the provisions of the third party agreements. Within thirty (30) days following the election of Directors at the first annual meeting of the Master Association after the conversion of the last Class C membership to Class A membership or Class B membership, the Board of Directors shall review and evaluate all management and maintenance agreements and affirmatively elect to retain such agreements or to terminate such agreements. Neither the Declarant nor any Participating Builder, nor any member, officer, employee or agent of either the Declarant or any Participating Builder, shall have any personal liability with respect to such third party agreements, whether retained or terminated. Notwithstanding the foregoing, the obligations of the Master Association under the Development Covenant, the Forest Conservation Easement

Agreement, the Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the Shared Road Easements, the License and Maintenance Agreement, the Tower Oaks Cost-Sharing Agreement, and other covenants and easement agreements recorded in the Land Records shall remain in effect and binding on the Master Association and are not subject to an affirmative election by the Board of Directors.

(ix) Architectural Design; Compliance with Approvals, Easements. To regulate the external design, appearance and location of the Master Common Areas and the improvements thereon, and the Lots and Living Units, in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among the structures and the natural vegetation and topography, and to review, modify, and approve architectural standards recommended by the Architectural Review Board; and to monitor compliance with the requirements of any easements and other restrictions imposed on Lots and/or the Master Common Areas by Governmental Authorities or under the Development Covenant, including, without limitation, the Design Guidelines in the Development Covenant applicable to the Property, and the requirements and restrictions imposed by Regulatory Approvals, and to periodically remind the Members of the Master Association of such obligations and restrictions.

(x) Ownership of Master Common Areas. Immediately prior to the recordation of this Master Declaration, the portions of the Property designated as of the date of this Master Declaration as Master Common Area Parcels have been conveyed to the Master Association. The Master Association has accepted fee simple title to the Master Common Area Parcels so conveyed. To the extent that any additional Master Common Area Parcels are created within the Community, then upon tender of a deed from the Declarant or the Participating Builder owning such area which has become designated as a Master Common Area Parcel, the Master Association shall accept fee simple title to the Master Common Area Parcels from the Declarant or Participating Builder conveying same, which deed shall include, if requested by the Declarant or Participating Builder, an acknowledgment by the Master Association of its obligations with respect to the Master Common Areas and the Master Association's obligations under the Master Association Governing Documents.

(xi) Notice to Declarant upon Turnover; Inspection of Master Common Area Parcels.

A. Within sixty (60) days following Notice from the Declarant to the Board of Directors (the "**Master Common Area Parcels Inspection Notice**") that (i) the Declarant's Class D membership has ceased to exist as provided for in Article III, Section 2(c) of this Master Declaration, and (ii) final paving of the streets and Private Alleys within the Property by the Declarant or Participating Builders has been substantially completed, designate and engage, together with the Declarant, an inspecting engineer mutually agreed upon by the Board of Directors (on behalf of the Master Association and all of the Members of the Master Association) and the Declarant (the "**Inspecting Engineer**") to conduct an assessment of the Master Common Areas of the Property and any areas for which the Master Association has Maintenance responsibility in order to identify any and all portions of the Master Common Areas and other areas for which the Master Association has Maintenance responsibility which may require repairs or corrective work based solely upon the specifications of the Regulatory Approvals and the implied warranty on improvements to the Master Common Areas as set

forth in Real Property Article, Section 11B-110, Code of Maryland, and to prepare a report (the "**Inspection Report**") of any such repairs or corrective work to be performed in order to meet such standards in the Regulatory Approvals or the foregoing implied warranty. If the Declarant and the Board of Directors are unable to reach agreement upon an Inspecting Engineer, then the Declarant and the Board of Directors shall each submit to the other a list of three proposed inspecting engineers, together with the professional credentials, background and experience and contact information for each proposed engineer. Each of such proposed inspecting engineers shall have experience in inspections of this nature. The Board of Directors (acting through a majority vote of the Board), and the Declarant shall each select one Inspecting Engineer from the list of all of the proposed inspecting engineers within the earlier of (i) sixty (60) days following the Board of Directors' receipt of the Master Common Area Parcels Inspection Notice, or (ii) thirty (30) days following the receipt by the Board of Directors and the Declarant of the names of the proposed inspecting engineers from the other party. Any proposed inspecting engineer who is named on all three lists shall be deemed selected and, if more than one, the selection among such unanimously proposed inspecting engineers shall be by mutual agreement or lottery. If there is no proposed inspecting engineer on all three lists, then any proposed inspecting engineer who is named on two of the three lists shall be deemed selected and, if more than one, the selection among such majority proposed inspecting engineers shall be by majority agreement or lottery. If the Board of Directors and the Declarant are unable to mutually agree upon the Inspecting Engineer within said 60-day or 30-day period, as applicable, then the Board of Directors and the Declarant shall meet, together with the Management Agent for the Master Association, for purposes of selecting the Inspecting Engineer. At such meeting, which shall be held within ten (10) days following the foregoing 60-day or 30-day period, as applicable, the Board of Directors shall write down on three separate pieces of white paper the name of each of the three proposed inspecting engineers on its list, and the Declarant shall write down on three separate pieces of white paper the name of each of the three proposed inspecting engineers on its list, and all 3 pieces of paper from the Board of Directors and from the Declarant with the names of the proposed inspecting engineers, shall be placed into a hat. The Management Agent shall draw one piece of paper out of the hat in a blind and random drawing and the name of the proposed inspecting engineer on that piece of paper shall be designated as the Inspecting Engineer for purposes of this Article III, Section 3(c)(xi).

B. Based upon the Inspection Report prepared by the Inspecting Engineer, a final list (the "**Corrective Work List**") of all such repairs and corrective work to be performed (the "**Corrective Work**") shall be agreed upon by the Declarant and the Board of Directors (on behalf of the Master Association and all of the Members). If the Declarant and the Board of Directors fail to agree upon the scope of the Corrective Work, then the dispute shall be resolved in accordance with the dispute resolution process set forth in Article XII of this Master Declaration. The Declarant shall complete all Corrective Work on the agreed upon Corrective Work List, at Declarant's sole cost and expense, and all Corrective Work shall be inspected by the Inspecting Engineer, as follows: within five (5) business days after the Declarant notifies the Inspecting Engineer that a component of the Corrective Work has been completed in accordance with the specifications of the Regulatory Approvals, the Inspecting Engineer shall issue to both the Declarant and the Board of Directors, a written certificate of completion as to such component of the Corrective Work; and within five (5) business days after Declarant notifies the Inspecting Engineer that all

Corrective Work has been completed in accordance with the specifications of the Regulatory Approvals, the Inspecting Engineer shall issue to both the Declarant and the Board, a written final certificate of completion as to all Corrective Work. The final certificate of completion as to the Corrective Work shall be binding upon the Master Association, the Board of Directors and all Members of the Master Association. Upon issuance by the Inspecting Engineer of the final certificate of completion, the Declarant shall have no further obligation, liability or responsibility for the repair or correction of any of the Master Common Areas of the Property or any areas for which the Master Association has responsibility for Maintenance. All costs of the Inspecting Engineer shall be shared equally by the Declarant and the Master Association. The failure of the Board to work jointly with the Declarant to engage such Inspecting Engineer as provided in this paragraph shall, to the extent permitted by law, be deemed as a waiver of the Master Association (on its own behalf and on behalf of all Members of the Master Association) of any right to initiate an action, claim or litigation against the Declarant based upon, or by reason of, any deficiencies or damage in any manner relating to the Master Common Areas or other areas for which the Master Association has Maintenance responsibility, including, without limitation, the design, construction, installation or repair of the Master Common Areas, or any of same, or under any implied warranty with respect to the Master Common Areas.

C. The provisions of this Article III, Section 3(c)(xi) shall not be amended without the prior written consent of the Declarant.

Section 4. **The Architectural Review Board.**

(a) Composition. Until the Declarant's Class D membership rights cease to exist, the Architectural Review Board shall be composed of three (3) members appointed by the Declarant. When the Declarant's Class D membership rights cease to exist, the Architectural Review Board shall consist of three (3) or more Owners, but not more than five (5) Owners, who shall be appointed by the Board of Directors as provided in the Bylaws. The affirmative vote of a majority of the members of the Architectural Review Board 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 or approval pursuant to the authority set forth in this Article III, Section 4.

(b) Powers and Duties. The Architectural Review Board shall recommend to the Board of Directors the adoption of Rules to regulate the external design, appearance, and location of improvements located on the Property in such a manner so as to (i) preserve and enhance values of the Property, (ii) avoid activities deleterious to the aesthetic or property values of the Property, (iii) maintain a harmonious relationship among the structures and the natural vegetation and topography, (iv) promote the general welfare and safety of the Owners, the Occupants and their households, guests, employees, agents and invitees, (v) comply with the Development Covenant, the Forest Conservation Easement Agreement, the Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the Shared Road Easements, the License and Maintenance Agreement, the Tower Oaks Cost-Sharing Agreement, and all other third party agreements, if any, and (vi) comply with the Regulatory Approvals. Except for construction or development by, for or under contract with the Declarant or a Participating Builder, and except for any improvements to any Lot or to the Master Common

Area Parcels accomplished by the Declarant or a Participating Builder concurrently with said construction and development, and except for purposes of proper Maintenance and repair, no building, fence, wall, deck, windows, storm doors, window and door security bars 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, without limitation, any exterior signs and/or any change of color on any exterior portion of a Living Unit) or other alteration thereupon be made, nor shall any alteration of any portion of a Living Unit, which alteration of the Living Unit shall be visible from the exterior of the Living Unit, be made, nor shall any landscaping or hardscape, including, without limitation, hot tubs, fountains, statuary, planters, plantings or shrubbery, be placed on any rooftop, rooftop terrace, deck or patio [other than planters, plantings and shrubbery on fenced-in patios (but not on rooftop terraces) which planters, plantings and shrubbery are not visible from the public roads or the Private Alleys or from Master Common Areas adjacent to the Lot, or from outside of the fenced-in area], until the complete plans and specifications showing the location, nature, shape, height, material, color, type of construction, or the type and size of planters, plantings and shrubbery, and any other proposed form of change (including, without limitation, any other information specified by the Architectural Review Board) shall have been submitted to and approved in writing as to safety, harmony of external design, color and location in relation to surrounding structures and topography and conformity with the design concept for the Community, the Design Guidelines, the Regulatory Approvals, and with any architectural standards adopted by the Board of Directors as recommended by the Architectural Review Board. The foregoing restrictions shall not prohibit an Owner from installing a "Renewable Energy Device", provided that (A) the Owner furnishes to the Architectural Review Board, prior to installation of the Renewable Energy Device, the complete plans and specifications showing the location, nature, shape, height, material, color, type of any Renewable Energy Device to be installed wholly or partially on the exterior of a Living Unit, and (B) the Renewable Energy Device does not affect any other Living Unit in the Property or any Master Common Areas within the Property. For purposes of the foregoing, "**Renewable Energy**" means solar, wind and geothermal energy sources or technology, and a "**Renewable Energy Device**" means a device that creates, converts or actively uses Renewable Energy and meets safety and performance standards set by a nationally recognized testing laboratory for that kind of device. To the extent that any proposed improvements or alterations shall require the approval of any Governmental Authority, the Owner shall submit an application to the Governmental Authority simultaneously with submitting same to the Architectural Review Board. The Owner shall be solely responsible for processing such application with the Governmental Authority at the sole cost and expense of the Owner. The Owner shall provide the Architectural Review Board with copies of all correspondence with any Governmental Authority relating to the Owner's application, and shall provide the Architectural Review Board with a copy of any decision made by any Governmental Authority with respect to the Owner's application.

In furtherance of its purposes, the Architectural Review Board shall:

(i) Review and approve, modify, or disapprove written applications of Owners and of the Master Association, for improvements or additions to Lots, Living Units, or Master Common Area Parcels. Notice of any disapprovals of applications shall be by Registered Notice. Approvals shall be sent by regular first-class mail. A copy of the plans and specifications, as approved by the Architectural Review Board, shall be deposited among the

permanent records of such Architectural Review Board. The Architectural Review Board shall have the absolute right to disapprove any application for improvements or additions to Lots, Living Units or Master Common Area Parcels, notwithstanding any approvals of any Owner's application by any Governmental Authority for such improvements, alterations or additions.

(ii) Review a copy of the Owner's application submitted to any Governmental Authority for improvements or alterations, and provide information as may be requested by any Governmental Authority in connection with the Owner's application submitted to any Governmental Authority, and review the decisions of the Governmental Authority with respect to the Owner's application.

(iii) Monitor Lots and Living Units for compliance with the architectural standards and plans for alterations approved in accordance with this Master Declaration.

(iv) Recommend to the Board of Directors for consideration and adoption architectural standards, which may include standards for interior and exterior window treatments for Living Units, to the extent that such window treatments will be visible from the exterior of the Living Unit, storm doors, window and door security bars, and other items which will be visible from the exterior of the Living Unit.

(v) Adopt procedures for the exercise of its duties and enter them in the Rules.

(c) Failure to Act. In the event that the Architectural Review Board fails to approve, modify, or disapprove, in writing, a correctly filed application within sixty (60) days after the plans and specifications (and all other materials and information required by the Architectural Review Board) have been submitted to it in writing, and provided that the request set forth in such application does not violate any provision of this Master Declaration, the Regulatory Approvals, or the architectural standards adopted by the Board of Directors, then approval by the Architectural Review Board will be deemed granted, subject, however, to approval of such proposed improvements or alterations by any Governmental Authority who must approve the proposed work, if any such approval is required. Notification of total or partial disapproval shall include the reasons for such disapproval. Failure of the Architectural Review Board or the Board of Directors to enforce the architectural standards or to notify an Owner of noncompliance with architectural standards or approved plans for any period of time shall not constitute a waiver by the Architectural Review Board or the Board of Directors of the enforcement of this Master Declaration or the architectural standards adopted by the Board of Directors at any later date.

(d) Appeal. An applicant may appeal an adverse decision of the Architectural Review Board, within thirty (30) days after such adverse decision is rendered, to the Board of Directors, which may reverse or modify such decision, but in no event shall the Architectural Review Board or the Board of Directors be required to reconsider an adverse decision where the proposal violates the Regulatory Approvals, applicable zoning ordinances or approvals, or architectural standards relating to the Property, or where the proposal has been disapproved by

any Governmental Authority. The Board of Directors is hereby authorized and empowered to promulgate reasonable rules of procedures for the conduct of such appeals.

(e) Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural Review Board pursuant to the provisions of this Article III, Section 4 shall be commenced within sixty (60) days following the date upon which the same are approved by the Architectural Review Board (whether by affirmative action or by forbearance from action, as in paragraph (c) of this Section 4 provided), and shall be substantially completed within six (6) months following the date of commencement, or within such other reasonable period as the Architectural Review Board 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 Architectural Review Board shall be conclusively deemed to have lapsed and compliance with the provisions of this Section 4 shall again be required. There shall be no deviation from the plans and specifications approved by the Architectural Review Board without the prior written consent of the Architectural Review Board. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural Review Board 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.

(f) Approvals. Design approval by the Architectural Review Board or by the Board of Directors 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 Review Board shall have the right to charge a reasonable fee for reviewing an application. In addition, the Owner shall pay the cost of any architect or engineer engaged by the Architectural Review Board to review the proposed plans. The Owner shall be solely responsible for all costs relating to obtaining the necessary approvals from all appropriate Governmental Authorities, and all plans and permits required for the proposed improvements or alterations, and in no event shall the approval by the Architectural Review Board or by the Board of Directors be substituted in lieu of applicable governmental approvals and permits or be deemed to constitute a determination as to compliance with local zoning ordinances, governmental guidelines or restrictions.

Section 5. Fidelity Bonds. Not later than the time of the first conveyance of a Lot to an Owner other than the Declarant, the Board of Directors shall obtain and maintain in place each year thereafter fidelity coverage against loss resulting from acts or omissions arising from fraud, dishonesty or criminal acts on the part of Directors, officers, managing agent, trustees, employees, volunteers, and other agents, and all other persons handling or responsible for handling funds collected, held or administered by the Master Association, whether or not such person receives compensation for their services, and any management company employing a person charged with the operation or maintenance of the Master Association who controls or disburses funds of the Master Association. Where the Board of Directors has delegated some or all of the responsibility for the handling of funds to a Management Agent, such Management Agent shall be covered by its own fidelity insurance policy which must provide the same coverage as fidelity insurance maintained by the Board of Directors. Except for fidelity insurance that a Management Agent obtains for its personnel, all other fidelity insurance policies should name the Master Association as the insured and should have their premiums paid as a

Master Common Expense by the Master Association. To the extent available, fidelity insurance obtained by a Management Agent shall name the Master Association as an additional insured. The total amount of fidelity coverage required should be sufficient to cover the maximum funds (including reserve funds) that will be in the custody of the Master Association or the Management Agent at any time while the fidelity insurance policy is in force, and should at least the lesser of (i) three (3) months' worth of gross Annual Assessments and Special Assessments and the total amount held in all investment accounts at the time the fidelity bonds are issued, or (ii) \$3,000,000.00. Fidelity insurance policies should contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The fidelity insurance policies should provide that they cannot be canceled or materially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written Registered Notice to the Master Association. The fidelity insurance policies shall be included in the books and records kept and made available by or on behalf of the Master Association.

Section 6. **Master Association Insurance.**

(a) Hazard Insurance. The Board of Directors of the Master Association, or its duly authorized Management Agent, shall be required to obtain, maintain and pay the premiums, as a Master Common Expense, upon a policy of hazard insurance covering the Master Common Areas, and any easement or lease agreement (except land, foundation, excavation and other items normally excluded from coverage) including fixtures and building service equipment, to the extent that they are a part of the Master Common Areas, or such other property which the Master Association may insure, as well as common personal property and supplies.

The hazard insurance policy shall afford, as a minimum, protection against loss or damage by fire and all other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available, and shall name the Master Association as a named insured. The insurance should cover one hundred percent (100%) of the current replacement cost (less a reasonable deductible) of the insured property. Coverage need not include land, foundations, excavations or other items that are usually excluded from insurance coverage. Unless a higher maximum amount is required pursuant to the law of the State of Maryland, the maximum deductible amount for coverage of the Master Common Areas is the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount. The funds to cover this deductible amount should be included in the Master Association's operating reserve account.

Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by the Best's Key Rating Guide of B/III or better (or its equivalent). Each insurer must be specifically licensed or authorized by law to transact business within the State of Maryland. The policy contract shall provide that no assessment may be made against the mortgagee, and that any assessment made against others may not become a lien on the mortgaged Lot superior to the First Mortgage.

The hazard insurance policy must provide that the insurance carrier shall notify the Master Association by written Registered Notice at least thirty (30) days prior to any cancellation or substantial change in the Master Association's coverage (including, without limitation, any cancellation by reason of non-payment of premium). Such Registered Notice shall be sent simultaneously therewith to any Eligible Mortgage Holder who requests such Notice in writing.

All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly acceded by private institutions as mortgage investors in the area in which the mortgaged premises are located. The following endorsements are also required: (i) an Inflation Guard Endorsement (if reasonably available); (ii) a Construction Code Endorsement if the Master Common Areas are subject to a construction code provision which would become operative and require changes to undamaged portions of any structures, even when only part of a structure is destroyed by an insured hazard or peril, and (iii) a Steam Boiler and Machinery Coverage Endorsement if any structure within the Master Common Areas has central heating or cooling, which should provide for the insurer's minimum liability per accident per location to be at least equal to the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the structure(s) housing the boiler or machinery.

(b) Flood Insurance. If the Master Common Areas are located in a Special Flood Hazard Area designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map, the Master Association must maintain a "master" or "blanket" policy of flood insurance on the Master Common Areas. The amount of flood insurance shall be at least equal to the lesser of one hundred percent (100%) of the insurable value of all structures and improvements situated in such Special Flood Hazard Area or the maximum coverage available under the applicable National Flood Insurance Administration program. Unless a higher deductible amount is required under the laws of the State of Maryland, the maximum deductible amount for flood insurance policies shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy's face amount. The funds to cover this deductible amount should be included in the Master Association's operating reserve account.

(c) Liability Insurance. The Master Association shall obtain and maintain a comprehensive general liability policy of insurance covering all of the Master Common Areas, public ways and any other areas that are under the Master Association's supervision or Maintenance. The policy shall also cover any commercial space owned by the Master Association, even if such space is leased to others. The policy should provide coverage for bodily injury (including death) and property damage that results from the operation, Maintenance or use of the Master Common Areas, and any legal liability that results from law suits related to employment contracts in which the Master Association is a party. Supplemental coverage to protect against additional risks should also be obtained, if required by a Mortgagee. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Master Association or other Owners. Liability coverage shall be a broad form commercial general liability policy in an amount not less than One Million Dollars (\$1,000,000.00), combined single limit, per occurrence, for personal injury, sickness and death, and property damage, with additional umbrella coverage in an amount not less than Two Million Dollars (\$2,000,000), unless higher amounts of coverage are required by a Mortgagee. The liability policy must provide that the

insurance carrier shall notify the Master Association in writing at least ten (10) days before it cancels or substantially modifies the Master Association's coverage.

(d) Errors and Omissions Insurance. The Master Association shall purchase Officers and Directors Errors and Omissions Insurance or similar coverage which shall include coverage for liability due to the acts of its agents and servants.

(e) Other Insurance; Premiums. The Master Association shall also purchase such insurance as is required under the License and Maintenance Agreement and the Master Association may purchase other insurance which the Board of Directors deems necessary or prudent. All insurance policies shall provide for at least ten (10) days written notice to the Master Association before material modification or cancellation of any policy. All premiums shall be paid as a Master Common Expense by the Master Association. In the event that the Master Association shall fail to maintain insurance for the Master Common Areas or such insurance as is required to be maintained under the License and Maintenance Agreement and any other third party agreements which are binding on the Property, or if the Master Association allows insurance coverage to lapse, one or more of the First Mortgagees shall have the right, upon reasonable notice to the Master Association, to obtain such insurance and to advance premiums on behalf of the Master Association. The Master Association shall reimburse such First Mortgagees for premiums advanced.

Section 7. Individual Insurance. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Master Association that each individual Owner shall carry blanket all risk casualty insurance on the Living Unit and all structures located upon the Lot. At a minimum, such coverage shall provide coverage against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any insured hazard. Notwithstanding the foregoing, the Condominium Association shall be obligated to maintain such insurance with respect to all of the Condominium Units, and the Owners of the Condominium Units shall not be required to maintain such insurance for his or her individual Condominium Unit; provided, however, if the Condominium Association at any time fails to provide such insurance, then the owners of the Condominium Units shall be obligated to maintain the required insurance with respect to their individual Condominium Units. Board of Directors of the Master Association, or its duly authorized agent, shall have the authority to obtain insurance for all or any of the Living Units located on the Property, unless the Owners thereof have supplied proof of adequate coverage to the satisfaction of the Board of Directors. The Board of Directors and the Master Association shall incur no liability to any Owner or Mortgagee in the event that the Board of Directors or the Master Association shall elect not to exercise their authority to obtain such insurance for all or any of the Living Units located on the Property. In the event the Board of Directors obtains insurance for any Lot or Living Unit pursuant to this Section, the cost thereof shall be assessed against the Lot benefitting from such insurance and shall be collectible in the same manner as any other assessment under Article V of this Master Declaration. Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction to the Living Unit and other structures constructed on the Lot, the Owner shall proceed promptly to repair or to reconstruct the Living Unit and other damaged structures in a manner consistent with the original construction. Each Owner of a Lot covenants and agrees that in the event that such Living Unit

is totally destroyed, the Owner shall proceed promptly to repair or to reconstruct the Living Unit in a manner consistent with the original construction, unless approval to do otherwise is obtained from the Architectural Review Board and the Board of Directors.

ARTICLE IV

MASTER ASSOCIATION MAINTENANCE OBLIGATIONS; MASTER COMMON AREAS

Section 1. **Maintenance Obligations of the Master Association.** Commencing upon the conveyance by the Declarant or by a Participating Builder of the first Lot and Living Unit to an Owner, the Master Association shall be responsible for the management, Maintenance, control and replacement, as necessary, of the Master Common Areas and all other elements of the Property specifically stated to be the responsibility of the Master Association in this Master Declaration.

(a) Master Common Area Improvements. The Master Common Area Improvements shall include all of the improvements within the Master Common Area Parcels, including, without limitation, the Private Alleys within the Master Common Area Parcels, sidewalks along the Private Alleys (but specifically excluding all leadwalks, driveways and curbs adjacent to private driveways), all Storm Water Management Facilities, including, without limitation, the Private Stormwater Management System and the Bio-Retention Facilities, wherever they are located within the Community), all steps in the Master Common Area Parcels (but not steps or stoops on Lots which provide access into the Living Units), all Recreational Amenities, the Mini Market, bike paths, all parks and seating areas within the Master Common Area Parcels, all lighting, furnishings, benches, trash receptacles, and equipment, if any, within the Master Common Area Parcels, all Community Landscaping, the Forest Conservation Area Access Easement, and all other improvements and facilities in the Master Common Area Parcels.

(b) Maintenance Standards; Perpetual Obligation. The Master Association shall Maintain the Master Common Area Parcels and all Master Common Area Improvements in accordance with the Maintenance Standards and the terms of the Regulatory Approvals, the Development Covenant, the License and Maintenance Agreement, Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, and the Tower Oaks Easement Agreement, as applicable, at all times (except to the extent that the Owners shall have responsibility for same as set forth in Article VI, Section 3 hereof). The obligation of the Master Association set forth herein with respect to the Maintenance of the Master Common Areas, all Master Common Area Improvements and facilities located therein or thereon, and other improvements within the Community for which the Master Association has responsibility pursuant to the terms of this Master Declaration, or in the Development Covenant, the License and Maintenance Agreement, Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, or the Tower Oaks Easement Agreement, shall be perpetual and such obligations may not be amended without the prior written consent of the appropriate Governmental Authorities or the other parties to such covenants and agreements.

(c) Living Units. The obligations of each Owner for the Maintenance of the Owner's Living Units are set forth in Article VI, Section 3 of this Master Declaration.

Section 2. **Specific Maintenance Obligations.** The Maintenance obligations of the Master Association shall include the following:

(a) Maintenance of Private Alleys and Other Surfaces. The Master Association shall Maintain the Private Alleys, sidewalks and steps (if any) within the Master Common Area Parcels a clean manner and, to the extent possible, the streets (only to the extent that such streets are not Public Streets Maintained by the City) shall be Maintained with a smooth surface. Maintenance of the Private Alleys shall include repaving of the Private Alleys, and Maintenance of the curb (to the back of the curb located within the Master Common Area Parcels) and the gutter along the length of the Private Alleys located within the Master Common Area Parcels. Maintenance of such Private Alleys, sidewalks, and other surfaces, as well as the steps (if any) within the Master Common Area Parcels, shall not include the removal of stains on such surfaces resulting from the use of such surfaces. In no event shall the Master Association be responsible for Maintaining any sidewalks, steps, or surfaces within the Condominium Property. The Master Association shall not be responsible for Maintaining the Public Streets within the Community. The City shall be responsible for Maintenance of all Public Streets, including the curb and sidewalk adjacent to the Public Streets; provided, however, that the City shall not be responsible snow removal from the sidewalks adjacent to the Public Streets and the City shall not be responsible for the Maintenance of any Storm Water Management Facilities located in the Public Streets. The Master Association shall be responsible for snow removal from the sidewalks within the Community and for the Maintenance of the Storm Water Management Facilities located in the Public Streets.

(b) Fencing. The Master Association shall Maintain all fencing which is installed by the Declarant or a Participating Builder around the Recreational Amenities, as well as the fencing installed by the Declarant at the rear of the Single-Family Lots. Except for the fencing described in the foregoing sentence, the Master Association shall not be responsible for Maintaining any fencing within the Community. Party walls (including party wall fences) located on the Lots shall be Maintained by the Owners of the Lots on which such walls or fencing are located (or in case of party walls and party wall fences, by the adjoining Lots which share such party wall or party wall fence as provided in Article VI, Section 4 of this Master Declaration).

(c) Landscape Maintenance.

(i) The Master Association will be responsible for Maintaining all Community Landscaping, and all furnishings installed by the Declarant or a Participating Builder within the Master Common Area Parcels, including surfaces, benches, bike racks (if any), and trash receptacles on the Master Common Area Parcels. Such Maintenance of the Community Landscaping shall include the regular mowing of all grass areas, and pruning and trimming of trees, bushes, and shrubs which are part of the Community Landscaping. The Master Association shall not be responsible for Maintaining the street trees within the Public Street rights-of-way which are shown on the Street Tree and Lighting Plan which is included in the Regulatory Approvals ("**City Trees**").

(ii) In furtherance of the foregoing obligation, the Master Association will be responsible for the regular mowing of the grass areas within the front, side and rear yards,

as applicable, of all Lots (except for the rear yards of the Single-Family Lots and the Condominium Property). The Master Association's responsibilities shall also include (A) pruning (limbed to a minimum of six (6) feet), feeding, spraying, mulching and weeding the grass areas and landscape areas installed by the Declarant, a Participating Builder or the Master Association within the Master Common Area Parcels and in the front, side and rear yards of the Lots (except for the rear yards of the Single-Family Lots), including those trees along the Private Alleys (but not the City Trees), (B) pruning and trimming shrubbery (maintained at a maximum of 36 inches) installed by the Declarant, a Participating Builder or the Master Association within the Master Common Area Parcels and within the front, side and rear yards of the Lots (except for the rear yards of the Single-Family Lots), and (C) the mulching of flower beds installed by the Declarant, a Participating Builder or the Master Association in the Master Common Area Parcels and in the front, side and rear yards of the Lots (except for the rear yards of the Single-Family Lots). An Owner may decline landscape Maintenance for his Lot by the Master Association, but there will be no reduction of such Owner's Assessments as a result of declining landscape Maintenance. To the extent that any such Owner declines landscape Maintenance for his Lot by the Master Association, but the Owner fails to Maintain the landscaping on his Lot at a level equal to the level of the Master Association's Maintenance for other Lots within the Property, the Master Association shall have the right to resume the landscaping for the Lot in question. The Master Association shall be responsible for watering the grass, landscaping and shrubbery in the Master Common Area Parcels, but each Owner shall be responsible for watering the grass, landscaping and shrubbery on such Owner's Lot. In no event shall the Master Association be responsible for Maintaining any landscaping within the Condominium Property. To the extent that (x) the Declarant or a Participating Builder has installed any Community Landscaping pursuant to the requirements of the Regulatory Approvals, and (y) the Declarant has provided an initial budget which anticipates Maintenance of such Community Landscaping by the Master Association, the Master Association shall not reallocate such funds designated in the budget for Maintenance of such Community Landscaping for any other purpose, but such funds shall be utilized by the Master Association solely for the Maintenance of such Community Landscaping. It shall be the sole responsibility of the Master Association to Maintain all such Community Landscaping in accordance with the requirements of the Regulatory Approvals, including, without limitation, the replacement of same with the same types of plantings and trees in the event any of the same shall die. Each Owner is responsible for watering all Community Landscaping located on such Owner's Lot, and if any such Community Landscaping on a Lot dies as a result of the Owner's failure to water such Community Landscaping located on such Owner's Lot on a regular basis, the Master Association shall have the right to levy a Special Assessment against the defaulting Owner in the same manner as a Restoration Assessment pursuant to Article V, Section 4(b) hereof. No Owner of a Townhouse Lot or Single-Family Lot shall restrict access to such Owner's Lot, or place any decoration in the front or side yard of a Lot, which would interfere or impair the ability of the Master Association to perform its obligations under this Article IV, Section 2(c).

(iii) In no event shall the Master Association include any Prohibited Plants in the Community Landscaping, and the Owners and Occupants of the Community shall be prohibited from including any Prohibited Plants on the Lots.

(d) Snow Removal. The Master Association will be responsible for the removal of accumulated snow and ice from the Private Alleys. In addition, the Master

Association shall be responsible for the removal of snow and ice from the concrete, asphalt, and paver (whether concrete, asphalt or brick) surfaces of all sidewalks within the Community (with the exception of the Condominium Property), regardless of whether such sidewalks are located on Master Common Area Parcels, on Lots, or within the Public Street rights-of way, and notwithstanding the provisions of Article IV, Section 1(a) above, the leadwalks, stoops, steps, driveways and driveway aprons on the Lots. The Master Association is not responsible for the removal of snow or ice from the Condominium Property, nor from the Public Street rights-of-way. The Master Association is not responsible for snow or ice removal where the surface is of a material other than those mentioned in the foregoing sentence (i.e., gravel). Each Owner shall be solely responsible for the removal of snow and ice from the decks, balconies, and rooftop terraces on, of and to such Owner's respective Lot and Living Unit. In no event shall any Owner dump snow removed from his or her Lot onto the Private Alleys or onto Public Streets or sidewalks within or adjacent to the Community, nor shall any Owner dump snow into the Forest Conservation Area. During the one-year period following the date of acquisition of a Lot by a Class A Member or Class B Member from the Declarant or any Participating Builder (i.e., the first conveyance of such Lot to a Class A Member or Class B Member), no Owner or Occupant of the Living Unit shall use, or permit the use of, deicing chemicals of any type on concrete surfaces within the Lot. In addition, neither the Declarant, nor any Participating Builder, nor the Master Association, nor any Owner or Occupant of a Living Unit shall use, or permit the use of, deicing chemicals of any type on concrete surfaces within the Master Common Areas for the first winter season after the concrete surface was installed. Following the expiration of any period when no deicing materials of any type may be used on a particular Lot or within a particular portion of the Master Common Areas, neither the Master Association nor any Owner or Occupant of a Living Unit, nor the Declarant or any Participating Builder, shall use or permit the use of deicing chemicals (except for calcium magnesium acetate) on the steps, stoops, leadwalks, driveways, driveway aprons, sidewalks, or any other areas for which the Master Association has Maintenance responsibility, nor shall such prohibited deicing chemicals be used anywhere on such Owner's Lot. Any Owner(s) using such prohibited deicing chemicals shall be solely responsible for the damage caused to the Lots and Master Common Area Parcels by reason of the use of such prohibited deicing chemicals. After the last snow storm or ice storm of each winter, the Master Association shall water down the Private Alleys, walkways and sidewalks within the Master Common Area Parcels so as to remove any and all remaining snow, ice and snow and ice removal products which were used on such surfaces during the winter. Each Owner shall wash down all surfaces located on such Owner's Lot promptly after the last snow storm or ice storm of the winter season. If an Owner denies or limits access to the leadwalks, stoops, steps, driveway or driveway apron appurtenant to such Owner's Lot, then the Master Association shall not be responsible for snow or ice removal in those restricted areas, nor shall the Master Association be obligated to provide such snow or ice removal from any area in which personal property of any nature is located, and the Owner shall be solely responsible for snow and ice removal from such areas. Under no circumstances shall the Master Association have responsibility for the removal of snow and/or ice from any areas within the Property except as expressly provided in this Article IV, Section 2(d) nor for damage to personal property located in such areas where the Master Association may perform snow and/or ice removal services. No Owner may waive or otherwise escape liability for the full amount of the assessments provided for herein with respect to such Owner's Lot and/or Living Unit by non-use or waiver of the foregoing services, or the

inability of the Master Association to provide such services by reason of the lack of access to such areas or the placement or storage of personal property within such areas.

(e) Lighting. The Master Association shall be responsible for Maintaining any street lights installed by the Declarant within the Master Common Area Parcels, except that the Master Association shall not be responsible for Maintaining street lights located in the Public Street rights-of-way within the Community. The Maintenance of all street lights located within the Public Street rights-of-way is the responsibility of the City.

(f) Shared Mailboxes. The Master Association will be responsible for Maintaining those mailboxes which are shared by Owners of more than one Lot, whether such mailboxes are located on the Master Common Area Parcels or on any individual Lot (except that the Master Association shall have no responsibility with respect to any mailboxes serving the Condominium Units), except to the extent that damage to any mailbox is caused by the misuse or abuse of same by any Owner, or the Occupants of a Living Unit, or the guests, tenants or invitees of an Owner or Occupant, then such Owner shall be responsible for the costs incurred to repair such damage and the Master Association shall charge the costs of repair to the Owner(s) of such Lots as a Special Assessment in the same manner as a Restoration Assessment pursuant to Article V, Section 4(b) hereof.

(g) Storm Water Management Facilities. The Master Association will be responsible for Maintaining all Storm Water Management Facilities within the Community, including, without limitation, the Private Stormwater Management System and including all Storm Water Management Facilities which may be located behind the curb within the Public Streets, in a commercially reasonable manner. Such Maintenance of the Storm Water Management Facilities shall include verifying the proper drainage to the Storm Water Management Facilities from the properties they are intended to serve, cleaning and/or replacing filter media, landscaping associated with the Storm Water Management Facilities, all to the extent necessary, and Maintaining and cleaning any storm piping and structures necessary for the Storm Water Management Facilities to operate properly.

(h) Forest Conservation Access Easement. The Forest Conservation Maintenance Agreement provides that the Forest Conservation Area is to be Maintained, including, without limitation, the following: (1) protection and maintenance of existing forested areas and/or individual significant trees as provided in the Forest Conservation Plan approved by the City of Rockville (the "**Approved Forest Conservation Plan**") and any directives of the City of Rockville Forester; (2) to replace any existing trees designated on the Approved Forest Conservation Plan to remain that are damaged or destroyed in the course of development of the Community; (3) to plant the trees required by the Approved Forest Conservation Plan in accordance with the specifications of the Approved Forest Conservation Plan; (4) to eradicate, suppress, and control non-native and invasive plant species during the Maintenance Period (which is five years from the date the plantings are inspected and approved by the City Forester) in accordance with the Approved Forest Conservation Plan and any directives of the City Forester; (5) to maintain all tree plantings in accordance with the Approved Forest Conservation Plan, for a period of five years from the date the plantings are inspected and approved by the City Forester (the "**Maintenance Period**"). The responsibilities to be undertaken under the Forest Conservation Maintenance Agreement shall be performed by the Master Association. In

addition, pursuant to the Forest Conservation Area Access Easement, the access easements that provide access from public rights-of-way to the Forest Conservation Area are to be Maintained, and the Master Association shall be responsible for such Maintenance of the Forest Conservation Area Access Easement.

(i) Utilities; Storm Drainage Facilities. To the extent that the utilities (which utilities may include, but not be limited to, gas, electric, telephone data, and cable television) (collectively, the "Utilities") and the utility lines, equipment and other appurtenances serving the Utilities on the Property are not Maintained by the utility company, the Master Association shall be responsible for Maintenance of the Utilities serving the Property (but not Utilities serving individual Lots and Living Units).

(j) Mini Market. The Master Association will include Mini Market within the Community which will be operated for the benefit of the Owners and Occupants of the Community. The Mini Market is required pursuant to the Regulatory Approvals.

(k) Shuttle Service. The Master Association will operate or cause to be operated a Shuttle Service for the benefit of the Owners and Occupants of the Community, which Shuttle Service will commence at such time as occupancy permits for at least fifty percent (50%) of the Living Units have been issued by the City of Rockville. The Board of Directors shall establish Rules and schedules for the operation of the Shuttle Service.

(l) Third Party Agreements. The Master Association shall be responsible for performing all of its Maintenance obligations set forth under any and all easement or other agreements which are binding on the Property, including, without limitation, any agreements by and between the Master Association (or on the behalf of the Master Association) and third parties and easements granted to utility providers.

Section 3. **Maintenance Expenses.** Except as provided below, all expenses incurred by the Master Association in performing the obligations of the Master Association pursuant to Article IV, Sections 1 and 2, including, but not limited to, reserves for the Maintenance of any such property or improvements, shall be Master Common Expenses of the Master Association.

(a) Responsibility for Damage. Notwithstanding the foregoing, if damage to the Master Common Area Parcels or any improvements or facilities located therein, or any other areas or improvements within the Community for which the Master Association has Maintenance responsibility, is caused by the misuse or abuse of same by any Owner or the guests, tenants, Occupants or invitees of an Owner, or any other permitted user of such areas, then such Owner or permitted user shall be responsible for the costs incurred to repair such damage and the Master Association shall charge the costs of repair to the Owner(s) of such Lots as a Special Assessment in the same manner as a Restoration Assessment pursuant to Article V, Section 4(b) hereof, or the Master Association shall assess a fine in the same amount as would constitute such Special Assessment to the permitted user.

Section 4. **Easement for Maintenance; No Obstructions.** The Master Association, its agents, employees and contractors are hereby granted an easement for ingress and egress to, over, across and through the Lots for the purposes of performing its obligations under this Article

IV, Sections 1 and 2, and the Master Association, and its agents, employees, and contractors shall have the right to enter any Lot, without the consent of the Owner or Occupant, to perform such obligations. No Owner shall cause or permit any furniture, furnishings, trash receptacles, objects, planters, planter boxes, potted plants, signs or other items to be placed on the Master Common Area Parcels, it being understood that access to, through, over and across the Master Common Area Parcels must remain unencumbered and unrestricted and unimpaired at all times.

Section 5. Personnel to Provide Services. The Master Association shall engage knowledgeable persons to perform the Maintenance and other services required to be performed by the Master Association hereunder, including without limitation, the service required or recommended for the repair, Maintenance and or replacement of any Storm Water Management Facilities, and any other major or complex systems to be Maintained by the Master Association, and the Shuttle Service and the Mini Market.

Section 6. Easement of Enjoyment. Subject to the provisions in this Master Declaration, every Owner shall have a right and non-exclusive easement of enjoyment in and to the Master Common Areas which shall be appurtenant to and shall pass with the title to every Lot, and every Member shall have a right of enjoyment to the Master Common Area Parcels and the Master Common Area Improvements, as contemplated in the Regulatory Approvals, both before and after conveyance of fee simple title to the Master Common Area Parcels to the Master Association.

Section 7. Extent of Members' Easement. The Members' easement of enjoyment created hereby shall be subject to the following:

(a) Rules for Master Common Areas. The right of the Master Association to regulate the use of the Master Common Area Parcels and any facilities located within the Master Common Area Parcels for the benefit of the Members, to establish Rules for the use of the Master Common Areas.

(b) Suspension of Voting Rights. The right of the Master Association to suspend the voting rights of a Member and the right of a Member to use the Master Common Area Parcels or any Master Common Area Improvements, (i) for any period during which any assessment against his Lot or Living Unit remains unpaid, and (ii) after Notice and an opportunity for a hearing, for a period not to exceed sixty (60) days for any infraction of its published Rules; provided, however, that the obligation of such Member to pay assessments shall continue unabated during such period of suspension of voting rights or right to utilize the Master Common Areas.

(c) Dedication or Transfer of Master Common Areas. The right of the Master Association to dedicate, sell or transfer all or any part of the Master Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members and subject to the terms of the Regulatory Approvals. No such dedication, sale or transfer shall be effective without the consent of Class A Members and Class B Members holding in the aggregate at least sixty-seven percent (67%) of the Total Votes in the Master Association and the consent of the Class C Members, so long as the Class C

membership shall continue to exist, and fifty-one percent (51%) of the Eligible Mortgage Holders.

(d) Limiting Use by Guests. The right of the Master Association to limit the use of the Recreational Amenities to the Owners and Occupants of the Living Units, or may limit the number of guests of Members utilizing the Recreational Amenities; provided, however, that the Master Association may not limit or deny access to any portion of the Property over which a public access easement has been granted.

(e) Easements. The right of the Master Association, the Participating Builder(s), the Declarant, the City, utility companies and other Owners with respect to the easements established by or in accordance with this Master Declaration.

(f) Borrow Money. The right of the Master Association, in accordance with its Articles of Incorporation and Bylaws, and with the consent of Class A Members and Class B Members holding in the aggregate at least sixty-seven percent (67%) of the Total Votes in the Master Association, and the consent of the Class C Members, so long as the Class C memberships shall continue to exist, to borrow money for the purpose of improving the Master Common Area Parcels and any Master Common Area Improvements in a manner designed to promote the enjoyment and welfare of the Members and in aid thereof to mortgage any of the Master Common Areas and any facilities thereon.

(g) Protection of the Property. The right of the Master Association to take such steps as are reasonably necessary to protect the property of the Master Association against mortgage default and foreclosures; provided, however, that the same are in conformity with the other provisions of this Master Declaration.

(h) Reserved Rights for Declarant and Participating Builders. The right of the Declarant, as to the Master Common Area Parcels, if any, and the Participating Builders, as to their respective Lots, as more fully set forth in Article VII of this Master Declaration, (A) to grant licenses, rights of way and easements for access or construction, reconstruction, Maintenance of the Property, including, without limitation, any utility lines or appurtenances, whether public or private, to any Governmental Authority, public utility, cable television franchise, the Declarant, a Participating Builder, to an owner of other property within the immediate vicinity of the Property, or to any other person, (B) to utilize reserved rights and easements, and (C) to otherwise utilize the Master Common Areas as it deems appropriate in connection with the development of the Property.

(i) Grant Easements and Licenses. The right of the Master Association, acting by and through its Board of Directors, to grant easements, licenses or other rights of use of the Master Common Area Parcels and any Master Common Area Improvements thereon to persons or entities that are not Members of the Master Association for such consideration and on such terms and conditions as the Board of Directors may from time to time consider appropriate or in the best interest of the Master Association or the Property.

(j) Leasing. The right of the Master Association to be the lessee of any portion or all of the Master Common Areas and the right of the Master Association to enforce the

terms of the lease with respect to such Master Common Areas against such property and the Owners and their guests, lessees and invitees.

(k) Conveyance of Master Common Area Parcels. The right of the Master Association, acting by and through its Board of Directors, to transfer or convey portions of the Master Common Area Parcels for purposes of adjusting the boundary lines of one or more Lots and/or the Master Common Area Parcels; provided, however, that (i) such transfer or conveyance has been approved, as necessary, by applicable local Governmental Authorities, or is otherwise in conformance with applicable law, local zoning ordinances, governmental guidelines, or restrictions, (ii) all Lots which were adjacent to Master Common Area Parcels prior to such transfer remain adjacent to Master Common Area Parcels after such transfer, and (iii) the adjustment shall not materially alter the Master Common Area Parcels.

(l) Right of Access. The right of the Master Association to enter onto a Lot or into a Living Unit, or other improvements on a Lot, to perform Maintenance and emergency repairs or to perform the obligations of the Master Association set forth herein.

(m) Sales Activities. The right of the Declarant (and its sales agents and representatives) to the non-exclusive use of the Master Common Areas for display and exhibit purposes, which right the Declarant hereby reserves for itself and for the Participating Builders; provided, however, that such use shall not be for a period of more than ten (10) years after the later to occur of (1) the conveyance of all Master Common Area Parcels to the Master Association, or (2) the sale of all residential Lots and Living Units within the Property by the Declarant and Participating Builder(s), and the Declarant and the Participating Builder(s) shall reasonably restore any damage to the Master Common Areas as a direct result of such use by such party.

Section 8. Limitations. Any other provision of this Master Declaration to the contrary notwithstanding, the rights of the Master Association shall be subject to the following limitations:

(a) Use of Private Alleys. The Master Association shall have no right to suspend the right of any Owner to use the Private Alleys for both vehicular and pedestrian ingress and egress to and from such Owner's Lot, except for the right of the Master Association to enforce the parking restrictions with respect to the Private Alleys. The Declarant reserves the right (but not the obligation), subject to receiving approval, if necessary, of any modifications required to the Regulatory Approvals, to install additional traffic flow devices within the Private Alleys.

(b) Use of Easements. The Master Association shall have no right to suspend the right of the Declarant, a Participating Builder or any Owner to use any easement over the Master Common Area Parcels for storm water drainage, electrical energy, water, sanitary sewer, natural gas, cable television or similar service, telephone service or similar utilities and services to the Lots. The Forest Conservation Area Access Easement provides that the access areas described therein will be used to provide open and unobstructed public use of the access areas identified in said Forest Conservation Area Access Easement for access, ingress and egress, for the benefit of the City. The Grant of Public Improvements prohibits the construction of any

building or structure within the Public Improvements Easement without obtaining the prior approval of the City. The Shared Road Easements provide that the Shared Road will be used to provide open and unobstructed use of the Shared Road for access, ingress and egress, for the benefit of the Property as well as the Adjacent Property. The Shared Road is dedicated for public use as reflected on the Record Plat.

(c) Uniform Rules. The Master Association shall have no right to adopt Rules which are not uniformly applicable to or uniformly enforceable against all Lots.

(d) Services. Notwithstanding anything to the contrary set forth herein, the Master Association shall have no right to modify the major components of those services to be provided by the Master Association pursuant to Article IV, Sections 1 and 2 of this Master Declaration, including the Shuttle Service and the Mini Market, without the consent of Class A Members and Class B Members holding in the aggregate at least sixty-seven percent (67%) of the Total Votes in the Master Association and the consent of the Class C Members, so long as the Class C membership shall continue to exist.

Section 9. **Delegation of Use**. Any Member may delegate his right of enjoyment to the Master Common Area Parcels and the Master Common Area Improvements thereon to the members of such Member's family, such Member's Occupants who reside within the Property, and social invitees or contract purchasers, subject to such Rules as may be established from time to time by the Board of Directors.

Section 10. **Title to Master Common Areas**. The Declarant hereby covenants that the Master Common Area Parcels which the Declarant conveys to the Master Association shall be free and clear of financial liens and financial encumbrances at the time of conveyance, except for those that may exist pursuant to this Master Declaration, the Regulatory Approvals, and those obligations imposed by other existing covenants and agreements affecting the Property. In the event that a financial lien or financial encumbrance shall attach to all or a portion of the Master Common Areas, one or more of the Eligible Mortgage Holders shall have the right to discharge said lien or encumbrance after reasonable notice to the Master Association and to seek reimbursement for amounts paid to discharge the lien or encumbrance. All Master Common Area Parcels and the Master Common Area Improvements conveyed by the Declarant to the Master Association shall be immediately accepted and thereafter owned by the Master Association. The Master Association may acquire, lease, hold, and dispose of tangible and intangible personal property and real property, subject to the requirements of this Master Declaration. The Board of Directors, acting on behalf of the Master Association, will accept any real or personal property, leasehold, or other property interests within the Property conveyed to it by the Declarant.

Section 11. **Repair and Reconstruction of Master Common Areas After Fire or Other Casualty**. In the event of damage to or destruction of any portion of the Master Common Areas covered by insurance payable to the Master Association as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof, and shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as appropriate. Promptly after a casualty causing damage or destruction of any portion of the Master Common Areas for which the Master Association has the responsibility of

Maintenance, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged portions of the Master Common Areas in as good a condition as existed prior to the casualty. Such costs may include, without limitation, professional fees and premiums for such bonds as the Board of Directors may desire.

Section 12. **No Dedication to Public Use.** Nothing herein contained shall be construed as a dedication to public use (except for those areas over which a public access easement is created on the Record Plat), or as an acceptance for Maintenance of the Master Common Areas, or any portion thereof, or any facilities within the Property 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 Master Common Areas or other facilities within the Property except as expressly set forth in an agreement with such agency, authority or utility.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 1. **Creation of the Lien and Personal Obligation of Assessments.** There are hereby created assessments for Master Common Expenses as may be from time to time specifically authorized by the Board of Directors to be commenced at the time and in the manner set forth in this Article V. Each Owner of any Lot by acceptance of a deed thereto, whether or not it shall be so expressed in such deed, is deemed to covenant and agree, to pay to the Master Association such Annual and Special Assessments, as are established herein and to pay same in the manner hereinafter provided. Where there is more than one Owner of a Lot, the Owners of a Lot shall be deemed to jointly and severally covenant and agree to pay to the Master Association such Annual and Special Assessments.

All such assessments, together with interest thereon and costs of collection thereof, late fees and reasonable attorney's fees, all as hereinafter provided, shall be a charge on the Lot (including all improvements thereon), and shall be a continuing lien upon the property against which each such assessment is made, subject to the requirements of the Maryland Contract Lien Act, if applicable. Each such assessment, together with interest thereon and costs of collection thereof, late fees and reasonable attorneys' fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due and shall not pass as a personal obligation to his successors in title unless expressly assumed by them. Prior to or at the time of any conveyance of a Lot by an Owner, all liens, unpaid charges and assessments shall be paid in full and discharged. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use or waiver of the use or enjoyment of the Master Common Areas or any facilities located thereon, or any portion thereof, or abandonment of his Living Unit, or Lot, or the inability of the Master Association to perform landscape Maintenance obligations in an area of a Lot which is fenced in or otherwise enclosed or substantially enclosed, or for the alleged failure of the Board of Directors or the Master Association to fulfill any of its obligations under this Master Declaration.

Section 2. **Method of Assessment.** All assessments shall be levied by the Master Association against Lots and collected and disbursed by the Master Association; provided,

however, with respect to any Lot that has been annexed within the jurisdiction of a Condominium Association, the Master Association shall collect each such Lot's share of the assessments charged pursuant to this Master Declaration directly from the governing body of the Condominium Association. Each Condominium Association shall be responsible for collecting the Annual Assessments and Special Assessments due from the members of the Condominium Association, but each Owner shall remain personally liable for the payment of all Annual Assessments and Special Assessments levied against such Owner's Lot and each Lot shall remain subject to the lien for the Annual Assessments and Special Assessments established by this Master Declaration. All notices regarding Annual Assessments and Special Assessments shall be sent to the governing body of the Condominium Association; provided, however, that notice of any action to foreclose the lien against such Owner's Lot shall also be sent to the Owner of such Lot. This Section 2 shall not be deemed to limit or waive, and shall be without prejudice to, any rights, remedies or recourses available to the Master Association for non-payment of any assessments. The Board of Directors shall fix the amount of the assessments as provided hereinafter and set the dates on which such assessments shall become due and payable.

Section 3. Annual Assessments.

(a) Purpose. The Annual Assessments shall be based upon (x) the Master Association's operating costs and (y) the Master Association's obligations to promote the health, safety, and welfare of the Members of the Master Association as a whole and in particular to improve, Maintain, and operate the Master Common Areas and facilities therein, and (z) the Master Association's other obligations under this Master Declaration, the Forest Conservation Easement Agreement, the Forest Conservation Maintenance Agreement and the Shared Road Easements. The Annual Assessments are intended to cover the following:

(i) The cost of all Master Common Expenses and all operating expenses of the Master Common Areas and facilities thereon, including the services furnished to or in connection with the Master Common Areas and charges by the Master Association for any services furnished by it, including, without limitation, the Shuttle Service and the operation of the Recreational Amenities and the Mini Market, and, subject to the provisions of Article IX hereof, fees paid to any Management Agent for services provided to the Master Association with respect to performing the Master Association's obligations under this Master Declaration.

(ii) The amount of all taxes and assessments levied against the Master Association or upon the Master Common Areas or other Property owned by the Master Association.

(iii) The cost of casualty, if any, and extended liability insurance maintained by the Master Association with respect to the Master Common Areas or the Master Association, and the cost of such other insurance as the Master Association may effect with respect to the Master Common Areas or otherwise to be carried by the Master Association under the terms of this Master Declaration, including, without limitation, the insurance to be carried pursuant to the terms of the License and Maintenance Agreement.

(iv) The costs of utilities and other services which may be provided by the Master Association, including, without limitation, site security (if the Board of Directors

elects to include such security) and trash removal and recycling, to the extent that such services are services provided by the Master Association and are not public services.

(v) The cost of Maintaining all areas within the Community which are expressly described in this Master Declaration as the Master Association's responsibility, including all of the Master Common Areas and those other areas, whether located on Lots or located outside the boundaries of the Property, and the cost of Maintenance of such other items as the Master Association is expressly responsible for as described in this Master Declaration, whether located on the Master Common Areas or the Lots or outside of the boundaries of the Property, in the manner that the Board of Directors shall determine to be necessary to satisfy the Maintenance Standards and the requirements of the Regulatory Approvals, the Development Covenant, the License and Maintenance Agreement, Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the Shared Road Easements or the Tower Oaks Cost-Sharing Agreement, and such other guidelines that the Board of Directors shall determine to be necessary and proper in connection with the foregoing.

(vi) The cost of funding all reserves established by the Master Association, including, when appropriate, a general operating reserve and a reserve for repair and replacements of the Master Common Area Improvements, and any other portions of the Property for which the Master Association has responsibility for Maintenance pursuant to the terms of this Master Declaration or pursuant to the terms of the Development Covenant, the License and Maintenance Agreement, Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, Shared Road Easements or the Tower Oaks Cost-Sharing Agreement.

(vii) The obligations of the Master Association under the terms of the Forest Conservation Easement, the Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the License and Maintenance Agreement, the Shared Road Easements and the Tower Oaks Cost-Sharing Agreement.

(viii) The implementation, administration, and enforcement of this Master Declaration, including, but not limited to, court costs and attorney's fees.

(b) Allocation of Annual Assessments.

(i) There shall be four (4) classes of assessable Lots, which shall be assessed as follows:

A. Class I Lots: Each Townhouse Lot on which a Living Unit is constructed and which meets the requirements of Class A membership will be assessed as a Class I Lot and each such Class I Lot will be responsible for the payment of .3012% of the total Annual Assessments, which percentage is based upon the first stabilized year of operation of the Master Association. The foregoing percentage of each Class I Lot may vary for the period prior to the first stabilized year of operation of the Master Association, and the Annual Assessments prior to the first stabilized year of operation of the Master Association will be calculated based upon the annual budget for the first stabilized year of operation. When all of the Townhouse Lots on which Living Units have been constructed have been converted to Class A membership, such Townhouse Lots shall be allocated in the aggregate 50.0% of the Annual Assessments,

which portion of the Annual Assessments shall be shared equally by each of said Townhouse Lots.

B. Class II Lots: Each Single-Family Lot on which a Living Unit is constructed and which meets the requirements of Class A membership will be assessed as a Class II Lot and each such Class II Lot will be responsible for the payment of .25% of the total Annual Assessments, which percentage is based upon the first stabilized year of operation of the Master Association. The foregoing percentage of each Class II Lot may vary for the period prior to the first stabilized year of operation of the Master Association, and the Annual Assessments prior to the first stabilized year of operation of the Master Association will be calculated based upon the annual budget for the first stabilized year of operation. When all of the Single-Family Lots on which Living Units have been constructed have been converted to Class A membership, such Single-Family Lots shall be allocated in the aggregate 7.5% of the Annual Assessments, which portion of the Annual Assessments shall be shared equally by each of said Single-Family Lots.

C. Class III Lots: Each Townhouse Lot on which an MPDU has been constructed and which meets the requirements of Class A membership will be assessed as a Class III Lot and each such Class III Lot will be responsible for the payment of .3922% of the total Annual Assessments, which is percentage is based upon the first stabilized year of operation of the Master Association. The foregoing percentage of each Class III Lot may vary for the period prior to the first stabilized year of operation of the Master Association, and the Annual Assessments prior to the first stabilized year of operation of the Master Association will be calculated based upon the annual budget for the first stabilized year of operation. When all Lots on which the MPDUs have been constructed and have been converted to Class A membership, such Lots shall be allocated 20.0% of the Annual Assessments, which portion of the Annual Assessments shall be shared equally by each of the Lots on which an MPDU exists. At such time as the MPDU Control Period ends with respect to an MPDU, then the Lot on which such MPDU was constructed shall become a Class I Lot for purposes of assessment and the total percentages of the Annual Assessments allocated to the Class I Lots shall be increased and the total percentage of the Annual Assessments allocated to the Class III Lots shall be decreased to account for the redesignation of the Class III Lot(s) to Class I Lot(s).

D. Class IV Lots. Each Condominium Unit within the Condominium Property will be assessed as a Class IV Lot and each Class IV Lot will be responsible for the payment of .1758% of the total Annual Assessments, which percentage is based upon the first stabilized year of operation of the Master Association. The foregoing percentage of each Class IV Lot may vary for the period prior to the first stabilized year of operation of the Master Association, and the Annual Assessments prior to the first stabilized year of operation of the Master Association will be calculated based upon the annual budget for the first stabilized year of operation. When all of the Condominium Buildings have been constructed and the ownership of each Condominium Unit have been converted to Class B membership, the Condominium Units shall be allocated in the aggregate 22.5% of the Annual Assessments, which portion of the Annual Assessments shall be shared equally by each of said Condominium Units.

E. Class V Lots: All Lots owned by the Participating Builders on which Living Units have not been constructed or have been constructed, but which have not been initially occupied by a Single Family Household. Class V Lots shall not at any time be subject to any Annual Assessments, Special Assessments, fees or other charges levied by the Master Association, and the Class C Members shall not have any obligation whatsoever to pay any such Annual Assessments, Special Assessments, fees or other charges. In consideration for its exemption from all Annual Assessments, Special Assessments, fees and charges, the Class C Members shall provide funds to the Master Association to cover all "operating budget deficits" (as defined below) incurred by the Master Association during the "Deficit Period" (as defined below) in furtherance of the Master Association's purposes; provided, however, that at no time shall the obligation of a Class C Member during any fiscal year exceed one hundred percent (100%) of the Annual Assessments, Special Assessments, fees and other charges that would have been applicable to the Class V Lots owned by the Class C Member during such fiscal year had they been classified as Class I Lots or Class II Lots or Class III Lots or Class IV Lots owned by Class A Members or Class B Members, as applicable. The operating budget deficits to be funded by the Class C Members shall be funded in the manner agreed upon by the Class C Members. Notwithstanding anything in the Master Association Governing Documents to the contrary, the determination regarding whether an operating budget deficit exists and the amount of any and all operating budget deficits shall be determined by the mutual consent of the Participating Builders in their sole and absolute discretion.

(1) For purposes of this Section, an "**operating budget deficit**" shall be deemed to exist if, in any given fiscal year of the Master Association, the income received by the Master Association, plus all accumulated working capital, minus operating expenses and reserve transfers, does not provide sufficient funds to operate the Master Association; provided, however, that the Class C Members shall not have any obligation to fund any operating budget deficit to the extent that such deficit is caused by or results from (A) the failure of the Class A Members or the Class B Members to make timely payment of any installment of the Annual Assessments, Special Assessments, fees and/or other charges levied by the Master Association in accordance with this Master Declaration; or (B) any extraordinary cost or expense incurred by the Master Association, including, without limitation, any capital expense which is not included as part of the original annual budget for that fiscal year, and any cost or expense incurred by the Master Association that results from acts of God, fire, earthquake, flood, explosion or other natural catastrophes, or that results from hazardous environmental conditions or substances. In addition, no Participating Builder shall be obligated to pay that portion of the operating budget deficit created by the failure of the other Participating Builder to pay its respective share of the operating budget deficit. Any failure by a Participating Builder to pay its share of the operating budget deficits in lieu of Annual Assessments, Special Assessments, working capital contributions, fees and other charges shall be governed by the provisions of Article V, Section 5 of this Master Declaration.

(2) As used herein, the term "**Deficit Period**" shall mean, as to each Class C Member, that period of time commencing on the date of recordation of this Master Declaration and ending on the earlier of (x) the date on which the Class C membership of such Class C Member ceases to exist in accordance with the provisions of Article III, Section 2(c) of this Master Declaration; or (y) the date upon which such Class C Member declares in writing that it waives its right to the exemption from payment of Annual Assessments,

Special Assessments, fees and other charges. A Class C Member may make such declaration with respect to less than all of the Class V Lots owned by such Class C Member or to be brought within the jurisdiction of the Master Association, in which event the Deficit Period shall terminate only with respect to those Class V Lots specifically described by such Class C Member. Each Class C Member can make a declaration independently as to its Class V Lots. At the option of the Class C Member, the Class C Member shall remain exempt from payment of Annual Assessments even after conversion to Class A Membership or Class B Membership, until the occupancy of the Living Units located on each Lot owned by such Class C Member, provided that the Class C Member funds its share of any operating budget deficits as provided in this Section.

(ii) For all purposes of this Article V, Section 3(b), the term "**first stabilized year of operation**" shall mean and refer to the first calendar year in which all Living Units and Master Common Area Improvements contemplated by the Regulatory Approvals have been completed and all Lots with such completed Living Units have been conveyed to Owners other than the Declarant or a Participating Builder.

(c) Rate of Assessment.

(i) Except as otherwise provided in this Master Declaration, both Annual Assessments and Special Assessments shall be fixed at a uniform rate for all Class I Lots, and both Annual Assessments and Special Assessments shall be fixed at a uniform rate for all Class II Lots, both Annual Assessments and Special Assessments shall be fixed at a uniform rate for all Class III Lots, and both Annual Assessments and Special Assessments shall be fixed at a uniform rate for all Class IV Lots; provided, however, in the event that the actions or activities of any Owner causes or results in increased expenses for the Master Association, the Board of Directors may assess such increase in expenses against the Owner and such Owner's Lot as a Special Assessment (whether or not a MPDU is constructed on such Lot), after notice to such Owner and an opportunity for a hearing. For example, and for purposes of illustration only, the Board of Directors may assess the amount of any insurance deductible paid by the Master Association against any Owner and such Owner's Lot if the Master Association is required to pay such deductible as a result of the misuse or neglect of the Owner. Such assessment shall be a lien against the Owner's Lot and shall be payable and collectible in the same manner as any other assessments required to be paid to the Master Association; provided, however, that the Declarant shall not be subject to any assessment based upon this provision.

(ii) At such time as the MPDU Control Period expires as to a MPDU, the Lot on which such MPDU is constructed shall become a Class I Lot and the rate of assessment applicable to such former Class III Lot shall thereafter be equal to the rate of assessment applicable to a Class I Lot. When the MPDU Control Period has expired as to all MPDUs, then there will no longer be any Class III Lots and all Townhouse Lots shall be assessed at one hundred percent (100%) of the Annual Assessment rate applicable to the Class I Lots.

(d) Master Association Budget.

(i) The Board of Directors shall make a reasonable effort to prepare, or to cause to be prepared, at least thirty (30) days before the beginning of each fiscal year of the Master Association, an annual operating budget for the Master Association which shall provide, without limitation, for the management, operation and Maintenance of all Master Common Areas and other areas for which the Master Association is responsible (if any), and to meet the other responsibilities of the Master Association. Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital (available cash for day-to-day expenses which is otherwise uncommitted), the reserve fund(s) (in accordance with a reserve fund budget separately prepared by the Board of Directors pursuant to Article V, Section 3(e) hereof), and sufficient funds to meet the assessment obligations of the Master Association. Notwithstanding anything herein to the contrary, the amount allocated by the Declarant in the initial operating budget for the Maintenance of the Forest Conservation Area and the Storm Water Management System, and the obligations under the Forest Conservation Maintenance Agreement, the Shared Roads Easements, and the Tower Oaks Cost-Sharing Agreement, and the landscaping obligations as contemplated by the Regulatory Approvals obtained by the Declarant for the construction of the improvements on the Property, shall not be reallocated or used for any other purpose without the prior written consent of the Declarant until the later of (A) seven (7) years following the date of recordation of this Master Declaration, or (B) such time as all Maintenance obligations of the Declarant set forth in the Regulatory Approvals, or in any agreement with the County or any other Governmental Authority, shall have expired and the Master Common Area Parcels have been conveyed to the Master Association.

(ii) By a vote of at least two-thirds of the Board of Directors at an open meeting of the Board of Directors, the Directors shall adopt the annual budget. The Board of Directors shall then fix the Annual Assessments to be collected annually at an amount sufficient to meet the obligations imposed by the Master Declaration and any Supplementary Declarations and the annual budget; provided, however, that so long as the MPDU Control Period exists with respect to any MPDU, the manner in which the Annual Assessment rate applicable the Class I Lots, the Class II Lots, the Class III Lots, the Class IV Lots and/or the Class V Lots shall not be amended so long as any Class V Lots shall exist without (A) the consent of a majority of the Owners of the Class IV Lots and (B) the consent of the Declarant, so long as the Class D membership shall continue to exist. The Board of Directors shall make reasonable efforts to fix the amount of the Annual Assessments against each Lot for each assessment period at least thirty (30) days in advance of the commencement of such period. The Board of Directors shall prepare a roster of the Lots and the Annual Assessments applicable thereto, which shall be kept in the office of the Master Association and shall be open to inspection by any Owner upon Registered Notice to the Board of Directors. The Board of Directors shall cause a copy of the budget and written notice of the Annual Assessments levied against each Lot for the following year to be sent to all Members of the Master Association at least fourteen (14) days prior to the commencement of the new Annual Assessments.

(iii) The annual budget and the new Annual Assessments shall become effective as to all Living Units. Notwithstanding the foregoing, except for an expenditure made by the Master Association because of a condition that, if not corrected, could reasonably result in a threat to the health or safety of the Owners and/or Occupants, or a significant risk of damage to the development, any expenditure that would result in an increase in an amount of Annual

Assessments for the current fiscal year of the Master Association in excess of fifteen percent (15%) of the budgeted amount previously adopted shall be approved by an amendment to the annual budget adopted at a special meeting of the Master Association duly held and for which not less than ten (10) days written notice shall be provided to the Owners. However, in no event shall the aggregate percentage of the Annual Assessments applicable the Class I Lots, the Class II Lots, the Class III Lots, the Class IV Lots or the Class V Lots be amended so long as any Class V Lot shall exist without (A) the consent of a majority of the Owners of the Class V Lots and (B) the consent of the Declarant, so long as the Class D membership shall continue to exist. Notwithstanding the foregoing, however, in the event the membership disapproves the increased expenditure resulting in an increase in the amount of Annual Assessments for the current fiscal year of the Master Association by more than fifteen percent (15%), or the Board of Directors fails for any reason, before the expiration of any assessment period, to determine the budget for any fiscal year of the Master Association and fix the amount of the Annual Assessments hereunder for that or the next period, such disapproval or failure to adopt the budget or determine the amount of the Annual Assessments shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release of any Member from the obligation to pay Annual Assessments, or any installment thereof, for that or any subsequent assessment period, but the budget then in effect and the Annual Assessments fixed for the preceding fiscal year shall continue until the new budget is determined and the new Annual Assessments are fixed. The failure to adopt an annual budget or an increased expenditure resulting in an increase in the amount of Annual Assessments for the current fiscal year of the Master Association by more than fifteen percent (15%) shall not modify or reduce the Master Association's obligations under the Regulatory Approvals, the Forest Conservation Maintenance Agreement, the License and Maintenance Agreement, the Forest Conservation Area Access Easement, or any agreements with the City encumbering the Property, or under the Shared Road Easements or the Tower Oaks Cost-Sharing Agreement.

(e) Reserve Fund Budget and Contribution. The Board of Directors shall annually prepare a reserve fund budget which shall take into account the number and nature of the replaceable assets of the Master Association (including, without limitation, the Master Common Areas and the facilities thereon and the improvements for which the Master Association is responsible for replacement located outside the boundaries of the Property), the expected life of each asset, and the expected renovation, repair or replacement cost of each asset with a useful life of less than thirty (30) years, and contingencies (potential costs or liabilities which have not been incurred but which should be planned for) and insurance deductibles. The Board of Directors shall set the required reserve fund contribution, if any, in an amount sufficient to meet the projected reserve needs of the Master Association, as shown on the reserve fund budget, with respect both to amount and timing by the imposition of Annual Assessments over the period of the budget. To the extent that any such asset is initially projected to have a useful life of thirty (30) years or more and is not included in the initial or a subsequent annual reserve fund budget, the Board of Directors shall be obligated to include such asset in the annual reserve fund budget beginning at such time as the useful life of such asset is less than thirty (30) years. The reserve fund contribution shall be fixed by the Board of Directors and included within the budget and Annual Assessments. Such reserve fund contribution shall be payable as part of the Annual Assessments, applicable to all Lots [except as otherwise provided with respect to Lots owned by the Participating Builders in Article V, Section 3(b)(i)E.], to the extent such reserve fund will be utilized to replace assets which are determined by the Board of Directors to benefit

substantially all Owners or are the responsibility of the Master Association as provided in this Master Declaration. A copy of the reserve fund budget shall be distributed to each Owner in the same manner as the operating budget.

(f) Notice of Meeting. Notice of any meeting of the Board of Directors called for the purpose of determining a new annual budget, and the new Annual Assessments as provided in Article V, Section 3(c) hereof, shall be sent to all Members not less than thirty (30) days in advance of such meeting. Any such notice may be sent by electronic transmission, by posting on the Master Association's home page, or by including the notice in the Master Association's newsletter. Except for an expenditure made by the Master Association because of a condition that, if not corrected, could reasonably result in a threat to the health or safety of the Owners or a significant risk of damage to the Property, any expenditure that would result in an increase in an amount of Annual Assessments for the current fiscal year of the Master Association in excess of fifteen percent (15%) of the budgeted amount previously adopted shall be approved by an amendment to the budget adopted at a special meeting for which not less than ten (10) days written notice shall be provided to the Owners.

(g) Date of Commencement of Annual Assessments. The first Annual Assessments provided for herein shall commence upon the date which is the earliest to occur of (i) the conveyance by the Townhouse Developer to an Owner of the first Townhouse Lot on which a Townhouse Unit is constructed, or (ii) the conveyance by the Single-Family Lot Developer to an Owner of the first Single-Family Lot on which a Single-Family Unit is constructed, or (iii) the time when a Condominium Building is completed and available for occupancy as evidenced by the issuance by the City of Rockville of an occupancy permit for such Condominium Unit or the Condominium Building in which the Condominium Unit is located. The first installment of such Annual Assessment shall be adjusted according to the number of months remaining in the fiscal year of the Master Association. Written notice of the Annual Assessment shall be sent to every Owner subject thereto, or in the case of the Condominium Property, to the Condominium Association.

(h) Payment of Annual Assessments. The Annual Assessments, when assessed for each year, shall become a lien on the Lot for the entire Annual Assessment, but shall be payable in monthly installments equal to one-twelfth (1/12th) of the Member's proportionate share of the Annual Assessment payable by such Member. 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 a monthly basis.

(i) No Waiver. No Member may escape or exempt himself from liability for Annual Assessments, Special Assessments or any other assessments by abandonment of any Living Unit or Lot belonging to him or by the non-use or waiver of use and enjoyment of the Master Common Area Parcels or the Master Common Area Improvements, or for the alleged failure of the Board of Directors or the Master Association to fulfill any of its obligations under this Master Declaration.

(j) Surplus and Deficit. If any amount accumulated in excess of the amount required for actual expenses as set forth in Article V, Section 3(a) above and reserves established by the Board of Directors for working capital, replacements and contingencies, shall exist at the

end of any fiscal year of the Master Association, then at the next annual meeting of the Master Association, the Members shall determine, by an affirmative vote of Class A Members and Class B Members holding at least fifty-one percent (51%) of the votes in the Master Association, who are present and voting in person or by proxy, and the Class C Members, so long as the Class C membership of such party shall continue to exist, on whether such surplus funds shall: (i) be placed in reserve accounts, (ii) be placed in a special account to be expended solely for the general welfare of the Owners, (iii) be credited to the next periodic installment of Annual Assessments due from Owners under the current fiscal year's budget, until exhausted, (iv) be distributed to each Owner (including the Declarant) in proportion to the percentage (if any) of Annual Assessments paid by such Owner, or (v) be used to adjust the budget for the succeeding fiscal year to amortize the deficit from any preceding fiscal year. If there is a deficit in any fiscal year, the Board of Directors may levy a Special Assessment to cover such deficit.

(k) Increase in Expenses Due to Owner Actions. In the event that the actions or activities of any Owner (or the Occupants of such Owner's Living Unit) causes or results in increased expenses for the Master Association, the Board of Directors may assess such increase in expenses against the Owner and such Owner's Lot as a Special Assessment, after notice to such Owner and an opportunity for a hearing. For example, and for purposes of illustration only, the Board of Directors may assess the amount of any insurance deductible paid by the Master Association against any Owner and such Owner's Lot if the Master Association is required to pay such deductible as a result of the misuse or neglect of the Owner. Such assessment shall be a lien against the Owner's Lot and shall be payable and collectible in the same manner as any other assessments required to be paid to the Master Association; provided, however, that neither the Declarant nor any Participating Builder shall be subject to any assessment based upon this provision.

Section 4. **Special Assessments.** In addition to the Annual Assessments authorized in Article V, Section 3 above, the Master Association may levy a Special Assessment or Special Assessments applicable to that year for such purposes as the Board of Directors may deem appropriate, including, without limitation, one or more of the following Special Assessments:

(a) Capital Improvement Assessment. The Master Association may levy in any assessment year a Special Assessment against Lots, applicable to that year and payable over not more than the next three (3) succeeding years, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Master Common Area Parcels, including fixtures and personal property related thereto, or other specified purpose primarily for the Maintenance and upkeep of the Master Common Areas, or other improvements for which the Master Association has Maintenance responsibility as described in this Master Declaration . No Director or officer of the Master Association shall be liable for failure to perform his fiduciary duty if a Special Assessment for the funds necessary for the Director or officer to perform his fiduciary duty is rescinded by the Members, and the Master Association shall indemnify such Director or officer against any charges resulting from any claimed breach of fiduciary duty arising therefrom.

(b) Restoration Assessment. The Master Association may levy a Restoration Assessment upon any Lot whose Owner fails to Maintain such Lot as provided in this Master Declaration, or who fails to provide such Maintenance funds as may be required by any

Supplementary Declaration. Restoration Assessments shall be limited to the amount necessary to meet the cost of restoration or deficiency in required funds and all costs of collection, including the costs of administering such Restoration Assessment. Such a Special Assessment may be levied upon the vote of the Board of Directors after notice to the Owner or Condominium Association and an opportunity for a hearing before the Board of Directors.

(c) Utility Assessments. To the extent that there are any utilities which serve more than one Living Unit, but not all of the Living Units, and such utilities are billed to the Master Association, the Master Association will levy a Special Assessment against those Lots for which such utilities are provided for the purpose of paying the entire bill, with each Lot being assessed an equal share of such invoice. Each such assessment shall be due and payable upon receipt of the invoice from the Master Association.

(d) License and Maintenance Agreement and Tower Oaks Cost-Sharing Agreement Assessments. To the extent that the costs to satisfy the obligations of the Master Association under the License and Maintenance Agreement or the Tower Oaks Cost-Sharing Agreement, or to satisfy the landscaping obligations as contemplated by the Regulatory Approvals exceed the amounts allocated for such purposes in the annual budget for the Master Association, then the Master Association will levy a Special Assessment against all Lots, charged equally against all Lots, in such amount as is required by the Master Association to meet the Master Association's obligations under the License and Maintenance Agreement and the Tower Oaks Cost-Sharing Agreement.

Section 5. Effect of Nonpayment of Assessments; Remedies of the Master Association.

(a) Notice of Default; Interest; Late Charges; Remedies. Any installment of any Annual Assessment or Special Assessment not paid within fifteen (15) days after the due date shall be delinquent and shall bear interest from the due date until paid at a rate determined by the Board of Directors, up to the maximum rate of interest permitted under the laws of the State of Maryland. The Master Association or the Management Agent at the request of the Board of Directors, shall provide Notice of such delinquency and may, at its option (i) charge a reasonable late fee in an amount equal to ten percent (10%) of the delinquent installment or such other amount as may be set by Board of Directors against any Owner (and/or such Owner's Lot) who is more than fifteen (15) days delinquent in the payment of any installment of any Annual Assessment or Special Assessment, provided such late fee does not exceed the amount permitted under applicable Law and that such late fee may not be imposed more than once for the same delinquent payment; and (ii) upon Registered Notice to the Owner of the Lot, suspend the right of such Owner to vote and such Owner's right (and the right of any Occupant of the Living Unit, if applicable) to use the Master Common Areas until the assessment, accrued interest, penalties and costs of collection are paid in full.

(b) Acceleration of Installments. Upon default in the payment of any one or more installments of any Annual Assessment or Special Assessment levied pursuant to this Master Declaration, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

(c) Actions Against Owners. The Master Association may also bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the Lot (and all improvements thereon) provided the provisions of the Maryland Contract Lien Act, if applicable, are substantially fulfilled. The Owner shall also be obligated to pay all attorneys' fees, court costs and administrative costs incurred in connection with the collection of assessments if not paid when due. The remedies under this Article V, Section 5 shall not be deemed to limit or waive, and shall be without prejudice to, any and all rights, remedies, or recourses as may be available to the Master Association for non-payment of assessments.

(d) Priority of Lien; Subordination of the Lien to First Mortgages.

(i) Priority of Lien. Once perfected, the lien for assessments provided for herein shall be prior to all other subsequent liens and encumbrances except (a) real estate tax liens on the Lot, (b) liens securing First Mortgages, (c) encumbrances recorded prior to the recordation of this Master Declaration, and (d) sums unpaid on and owing under any First Mortgage recorded prior to the perfection of said lien. The lien evidenced hereby shall bind the Lot(s) and Living Unit(s) herein described in the hands of the then Owner or Occupant thereof, his heirs, devisees, personal representatives, and the personal obligation of the Member to pay such assessment shall, in addition, remain his personal obligation for the statutory period. In the event any proceeding to foreclose the lien for any assessment due the Master 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 reasonable rental for the Living Unit on the Lot and the Master Association shall be entitled to the appointment of a receiver to collect the same.

(ii) Subordination to First Mortgages. Notwithstanding any other provision of this Master Declaration to the contrary, the lien of any Annual Assessment or Special Assessment levied pursuant to this Master Declaration upon any Lot, as in this Article provided, shall be subordinate to the lien of any First Mortgage and shall in no way affect the rights of any First Mortgagee; provided, however, that such subordination shall apply only to those assessments, or installments thereof, which have become due and payable prior to a sale or transfer of the Lot pursuant to a foreclosure of such First Mortgage, or any deed, assignment or in any other proceeding or arrangement in lieu of foreclosure; and further provided that notwithstanding the foregoing subordination provision, a portion of the Annual Assessments (but not Special Assessments) levied pursuant to this Master Declaration upon any Lot, as in this Article provided (the "**Priority Portion**"), shall have priority over a claim of the First Mortgagee under a First Mortgage recorded against the Lot so long as the provisions of Section 11B-117(c)(4) of the Maryland Homeowners Association Act are complied with by the Master Association. For purposes of this Section, the Priority Portion shall mean not more than four (4) months (or the equivalent of four (4) months) of unpaid Annual Assessments (but not Special Assessments) levied pursuant to this Master Declaration (excluding interest, costs of collection, late charges, fines, attorney's fees and any other costs or sums due under this Master Declaration or as provided under any contract, law or court order), but which Priority Portion may not exceed a maximum of \$1,200.00. 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 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 any First Mortgagee 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.

(e) 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 Master Declaration, or any installment thereof, shall likewise be a default in such First Mortgage (or the indebtedness secured thereby); but failure to include such a provision in any such First Mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such First Mortgage (or the indebtedness secured thereby) by reason of Section 5(d) of this Article V shall not be altered, modified or diminished by reason of such failure.

(f) Remedies Cumulative. No remedy reserved to the Master Association herein is intended to be exclusive of any other remedy or remedies, and each and every remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute.

(g) Collection Costs. If default is made in the payment of any assessment payable hereunder, then the Owner who is so delinquent shall pay to the Master Association, upon demand, all costs of collection, including the Master Association's attorney's fees, whether suit is brought or not.

(h) Prepayment. Any Member may prepay one or more installments on any Annual Assessment levied by the Master Association, without penalty or interest, and without discount, but such prepayment shall not relieve any Member for increases in the Annual Assessment which may become due and payable during the period for which the prepayment was made.

(i) Payment by Credit Card or Debit Card. The Board of Directors may require a person from whom payment is due to the Master Association to pay a reasonable electronic payment fee if the person elects to pay the Master Association by means of credit card or debit card, provided that the electronic payment fee may not exceed the amount of any fee that may be charged to the Master Association in connection with use of the credit card or debit card. If the Board of Directors elects to charge an electronic payment fee under this Section, the Master Association shall specify on or include notice with each bill and other invoices for which electronic payment is authorized that an electronic payment fee will be charged.

(j) Assessment Certificates. The Master Association shall, upon request at any time, furnish to any Member liable for any assessment levied pursuant to this Master Declaration (or any other party legitimately interested in the same) a certificate, in writing, signed by an officer or agent of the Master Association, or designee thereof, 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 Master Association for each certificate so delivered.

Section 6. Exempt Property. The following property subject to this Master Declaration shall be exempted from the assessments, charges and liens created herein: (a) all properties to the extent dedicated and accepted by a public authority and devoted to public use; (b) all Master Common Area Parcels; and (c) all properties exempted from taxation by the County or any other political subdivision having jurisdiction over the Property upon the terms and to the extent of such legal exemption, provided that no property utilized for residential purposes shall be exempt.

Section 7. Working Capital Fund. At the time of the conveyance of each Lot which is improved by a Living Unit (whether or not such Living Unit is occupied) to an Owner, each such Owner shall pay to the Master Association a non-refundable one-time contribution to the Master Association's working capital fund (the "**Initial Contribution**") in an amount equal to three times one-twelfth the Annual Assessment applicable to such Lot. The Master Association's working capital fund shall be used to assist with the funding of the initial operation of the Master Association and for forthcoming expenses of the Master Association. The Initial Contribution shall be in addition to the Annual Assessment and other Assessments applicable to a Lot and shall not be considered an advance payment of Assessments. The Master Association may, but shall not be obligated to, collect a reasonable working capital contribution in addition to the Initial Contribution and all other Assessments, which working capital contribution shall be payable by transferee Owners upon subsequent re-sales of Lots.

ARTICLE VI

USE OF PROPERTY

Section 1. **Permitted Uses.**

(a) Living Units.

(i) All Living Units shall be used for private residential purposes exclusively, and may not be used for any commercial or business activities. Notwithstanding the foregoing, to the extent permitted by the County, a professional office for a "no-impact home-based business" (as defined in the Real Property Article of the Annotated Code of Maryland, Section 11B-111.1) or a "no-impact home occupation" (as defined in the County Zoning Ordinance, Chapter 59, Article 59-A) may be maintained in a Living Unit, provided that (i) such office or business is limited to a person actually residing in the Living Unit and is consistent with the residential character of the Living Unit; (ii) such "no-impact home-based business" or "no-impact home occupation" is subordinate to the use of the Living Unit for residential purposes and requires no external modifications that detract from the residential appearance of the Living Unit; (iii) such "no-impact home-based business" or "no-impact home occupation" uses no equipment or process that creates noise, vibration, glare, fumes, odors, or electrical or electronic interference detectable by neighbors or that causes an increase of Master Common Expenses that can be solely and directly attributable to such "no-impact home based business" or "no-impact home occupation"; (iv) such "no-impact home-based business" or "no-impact home occupation"

shall not involve the use, storage, or disposal of any grouping or classification of materials that the United States Secretary of Transportation, the State of Maryland, the County or any local governing body designates as a hazardous materials, and (v) such "no-impact home-based business" or "no-impact home occupation" shall not be conducted on or adversely impact, prohibit or restrict the use of the Master Common Areas (including, without limitation, the Private Alleys, the Shared Road, access aisles, and parking areas), nor adversely impact the access to or parking for any Lots, and parking shall be in compliance with the provisions set forth in this Master Declaration.

(ii) Except as may be required to comply with applicable Federal, State of Maryland or County Laws, no Living Unit shall be used as a "child day care facility," a "domiciliary care home," a "group home," a "medical or dental clinic," or a "boardinghouse" (as such terms are defined in the Montgomery County Code Zoning Ordinance, Chapter 59, Article 59-A). Furthermore, except to the extent expressly permitted under Section 11B-111.1 of the Maryland Homeowners Association Act, no Living Unit may be used as a "family child care home" (as such term is defined in Section 11B-111.1 of the Maryland Homeowners Association Act). The foregoing prohibition on the use of a Living Unit as a "family child care home" may be eliminated by a vote of at least fifty-one percent (51%) of the total eligible Members of the Master Association under the voting procedures set forth in the Bylaws of the Master Association; provided however, that if any "family child care home" is permitted, then (A) each "child care provider" (as such term is defined in Section 11B-111.1 of the Maryland Homeowners Association Act) shall be obligated to provide written notice to the Master Association as provided in Article VI, Section 1(a)(iii) below, and providing a copy of the license or registration for such "family child care home" under Title 5, Subtitle 5, of the Family Law Article, (B) each "child care provider" shall pay, on a pro rata basis based upon the total number of family child care homes operating within the Property, any increase in insurance costs borne by the Master Association that are solely and directly attributable to the operation of "family child care homes" within the Property, (C) each "child care provider" shall obtain the liability insurance described under Sections 19-106 and 19-203 of the Insurance Article of the Annotated Code of Maryland, in an amount at least equal to the minimum amount described in said provisions, and (D) each Owner of a Living Unit in which a family child care home exists shall pay to the Master Association an annual fee of Fifty Dollars (\$50) per year, or such greater amount as shall be permitted under Section 11B-111.1 of the Maryland Homeowners Association Act, for use of the Master Common Areas.

(iii) In addition to the foregoing requirements for a "no-impact home based business" and "family child care home", the following restrictions shall apply: (A) the hours of operation of such business shall be limited to Monday through Friday, 8:00 a.m. to 6:00 p.m., and Saturday, 9:00 a.m. to 5:00 p.m., with no hours of operation on Sunday, (B) the maintenance and use of such business shall not disturb any other Owner's quiet enjoyment of his or her Living Unit, (C) such operation, maintenance, use and signage of such business shall be in strict conformity with the provisions of any applicable Laws, including, without limitation, all applicable zoning laws, ordinances, or regulations, and any architectural standards which may be adopted by the Board of Directors based upon the recommendations of the Architectural Review Board, (D) the Owner conducting such business shall obtain and maintain at all times all permits and licenses necessary to conduct such business, and (E) the Owner shall notify the Master Association of such use, in writing, at least thirty (30) days prior to the opening of the "no-

impact home-based business" or "family child care home", which notice shall include a detailed description of the proposed "no-impact home-based business" or "family child care home" use and the hours of operation and a copy of the required permit, if any, issued by the appropriate Governmental Authority to the Owner.

(b) Garages. All garages, whether included within a Living Unit or constructed separately shall be used solely for the purposes of parking and storing of vehicles, and no garage shall be used for residential or office purposes or for other storage purposes, except by the Declarant and the Participating Builders as provided in Article VI, Section 1(d) hereof. During the period October 1 through March 30 of each calendar year, each Owner must keep the door of the garage of his/her Living Unit closed at all times, except when entering or exiting the garage.

(c) Entrances to and Exits from the Property. The traffic restrictions and related signage regarding the entry to and exit from the Property will be enforceable by the Montgomery County Police Department. The Declarant reserves the right to install additional signage, speed bumps and other traffic flow controls along the Private Alleys.

(d) Exemption for Declarant and Participating Builders. Nothing contained in this Article, or elsewhere in this Master Declaration, shall be construed to prohibit the Declarant or a Participating Builder from the use of any Lots, Living Units or garages for promotional, marketing, display or customer service purposes, or as "model homes", a sales office, construction office, management office, or any other lawful purpose. The Declarant and each Participating Builder may assign its rights under this section to, or share such rights with, one or more other parties, exclusively, simultaneously or consecutively with respect to Lots, Living Units or garages owned or leased by the Declarant or a Participating Builder or such assignees of the Declarant or Participating Builder.

Section 2. **Protective Covenants.** Except for the activities of the Declarant and Participating Builders during construction and development of the Property:

(a) Nuisances: Noise. No nuisance shall be permitted to exist or operate upon the Property, or any portion thereof, so as to jeopardize property values or be detrimental to the well-being of the Members. There shall be no emissions of dust, sweepings, dirt, cinders, odors, gases or other substances into the atmosphere (other than normal residential chimney emissions), no production, storage or discharge of hazardous wastes on the Property or discharges of liquid, solid wastes or other harmful matter into the ground or any body of water, if such emissions, products, storage or discharge may adversely affect the use or intended use of any portion of the Property or may adversely affect the health, safety or comfort of any person. No waste nor any substance or materials of any kind shall be discharged into any public sewer serving the Property or any part thereof in violation of any regulation of any public body having jurisdiction over such public sewer. No Owner shall cause or permit any unreasonable loud noise (except for devices used solely for security purposes) anywhere on the Property, and in that regard, no speaker, horn, whistle, siren, bell or other sound device, except for such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any improvements; provided, however, that outdoor speakers and audio visual equipment may be utilized on rooftop terraces so long as the noise level generated by such speakers and/or

equipment does not exceed 65 dBA during the day (7a.m.-9.p.m. weekdays, 9a.m.-9p.m. weekends) nor exceed 55 dBA during any other hours, when measured at the property line of the receiving party. No portion of the Property shall be used for the purpose of boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth. No skateboarding shall be permitted on any portion of the Property.

(b) Restriction on Further Subdivision. No Lot upon which a Living Unit has been constructed shall be further subdivided or separated into smaller Lots by any Owner, and no portion less than all of any such Lot, nor any easement or other interest therein, shall be conveyed or transferred by an Owner, provided that this shall not prohibit deeds of correction, deeds to resolve boundary line disputes and similar corrective instruments, and easements to public agencies or authorities or for utilities; and further provided that the Declarant shall have the unilateral right, without the consent of any other party, to resubdivide Lots owned by the Declarant and the Condominium Developer shall have the unilateral right, without the consent of any other party, to resubdivide Condominium Units owned by the Condominium Developer, provided that all such resubdivisions shall be in accordance with the Regulatory Approvals and applicable Laws. The provisions of this subsection shall not be deemed to preclude any Owner from granting an easement or right-of-way to any municipality, political subdivision, public utility or other public body or authority, or to the Master Association, to serve necessary public purposes, or from dedicating or conveying a portion of such Owner's Lot for such purposes.

(c) Leasing. Any lease or rental agreement for the lease of a Lot and the improvements thereon shall be in writing and shall be subject to the conditions, restrictions and requirements of this Master Declaration; and any lease with respect to a MPDU shall also be subject to the requirements set forth in the MPDU Covenants. A Lot, together with the Living Unit thereon, may be leased in its entirety, but no Lot and Living Unit, may be leased or rented separately, and no portion of a Lot or Living Unit may be leased or rented separately, and in that regard, roomers and boarders are expressly prohibited. Any permitted lease shall be for a period of not less than thirty (30) days and the initial term of such lease shall be for a minimum period of one (1) year. No subleasing will be permitted. All leases shall (i) contain provisions advising the tenant of his or her obligation to comply with all provisions of this Master Declaration, the Bylaws and the rules and regulations of the Master Association, and (ii) provide that the Master Association shall have the right to terminate the lease upon default by the tenant in observing any of the provisions of this Master Declaration, the Bylaws or rules and regulations of the Master Association, or of any other document, agreement or instrument governing the Property. The Owner of a leased Lot shall notify the Master Association in writing of the Owner's current address and the name of each tenant and/or subtenant of the Living Unit on such Lot. The Owner of a leased or rented dwelling unit shall be jointly and severally liable with his or her tenant(s) to the Master Association to pay any claim for injury or damage to persons or property caused by any action or omission, including, without limitation, the negligence of the tenant(s). Every lease shall be subordinate to any lien filed by the Master Association, whether before or after such lease was entered into. The Board of Directors may suggest a standard form of lease or require that certain standard language be incorporated into any lease agreement to be used by Owners for the leasing of Living Units in order to assure compliance with the terms, conditions, covenants, restrictions, rules and regulations under this Master Declaration. Each Owner shall, promptly after entering into any lease of a Living Unit, forward a photocopy of the lease to the Board of Directors.

(d) Conditions for Architectural Control. All improvements, alterations, repairs, excavations, changes in grade or other work on the Property is subject to the provisions of Article III, Section 4 of this Master Declaration. In furtherance of the foregoing, no building, residence, or other structure, fence, wall, deck, patio, balcony, porch, rooftop terrace, window, storm door, or window or door security bars or other improvements or structures, shall be commenced, erected, maintained, improved, altered, made, or done on such property without the prior written approval of the Architectural Review Board, and to the extent required, the City of Rockville or other Governmental Authority as may be required under the Regulatory Approvals or any other covenants affecting Property or portions thereof, as applicable. No bay window, deck, patio, balcony, rooftop terrace or porch, other than those approved as part of the Regulatory Approvals or other zoning approvals for the Property (issued by the City of Rockville), nor any bay window, deck, patio, balcony, rooftop terrace or porch, if any, larger than that shown on the approved Regulatory Approvals for the Property shall be constructed without the prior written consent of the Architectural Review Board; and no changes of paint colors on the exterior of any Living Unit, and no alteration of any portion of a Living Unit, which alteration of the Living Unit shall be visible from the exterior of the Living Unit shall be made, or on any other improvements on a Lot, or on Master Common Area Improvements, shall be made without the prior written approval of the Architectural Review Board. Portions of the Master Common Areas shall also be subject to the Forest Conservation Easement Agreement and the Forest Conservation Area Access Easement. It shall also be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, screens, awnings (other than as permitted above), flags (other than official flags of the United States of America which do not exceed 24 square feet in size), flagpoles, banners, patio, deck, porch or balcony covers, walls, slabs, sidewalks, curbs, gutters, driveways, or to combine or otherwise join two (2) or more Living Units, or to partition same after combination, or to remove or alter any windows and exterior doors of any Living Units, without the prior written consent of the Architectural Review Board, all in accordance with Article III, Section 4 of this Master Declaration. The foregoing shall not prohibit an Owner from installing a "Renewable Energy Device" as provided in Article III, Section 4 of this Master Declaration subject to the terms set forth therein. Furthermore, no improvements of any kind shall protrude or encroach beyond the boundary line of any Lot, except as shown on the Regulatory Approvals or as initially constructed by the Declarant. No Owner or Occupant may remove any Bio-Retention Facility installed by the Declarant on the Property, whether located within the Master Common Areas or on any Lot. In the event that the Architectural Review Board determines that any interior window treatments adversely affect the general exterior appearance of the Living Units or are not otherwise in conformance with the architectural standards promulgated by the Architectural Review Board for window treatments, the Architectural Review Board shall have the authority to require the removal of such window treatments.

(e) Fences; Walls. No fences or walls shall be constructed upon the Property other than those initially installed in the construction of the improvements as shown on the Regulatory Approvals, or replacements of such fences or walls in the same manner as initially constructed by the Declarant, unless approved by the Architectural Review Board. All party walls and fences which are initially installed by the Declarant or a Participating Builder on one or more Lots or in the Master Common Area Parcels, shall be perpetually Maintained, and any replacements of such party walls and fences shall be of similar material and style as initially installed by the Declarant. No fences shall be installed in the front yards of any Lots (i.e., they

may not extend forward of the rear building line of the Living Unit on the Lot upon which any such fence is erected). Chain link and other wire fencing is specifically prohibited for any fencing on the Property, except as such fencing is installed by the Declarant or a Participating Builder. No gate which provides access to the front, rear or side yard of a Lot shall be locked or blocked in a manner which will prevent or interfere with readily available access to the front, rear or side yard of such Lot.

(f) Parking. Parking on the Property shall be subject to the following restrictions:

(i) No parking shall be permitted upon the Private Alleys. Except for the Private Alleys, the streets within the Community are Public Streets and members of the general public may park on all Public Streets, observing any signage which may be posted by the City. The Master Association shall have no ability or responsibility for enforcing parking regulations on the Public Streets.

(ii) No Owner or Occupant of a Townhouse Unit which has a garage included, nor any guest, contractor or other invitee of an owner or occupant of such Living Unit which includes a garage, may park in a driveway, except on a temporary basis for purposes of loading and unloading. Owners and Occupants of Living Units which do not have a garage included, or have a single car garage included, but have a carport included, may park one vehicle in the garage or in the driveway fully under the carport, and one vehicle in the driveway immediately behind the vehicle under the carport, so long as both vehicles are fully parked within the driveway. In no event shall any vehicle within a driveway be parked in a manner which would encroach on or impede access through, the Private Alleys, the Public Streets, the Master Common Area Parcels or access to and from any Lots. The sizes of the garages included in various models of the Living Units vary, and in some cases, the garage in a Living Unit may only accommodate compact vehicles. Each Owner is responsible for determining if the garage in the Living Unit will accommodate the vehicles which such Owner intends to park inside the garage at any time. Any vehicle which is permitted to be parked in a driveway shall be parked perpendicular (i.e., 90 degrees) to the garage door or the house, in the case of a Living Unit with a carport. No vehicle shall be parked in a driveway or elsewhere on the Property in a manner which interferes with access to or along, or encroaches upon, any portion of the Master Common Area Parcels, the Forest Conservation Area, the Shared Road, any Public Street, any Private Alley or any sidewalk or any pedestrian walkways or bicycle paths, or private driveways within the Property. Each garage which is included in a Living Unit shall be used for passenger vehicle storage only, except as provided in Article VI, Section 2(h) below.

(iii) Except in connection with the construction activities of the Declarant, no truck, boat, recreational vehicle, motor home, camp truck or trailer, whether owned by an Owner, Occupant or any other person, shall be permitted to remain on the Property, including, without limitation, the Master Common Areas or garages in Living Units, or to be parked in driveways. Only vehicles of a size and dimension which would allow for such vehicle to be parked within the garage of such Owner's Living Unit with the garage door closed shall be permitted to remain on the Property. For the purposes of the foregoing sentence, neither a sports utility vehicle nor a pick-up truck is deemed to be a truck. No junk or derelict vehicle shall be kept on any portion of the Property. The repair (except for bona fide emergencies) or

extraordinary maintenance of automobiles or other vehicles shall not be carried out at any place on the Property. Nothing shall be stored upon any of the streets, Private Alleys, sidewalks (if any) or walkways, Master Common Area Parcels, nor shall any of the foregoing be permitted to accumulate trash or debris.

(iv) The Master Association shall have the right, in addition to all other rights and remedies provided herein, to have any and all vehicles which are parked on the Property in violation of the provisions set forth herein or any additional Rules promulgated by the Board of Directors towed away at the expense of the Owner of the Lot, whether such violation was committed by the Owner, Occupant or guest of the Owner or Occupant of such Lot.

(g) Pets. Pets shall be permitted within the Master Common Area Parcels, subject to the terms and conditions set forth herein. All pets must be accompanied by a responsible person and carried or leashed. The Board of Directors shall have the authority to determine whether a number of pets maintained in any Living Unit or on any Lot is reasonable and Owners may not maintain more than the number of pets determined by the Board of Directors to be reasonable. No pets may be kept, bred or maintained for commercial purposes. Any Owner or Occupant who keeps or maintains any pet upon any portion of the Property who allow a pet upon any portion of the Property, shall be deemed to have indemnified and agreed to hold the Master Association, each of the other Owners, Occupants, the Declarant and Management Agent free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining or allowing such pet on the Property. All pets shall be registered, inoculated and tagged as required by law. The Board of Directors shall have the right to order any person whose pet is a nuisance to remove such pet from the Property and the Board of Directors, after affording the right to a hearing to the Owner or Occupant affected, shall have the exclusive authority to declare any pet a nuisance. Each Owner or Occupant who walks a pet on any portion of the Property is required to clean up any and all solid waste deposited by their pet on the Property. Furthermore, the Owner and Occupants of a Living Unit shall be personally responsible for any and all damage, costs and expenses incurred by the Master Association, including, without limitation, damage to grass, trees, shrubs, bushes, and other landscaping and hardscaping anywhere within the Property (including, without limitation on any Lot(s) or Master Common Areas) as a result of liquid and/or solid waste deposited by their pets, and digging and/or chewing by their pets. The Board of Directors shall have the right to adopt such additional Rules regarding pets as it may from time to time consider necessary or appropriate. Notice of any and all such Rules relating to pets on the Property shall be provided to all Owners.

(h) Refuse. Except in connection with the construction activities of the Declarant and Participating Builders, no burning of any trash and no unreasonable or unsightly accumulation or storage of litter, new or used materials, refuse, litter, lumber, scrap metals, bulk materials, building materials or trash of any other kind shall be permitted on any Lot or upon any of the Master Common Area Parcels. All refuse shall be deposited with care in covered containers for such purpose. All trash containers, recycle containers and other refuse disposal systems must be maintained inside the garage of the Living Unit, and in all cases, such containers, recycle containers and other refuse disposal systems shall not be permitted to remain in public view from another Lot, except on days of trash collection. Each Owner shall be

responsible for removing his or her trash, recycle and other refuse disposal containers from public view after refuse collection hours on the day of such collection. No incinerator shall be kept or maintained upon any Lot.

(i) Temporary Structures; Clothes Lines. Except for temporary structures for the Declarant's construction activities at the Property and the Declarant's sales activities (including sales/marketing signs), no structure of a temporary character, and no trailer, tent, shed, shack, barn, pen, kennel or stable, shall be maintained upon any Lot or upon the Master Common Area Parcels at any time. Outdoor clothes dryers or clotheslines shall not be maintained upon any of the Lots or the Master Common Area Parcels at any time. No clothing, laundry or the like shall be hung from any part of any Living Unit (including, without limitation, rooftop terraces, if any), or upon any of the Master Common Area Parcels or from or upon any window, balcony, deck, rooftop terrace, or patio. No tables, chairs, play equipment or other furniture, furnishings or equipment shall be placed or stored (i) in the front yard of any Lot, except for deck furnishings (but not play equipment) which do not exceed forty-two (42) inches in height, except that a patio type of umbrella may be eight (8) feet in height, or (ii) on a deck or rooftop terrace, except for deck furnishings (but not play equipment) which do not exceed the lesser of (x) forty-two (42) inches in height or (y) the height of the top of the wall or railing enclosing all or part of the deck or rooftop terrace, and no umbrella used on a deck or rooftop terrace may exceed eight (8) feet in height from the floor of the deck or rooftop terrace, or extend beyond the boundary lines of the deck or rooftop terrace.

(j) Outdoor Antennae. Except as specifically permitted by applicable Federal regulations, no exterior antenna or satellite dish for the transmission of radio or television signals or for the reception of direct broadcast satellite service which exceed one meter in diameter and/or exterior antenna for receiving video programming services via MMDS (wireless cable) that exceed one meter in diameter may be maintained upon the exterior of any Living Unit or garage, or upon the Master Common Area Parcels without the prior written consent of the Board of Directors and the Architectural Review Board. Any antennas, satellite dishes, microwave dishes and other similar devices (collectively, "**Outdoor Antenna**") must not unreasonably interfere with the ownership, use and occupancy of other Lots or the Master Common Areas and must be installed in the location designated by the Declarant in the initial construction of the Living Unit, or such other location approved by the Board of Directors and Architectural Review Board with appropriate regard for the visual impact on the Property and the surrounding neighborhood. The location of the Outdoor Antenna must not violate any restrictions imposed by the Regulatory Approvals on the Property. The Board of Directors, or the Architectural Review Board, may adopt additional reasonable regulations as to screening and location of any Outdoor Antenna. In the event that the Architectural Review Board determines that the placement of any Outdoor Antenna is not in the designated location, or interferes with the ownership, use and occupancy of other Lots or the Master Common Area Parcels, or adversely affects the general exterior appearance of a Living Unit or garage, or is not otherwise in conformance with the architectural standards promulgated by the Architectural Review Board for Outdoor Antenna, or in conformance with the requirements set forth in the Regulatory Approvals or the architectural standards adopted by the Board of Directors, then the Board of Directors shall have the authority to require the relocation of such Outdoor Antenna, by and at the cost of the Owner of the Living Unit for which the Outdoor Antenna is installed, to the original designated location on the Living Unit or to such other location (but only if reception is not

available with the placement of the Outdoor Antenna in the location designated in the initial construction of the Living Unit) reasonably determined by the Board of Directors. Aerials and antennas situated entirely within a Living Unit and not visible from the exterior, shall be permitted.

(k) Landscaping; Utility Lines. No tree, hedge or other landscape feature shall be planted, installed or Maintained in a location which obstructs sight lines for vehicular traffic on the Private Alleys or Public Streets. All landscaping and screening shall be Maintained in good condition, and no landscaping shown on the Regulatory Approvals shall be allowed to die without replacement of like landscaping materials or otherwise eliminated or reduced. In no event shall any Prohibited Plants be planted or installed within the Community. Plantings and other landscape materials shall not be placed or permitted to remain upon any Lot (i) if such materials may damage or interfere with any easement for the installation or Maintenance of utilities, or for the installation or Maintenance of Public Improvements, (ii) in violation of the requirements of such easements, (iii) if such materials may unreasonably change, obstruct, or retard direction or flow of any drainage channels, or (iv) are Prohibited Plants. Except for hoses and the like which are reasonably necessary in connection with landscape Maintenance, and except for utility lines installed by the Declarant in connection with the initial construction of the Living Units, no water pipe, sewer pipe, gas pipe, drainage pipe, television cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground. No decorative lawn ornaments shall be erected, installed, used or maintained on or in the front or side yard of any Lot. The Architectural Review Board may from time to time recommend to the Board of Directors for adoption such additional rules and regulations regarding the preservation of trees and other natural resources as it may consider appropriate.

(l) Signs. Except for sales/marketing signs posted at the Property in connection with the sales activities of the Declarant or a Participating Builder, entrance signs, directional signs, signs for traffic control or safety, or other signs posted by the Declarant or a Participating Builder at the Property, or except as may be expressly permitted by the Maryland Homeowners Association Act, as amended, and except for "No Parking" or limited hour or restricted parking signs for visitor parking areas, and except as permitted under Article VI, Section 1(a) hereof, no signs of any character shall be erected, posted, or displayed in a location that is visible from another Lot or Living Unit that does not comply with the Regulatory Approvals and the rules established by the Board of Directors. No sales/marketing signs for the resale of a Living Unit shall exceed two (2) feet in width or two (2) feet in height, and such signs shall be posted only on Saturdays and Sundays. Such temporary real estate sales/marketing signs shall be removed promptly following the sale or rental of such Living Unit. A sign on behalf of a candidate for public office or a slate of candidates for public office (which is defined as a "candidate sign" in Section 11B-111.2 of the Maryland Homeowners Association Act), and a sign that advertises the support or defeat of any question submitted to the voters in accordance with the Election Law Article of the Maryland Code, shall be permitted to be placed by an Owner on his Lot; provided, however, that no such signage may be posted in any portion of the Master Common Areas, and all such signage shall be in compliance with the provisions of all Federal, State, County and local Laws . Unless applicable Law requires that such signs be posted for lesser periods of time, all such signs on Lots may be posted for a period of thirty (30) days before the primary election, general election or vote on the proposition, and must be removed within seven (7) days after the primary election, general election or vote on the

proposition. Any signs posted in violation of this Article IV, Section 2(1), may be removed by the Master Association and such Owner shall be subject to the provisions of Article VI, Sections 3(b) and 3(c) regarding violations of covenants and restrictions set forth in this Article VI.

(m) Compliance With Laws. No unlawful, improper or offensive use shall be made of any Living Unit, Lot or any portion of the Master Common Areas, and all Laws, zoning and other ordinances, regulations of Governmental Authorities shall be observed at all times. All Laws, orders, rules, regulations or requirements of any Governmental Authority having jurisdiction over the Property shall be complied with by, and at the sole expense of, the Owner, the Master Association or the Declarant, whichever party shall have the obligation for the upkeep of such portion of the Property, and if the Master Association is the responsible party, then the cost of compliance shall be a Master Common Expense included in the Annual Assessment.

(n) Obstructions. No Owner shall obstruct any portion of the Master Common Areas, or otherwise impede the rightful access of any person on any portion of the Property upon which such person has a right to be. No Owner shall cause or permit to be placed or constructed anything on or in any of the Master Common Areas.

(o) House Numbers. House numbers shall be posted and Maintained at all times on the front of the Living Units such that they shall be visible at all times from the streets on which the Living Units are situated, or if address signage is posted by the Declarant or a Participating Builder, then such signage shall be posted and Maintained in the locations where initially posted by the Declarant or Participating Builder.

(p) Mailboxes. Mailboxes serving more than one Living Unit (including, without limitation, gang mailboxes) may be maintained on the Master Common Areas, or on any individual Lot. The Master Association shall be responsible for Maintenance of the mailboxes serving more than one Living Unit (i.e., the gang mailboxes, but will not be responsible for Maintenance of mailboxes which serve only a single Living Unit or any mailboxes within the Condominium Property); provided, however, that an Owner shall be responsible for any damage to the mailboxes caused by such Owner, or any Occupant or guest, invitee, licensee or contractor of such Owner.

(q) Walls. No Owner shall cause or permit any signs or objects of any kind to be attached to, affixed to, or hung from any party wall, fence, guard rail, if any, or any other wall on the Property located outside of the Living Units, except to the extent expressly permitted in this Master Declaration.

(r) Rooftop Terraces and Decks. The removal of any railings, decorative trellises or other perimeter barriers installed by the Declarant shall be strictly prohibited, except for repairs or replacements with the improvements of the same type and of the same functional and physical appearance. In addition, no furniture, landscaping, trees, sculpture, artwork, flags or banners exceeding 42 inches in height may be placed on the rooftop terraces, balconies, porches or decks, and no umbrella used on a patio, terrace, porch or balcony may exceed eight (8) feet in height from the floor of the balcony, terrace or deck, nor exceed seventy-two inches (72") in diameter, or extend beyond the boundary lines of the terrace, deck or balcony. Furthermore, such furniture and furnishings shall be free of advertising, logos, graphics or other

printed words or symbols, and shall be removed or otherwise secured to prevent displacement by wind or other natural forces. All planters, trees and shrubbery to be placed upon any rooftop terrace, balcony, porch or deck shall be subject to the approval of the Architectural Review Board. Furthermore, in no event shall any decorative lights be placed on rooftops or rooftop terraces, balcony, porch or deck or on the exterior of the Living Unit above the first floor level, which can be viewed from the roads or any property adjacent to the Property. The use of charcoal burners will not be permitted anywhere on any patio, rooftop, rooftop terrace, porch or balcony due to the danger of fire and smoke and of disturbing neighbors. To the extent that hard natural gas pipes are installed by the Declarant to serve patios, decks and/or rooftop terraces, then gas grills may be attached thereto for use on the patio, deck or rooftop terrace. In the event that there is no hard natural gas pipe installed by the Declarant to serve the patios, deck and/or rooftop terrace, or either of them, then propane grills may be used on the patio, deck or rooftop terrace, but in each case, only to the extent permitted by applicable Laws.

(s) Third Party Agreements. There are certain agreements of record which include obligations on the Master Association, including, without limitation, the Forest Conservation Easement Agreement, the Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the License and Maintenance Agreement, the Shared Road Easements and the Tower Oaks Cost-Sharing Agreement which require the Master Association to Maintain certain components of the Community or the Forest Conservation Area or the Shared Road in accordance with the provisions of those documents. The Master Association shall be obligated to comply with all such obligations. In addition, the Public Improvements Easement prohibits the construction of any building or structure within the Public Improvements Easement without the prior permission of the City, which restriction must be complied with by the Declarant, the Participating Builders and all Owners and Occupants of the Property. To the extent that any damage to the Storm Water Management System, the Forest Conservation Area, the Forest Conservation Area Access Easement, the Shared Road or other areas within the Community for which the Master Association is responsible for Maintenance is caused by the misuse or abuse of same, or a violation of rules relating to such areas or improvements, by any Owner or the guests, tenants, Occupants or invitees of an Owner, then such Owner shall be responsible for the costs incurred to repair such damage and the Master Association shall charge the costs of repair to the Owner(s) of such Lots as a Special Assessment against the Owner's Lot in the same manner as a Restoration Assessment pursuant to Article V, Section 4(b) hereof, or the Master Association shall assess a fine in the same amount as would constitute such Special Assessment to the Owner.

(t) Notice of Sale, Conveyance or Transfer. Prior to the sale, conveyance or transfer of any Lot or Living Unit to any person, the Owner shall notify the Board of Directors in writing of the name and address of the person to whom the proposed sale, conveyance or transfer is to be made and provide to it such other information as the Board of Directors may reasonably require. Failure to comply with the provisions of this Article VI, Section 2(t) shall not void, prohibit or otherwise invalidate the sale, conveyance or transfer of any Lot or Living Unit nor may it have any affect upon any mortgage or deed of trust thereon.

(u) Wells. No domestic water supply wells, groundwater monitoring wells or groundwater observation wells shall be installed anywhere on the Property.

(v) Rules. From time to time the Board of Directors shall adopt additional general Rules, including, but not limited to, Rules to regulate potential problems relating to the use of Property and the well-being of the Members, such as signage, storage and use of machinery, visitor parking, Maintenance and removal of vegetation on the Property, and the type and manner of application of fertilizers or other chemical treatments to the Property in accord with non-point source pollution control standards. Ninety (90) days after conveyance of the first Lot to an Owner, such Rules may only be adopted or amended by a vote of at least two-thirds (2/3rds) of the Board of Directors, following a hearing for which due notice has been provided to all Members. A majority of votes cast, in person or by proxy, at a meeting of the Members convened in accordance with the Bylaws and called for that purpose, shall have the ability to repeal or amend any Rules adopted by the Board of Directors; provided, however, that no Rule may be repealed which would violate the Regulatory Approvals or which would violate the Development Covenant, the Forest Conservation Easement Agreement, the Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the License and Maintenance Agreement, the Shared Road Easements, the Public Improvements Easement or the Tower Oaks Cost-Sharing Agreement. No Rules shall be adopted which do not apply uniformly to all Lots or all Living Units. All such Rules, including any subsequent amendments thereto, shall be placed in the Rules and shall be binding on all Members, except where expressly provided otherwise in such Rules.

(w) Exceptions. The Board of Directors may issue temporary permits to except any prohibitions expressed or implied by this section, provided the Board of Directors can show good cause and acts in accordance with adopted guidelines and procedures. So long as the Declarant or any Participating Builder is engaged in developing or improving any portion of the Property, the Declarant and such Participating Builder shall be exempted from Rules affecting movement, disposition, and storage of building materials and equipment, erection and maintenance of directional and promotional signs and conduct of sales activities, including maintenance of model Living Units, temporary structures, obstructions and parking. Such exemption shall be subject to such rules as may be established by the Declarant to maintain reasonable standards of safety, cleanliness, and general appearance of the Property.

Section 3. **Maintenance of Property.**

(a) Owner Obligation.

(i) Each Owner shall keep all Lots owned by him, and all improvements therein or thereon, and all improvements and equipment located within the Master Common Areas, if any, but which are appurtenant to and for the benefit of such Lot(s), including, without limitation, the Living Unit, steps, stoops, fences, patios, porches, decks, mailboxes, air-conditioning equipment, individual driveways, curbs adjacent to the driveways, posts, piers and columns, if any (whether in the front or rear of the Lot, and whether such improvements or equipment are located on the Lot or within the Master Common Areas adjacent to the Lot or on or over the property line dividing the Lot from the adjacent Lot), in good order and repair, in a clean and sanitary condition, free of debris, all in a manner and with such frequency as is consistent with good property management. Except as specifically provided in Article IV, Sections 1 and 2 of this Master Declaration, the Master Association shall have no

responsibility for the Maintenance of any Living Unit or Lot, and each Owner shall be responsible for the Maintenance of his or her Living Unit and Lot.

(ii) Except as expressly provided in Article IV, Section 2(d) of this Master Declaration, each Owner shall be responsible for the removal of snow and ice from such Owner's Lot, including, without limitation, the porch (if any), deck (if any), balconies (if any), and rooftop terrace (if any), appurtenant to the Living Unit. As provided in Article IV, Section 2(d), the Master Association shall remove the snow from all sidewalks, leadwalks, stoops, steps, driveways and driveway aprons on the Lots. In no event shall an Owner dump snow removed from his or her Lot or Living Unit onto the sidewalk which crosses his or her driveway, or onto the Storm Water Management Facilities within the Community, or onto the Private Alleys or the Public Streets within or adjacent to the Community. During the one-year period following the date of acquisition of a Lot by a Class A Member or Class B Member from the Declarant or any Participating Builder (i.e., the first conveyance of such Lot to a Class A Member or Class B Member), no Owner or Occupant of the Living Unit shall use, or permit the use of, deicing chemicals of any type on concrete surfaces within the Lot. In addition, neither the Declarant, nor any Participating Builder, nor the Master Association, nor any Owner or Occupant of a Living Unit shall use, or permit the use of, deicing chemicals of any type on concrete surfaces within the Master Common Areas for the first winter season after the concrete surface was installed. Following the expiration of the period when no deicing materials of any type may be used on a particular Lot or within a particular portion of the Master Common Areas, neither the Master Association nor any Owner or Occupant of a Living Unit, nor the Declarant or any Participating Builder, shall use or permit the use of deicing chemicals (except for calcium magnesium acetate) on the steps, stoops, leadwalks, driveways, driveway aprons, sidewalks, or any other areas for which the Master Association has Maintenance responsibility, nor shall such prohibited deicing chemicals be used anywhere on such Owner's Lot. Each Owner shall wash down all surfaces located on such Owner's Lot promptly after the last snow storm or ice storm of the winter season. Any Owner(s) using such prohibited deicing chemicals shall be solely responsible for the damage caused to the Lots and Master Common Area Parcels by reason of the use of such prohibited deicing chemicals. If an Owner denies or limits access to the leadwalks, stoops, steps, driveway or driveway apron appurtenant to such Owner's Lot, then the Master Association shall not be responsible for snow or ice removal in those restricted areas, nor shall the Master Association be obligated to provide such snow or ice removal from any area in which personal property of any nature is located, and the Owner shall be solely responsible for snow and ice removal from such areas. Under no circumstances shall the Master Association have responsibility for the removal of snow and/or ice from any areas within the Property except as expressly provided in Article IV, Section 2(d), nor for damage to personal property located in such areas where the Master Association may perform snow and/or ice removal services. Each Owner shall also be responsible for keeping the front, side and rear yards of his or her Lot in a clean and sanitary condition, free of debris. No Owner may waive or otherwise escape liability for the full amount of the assessments provided for herein with respect to such Owner's Lot and/or Living Unit by non-use or waiver of the services for which the Master Association is responsible, or the inability of the Master Association to provide such services by reason of the lack of access to such areas or the placement or storage of personal property by an Owner within such areas.

(iii) Each Owner shall be solely responsible for the Maintenance, painting, replacement and repair of the rooftops, rooftop terraces, stairwell enclosures, if any, on the rooftops and privacy fences or other dividers between the adjacent rooftops. Each Owner shall be responsible for winterizing all appliances on the rooftop terrace, and all plumbing and associated piping.

(iv) The Master Association's responsibility with respect to the mowing of grass, feeding, fertilizing, pruning and trimming of shrubbery, mulching, and the replacement of shrubbery, bushes, trees is set forth in Article IV, Section 2(c). To the extent that any Owner or Occupant of a Lot restricts access to such Owner's Lot, then the Owner shall be responsible for the mowing of grass, pruning and trimming of shrubbery, mulching and the replacement of shrubbery within his Lot. Except as provided in Article IV, Section 2(c) as the express responsibility of the Master Association, every Owner shall also be responsible for watering the landscaping, shrubbery, bushes and trees located within the front, side and rear yards of his or her Lot (including, without limitation, any portions of the front, side and rear yards located within the public space adjacent to the Lot). No Owner shall plant any Prohibited Plant on such Owner's Lot.

(v) Each Owner shall be responsible for the repair and/or replacement of all walls or fences on the Owner's Lot, whether such wall or fence is located on the Lot, within the Master Common Areas adjacent to the Lot, or on or over the property line dividing the Lot from the adjacent Lot. No Owner shall lock a gate or otherwise block access to such Owner's Lot which will prevent the Master Association's access to such Owner's Lot for purposes of performing the Master Association's responsibilities under this Master Declaration. During the period October 1 through March 30 of each calendar year, each Owner must keep the door of the garage of his/her Living Unit closed at all times, except when entering or exiting the garage.

(vi) Each Owner is responsible for keeping his or her Living Unit clean, dry, well-ventilated and free of contamination. Molds are microscopic organisms that can be found virtually in every environment and can be detected, both indoors and outdoors, year round. According to the United States Environmental Protection Agency ("EPA"), "molds are part of the natural environment. Outdoors, molds play a part in nature by breaking down dead organic matter such as fallen leaves and dead trees, but indoors, mold growth should be avoided." U.S. Environmental Protection Agency. *A Brief Guide to Mold, Moisture and Your Home* (EPA Document 402-K-02-003), Reprinted September 2012 (the "**Guide**"). Molds reproduce through spores that can become airborne. Mold spores may enter a building through open doorways, windows, and through heating, ventilation and air conditioning systems. Spores in the air outside also attach themselves to people and animals, making clothing, shoes, bags and pets convenient vehicles for carrying mold indoors. According to the Guide, mold may begin growing inside of a home "when mold spores land on surfaces that are wet. There are many types of mold, and none of them will grow without water or moisture." The EPA has stated that "moisture control is the key to mold control." Indoor mold growth has the potential to cause adverse health effects in some individuals. According to the Guide, "it is impossible to get rid of all mold and mold spores indoors; some mold spores will be found floating through the air and in house dust." Though the presence of mold inside of a home can never be completely eliminated, steps can be taken to reduce the occurrence of mold growth. Some of the recommended steps are as follows:

- When water leaks or spills occur indoors, act quickly. If wet or damp materials or areas are dried 24 – 48 hours after a leak or spill happens, in most cases mold will not grow.
- Keep air conditioning system secondary drip pans clean and the condensate drain lines unobstructed and flowing properly.
- Keep indoor humidity low. If possible, keep indoor humidity below 60 percent relative humidity.
- If condensate or moisture can be seen collecting on windows, walls or pipes, act quickly to dry the wet surface and reduce the moisture/water source. Condensation can be a sign of high humidity.
- Vent appliances that produce moisture, such as clothes dryers, stoves and kerosene heaters to the outside where possible.
- Use air conditioners and/or de-humidifiers when needed. In periods of high humidity, program the air conditioning system to the dehumidify setting.
- Run the bathroom fan or open the window when showering and allow the fan to operate for 20 to 30 minutes after the showering has ended.
- Use exhaust fans or open windows whenever cooking, running the dishwasher or dishwashing, etc.

Owners should consult the publications referenced above for more information on mold. Websites for the U.S. Environmental Protection Agency (www.epa.gov) and the Centers for Disease Control and Prevention (www.cdc.gov) may also contain additional information on mold issues.

(vii) Any obligations not specifically stated to be the Master Association's as described in said Article IV, Sections 1 or 2, shall be the obligation of the Owners. Each Owner shall perform his or her responsibilities hereunder in such a manner as shall not unreasonably interfere with the other Owners or Lots.

(b) Failure to Maintain Right to Remove or Correct Violations. If any Owner shall fail to Maintain such Owner's Lot or Living Unit in good repair and condition and in a neat and orderly condition consistent with the covenants set forth in this Master Declaration (including all sections of this Article) and such Rules as may be promulgated by the Board of Directors, or in the event of any violation or attempted violation of any of the covenants or restrictions contained in this Article or the Rules, or in the event of any other conduct in violation of any of the provisions or requirements of this Master Declaration or the Rules, then the same shall be considered to have been undertaken in violation of this Master Declaration and without the approval of the Architectural Review Board or the Board of Directors required herein, and, upon Registered Notice from the Architectural Review Board or the Board of Directors, 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 Registered Notice) after Registered 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 Master Association shall have the right, through its agents and employees, to enter upon such Lot and (in the event of an emergency, the Living Unit) and take such steps as may be necessary to remove or otherwise terminate or abate such violation and the cost thereof may be assessed and collected as a Restoration Assessment against the Lot upon or in which such violation occurred. When so assessed, a statement for the amount thereof shall be rendered to the Owner of said Lot, at which time the assessment shall become due and payable and a continuing lien upon such Lot, and a binding personal obligation of the Owner of such Lot, in all respects as provided in Article V of this Master Declaration. The Master 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 or requirements of this Master Declaration exists on such Lot or in such Living Unit, and neither the Master Association nor any such agent, employee or committee member shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection. Notwithstanding anything else contained in this paragraph to the contrary, the Master Association shall initiate judicial proceedings before any item of construction can be altered or demolished. The foregoing shall provisions of this Article VI, Section 3(b) not be applicable to any Lots owned by the Declarant or any Participating Builder so long as construction activities are ongoing at the Property.

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

(i) The Board of Directors shall be charged with determining where there is probable cause that (x) any of the provisions of this Master Declaration or the Master Association Governing Documents of the Master Association, regarding the use of the Living Units, Lots, Master Common Areas or other Master Association property, or (y) any of the provisions of the Forest Conservation Easement Agreement, the Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the License and Maintenance Agreement, the Shared Road Easements or the Tower Oaks Cost-Sharing Agreement are being or have been violated. In the event that the Board of Directors determines an instance of such probable cause, it shall provide Registered 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. Each Notice given under this section shall describe 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 Registered Notice. The notice shall also specify, and it is hereby provided, that each recurrence of the alleged violation or each day during which it continues shall be deemed a separate offense, subject to a separate fine not to exceed a reasonable amount established by the Board of Directors for each offense. The amount of the fine shall be based upon the costs and inconvenience caused to the Master Association and

shall not be a penalty. 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 Master Association with regard to such violation.

(ii) 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 may produce. Any party at the hearing may be represented by counsel.

(iii) 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.

(iv) A fine pursuant to this Article VI, Section 3(c), shall be assessed against the Lot which the violator occupied or was visiting or using 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 Master Association's lien rights as provided in this Master Declaration. Nothing herein shall be construed to interfere with any right that an Owner may have to obtain payment of the amount of any fine(s) assessed against such Owner's Lot from a violator occupying or visiting such Owner's Lot.

(v) Nothing herein shall be construed as a prohibition of, or limitation on, the right of the Master Association to pursue any other means of enforcement of the provisions of this Master Declaration or the other Master Association Governing Documents, including, but not limited to, legal action for damages or injunctive relief.

(vi) In the event of a violation of a covenant or restriction with respect to the provisions of the Forest Conservation Easement Agreement, the Forest Conservation Maintenance Agreement, the Forest Conservation Area Access Easement, the License and Maintenance Agreement, the Shared Road Easements or the Tower Oaks Cost-Sharing Agreement, then the Board of Directors take such action as is necessary to enforce the terms of such documents.

(d) Assignment of Insurance Proceeds. Each Owner covenants and agrees, by ownership of one or more Lot(s) within the Property, that if any insurance proceeds are payable by reason of any event or circumstances causing a condition rectified by the Master Association pursuant to this Article, those proceeds are hereby assigned to the Master Association to the extent not assigned to the First Mortgagee for such Lot. Each Owner shall, promptly upon request of any Director or Officer of the Master Association, execute such documents as may be necessary to effect or confirm such assignment. The amount thereof received by the Master Association in rectifying that condition and any amount in excess of those costs shall be returned

by the Master Association to the Owner, subject to the rights of any First Mortgagee having a lien upon such Owner's Lot.

Section 4. **Party Walls.**

(a) General Rules of Law to Apply. Each wall built as a part of the original construction of the Living Unit upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. Each privacy fence (including walls or fences between rooftop terraces), decorative fence, trellises or other dividers which may be located on the dividing line between two Lots shall also be deemed "party walls" for purposes of this Section 4, and the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. The provisions of this Article VI, Section 4 shall not be applicable to party walls between Condominium Units, and the Condominium Governing Documents shall govern all party walls between Condominium Units.

(b) Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty. If any such party wall [including, without limitation, any fence or other divider] is damaged or destroyed by fire (other than a fire caused by the Owner or Occupant of one of the Lots) or other casualty, or by some cause other than the act of one of the Owners or Occupants, or the agents, guests or family of any Owner or Occupant (including ordinary wear and tear and deterioration from lapse of time), or if a party wall, party wall fence or other divider requires Maintenance (including, without limitation, painting), then in such event both such adjoining Owners shall proceed forthwith to rebuild, repair or paint the same to as good condition (and same color) as was formerly existing and they shall share equally the costs of Maintaining the party wall, party wall fence or other divider.

(c) Damage Caused by One Owner. If any such party wall or party wall fence or divider is damaged or destroyed through the act of one adjoining Owner or Occupant or any of the agents, guests, or members of the family such Owner or Occupant (whether or not such act is negligent or otherwise culpable), or if one adjoining Owner or Occupant fails to Maintain the party wall or party wall fence or other divider in good repair and condition [including painting and pointing of party walls and party wall fences] so as to deprive the other adjoining Owner or Occupant of the full use and enjoyment of the wall, fence or other divider, then the Owner who is at fault (or the Owner of the Lot whose Occupant is at fault) shall forthwith proceed to rebuild and repair (or repaint in the previous color) the same to as good condition as formerly existed at its sole cost and expense, without cost to the adjoining Owner or Occupant.

(d) Damage by Exposure. If any party wall, party wall fence or other divider is damaged by reason of exposure to the elements caused by the negligence or intentional acts of the Owner(s) or Occupant(s) of a Lot sharing the use of such party wall, party wall fence or other divider, then the Owner of such Lot shall be responsible for the prompt repair of such party wall, party wall fence or divider at such Owner's sole expense.

(e) 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 or

Occupant proposing to modify, make additions to or rebuild a residence in any manner which requires the extension or other alteration of any party wall (including party wall fences, piers or columns, and other property line dividers, to the extent the same exist) shall first obtain the written consent of the adjoining Owner.

(f) Right to Contribution Runs with the Land. The right of any Owner to contribution from any other Owner under this Section 4 shall be appurtenant to the land and shall pass to the successors in title to the Owner entitled to such contribution.

(g) Easement. The adjoining Owners of Lots which share a party wall shall each have a right of access and an easement to enter upon the Lot of the adjacent Owner for purposes of performing Maintenance (including, without limitation, painting) with respect to the party wall.

(h) Dispute. In the event of a dispute between Owners with respect to the Maintenance of a party wall or party wall fence, courtyard wall or other property divider, or with respect to the sharing of the cost thereof, then, upon written request of any one of such Owners addressed to the Master Association, the matter shall be submitted to the Board of Directors, who shall decide the dispute, and the decision of such Board of Directors shall be final and conclusive upon the parties. If any Owner fails to repair, replace or Maintain any party wall, party wall fence, courtyard wall or other property divider in good repair and condition after a decision by the Board of Directors that such work is required, then such failure by an Owner shall be deemed a violation of this Master Declaration and the rights of the Master Association pursuant to Article VI, Sections 3(b) and 3(c) shall apply.

Section 5. Maintenance by Master Association. Commencing on the date of conveyance of the first Lot to an Owner other than the Declarant or a Participating Builder, the Master Association shall be responsible for the management, Maintenance of the Master Common Areas (and those portions of the Lots to the extent expressly set forth in this Master Declaration), including, without limitation, all those obligations of the Master Association described in Article IV, Sections 1 and 2 of this Master Declaration, but specifically excluding those items for which Owners are responsible as set forth in Article VI, Section 3. The cost of the Master Association's performance of its Maintenance obligations shall be assessed as a Master Common Expense against all Lots as part of the Annual Assessments. The Master Association shall not have any responsibility for the Maintenance of the Lots, except as set forth in Article IV, Sections 1 and 2. If the Board of Directors determines that certain Maintenance was necessitated by the negligence, misuse or neglect of an Owner or Occupant, the cost of such repairs or replacements shall be assessed against such Owner's Lot as a Restoration Assessment pursuant to Article V, Section 4 of this Master Declaration.

Section 6. Resale of Lots.

(a) Reference to Master Declaration. The deed or instrument transferring title to any Lot shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this Master Declaration and in any applicable Supplementary Declaration.

(b) Notification. The contract seller of a Lot shall notify the Master Association of the contract purchaser and the scheduled date and place conveyance will be accomplished.

(c) Statement of Assessments. Upon receipt of the notification described in Article VI, Section 6(b), the Board of Directors or the Management Agent shall prepare a written statement which shall set forth any assessments and charges due upon such Lot at the time of conveyance (or a statement that the amount of unpaid assessments and charges is zero) and shall certify as to whether there are any violations of the Master Association Governing Documents remaining on the Lot as of the date of preparation of such statement. This statement shall be delivered to the place of closing, and outstanding assessments, if any, shall be deducted from the Seller's account at the closing and transmitted directly to the Master Association. The Board of Directors may charge a reasonable fee for the preparation of this statement.

ARTICLE VII

EASEMENTS

Section 1. **Utility Easements.**

(a) Installation and Operation of Utilities. There is hereby created a perpetual easement upon, across, over, through, and under the Property (including the Master Common Area Parcels and Lots) for ingress, egress, and for the location, installation, and Maintenance of all utility and service lines and systems, including, but not limited to, water, sanitary sewers, storm water drainage and sewers, gas, telephones, electricity, television cable, and communication lines and systems, whether public or private, and all pipes, wires, lines, ducts, shafts, conduits and equipment related thereto. By virtue of this easement, it shall be expressly permissible for the Declarant or a Participating Builder, or the providing utility or service company with the consent of the Declarant and/or a Participating Builder (as to Lots which it owns only), to install and Maintain facilities and equipment on the Property, to excavate for such purposes, and to affix and Maintain wires, circuits, and conduits underground and on, in, and under the roofs and exterior walls of Living Units and garages. The foregoing notwithstanding, in no event shall any Participating Builder interfere with the ability of the Declarant or another Participating Builder from completing the development of the Property (or such portion of the Property owned by the Participating Builder) or the Living Units on the Lots owned by the Declarant or the Participating Builder, as applicable, in accordance with the Regulatory Approvals and the final plans and specifications attached to the construction contract for the construction of such Living Units. No Owner shall lock a gate which provides access to such Owner's Lot in a manner which will prevent the Declarant, a Participating Builder or any utility company from obtaining access to such Owner's Lot for the above purposes.

(b) Maintenance of Utilities. Portions of the underground Storm Water Management Facilities, water lines and sanitary sewer lines serving the Property may be located below the Master Common Areas, the Shared Road or one or more Lots and Living Units. There is hereby created across, over, through and upon each Lot, the Master Common Areas and the portion of the Shared Road within the Property an easement for the benefit of the Declarant, the Participating Builders and the Master Association for purposes of Maintaining the storm water

lines, water lines, sanitary sewer lines, pipes, conduits and related storm water, water and sanitary sewer transmission facilities located on or under such Lot and/or Living Unit or the Master Common Areas; provided, however, that such Maintenance shall not unreasonably interfere with the use or occupancy of the Living Units.

(c) Reservation of Right to Grant Utilities Easements. For a period of ten (10) years following the date of recordation of this Master Declaration, the Declarant and each Participating Builder, with respect to that portion of the Property which it owns or at any time has owned, shall have the unilateral right to enter into easement agreements with Governmental Authorities and private utility companies more specifically establishing easements over and across the Lots and the Master Common Area Parcels, as applicable, for such Storm Water Management Facilities, water, sanitary sewer, electric power, telephone, cable and gas lines.

(d) Master Service Panels for Utilities. Certain utility and service lines and systems may be distributed to multiple Living Units from master service panels attached to the exterior of one or more Living Units. To the extent that any master service panel exists on the Property, each Owner of a Living Unit served by such master service panel shall have an easement over, across and upon the Lot on which the Living Unit to which the master service panel is attached which serves his or her Living Unit in order to Maintain the master service panel; provided, however, that such Owner entering upon the Lot of another Owner shall use best efforts not to disturb the Owner of the Living Unit to which the master service panel is attached and not to disturb utility service to any of the Living Units serviced by the master service panel, and the Owner exercising this easement shall be responsible for repairing any damage caused by reason of his or her entrance, or that of his or her contractors, upon the Lot of another Owner. As used herein, the term "**master service panel**" shall mean and refer to a grouping of one or more utility service meters and distribution lines (i.e., a group of electric meters). In addition, there is hereby created an easement across all portions of the Property, including Lots, for the location of transformers and utility meters and meter boxes which serve some or all of the Living Units.

(e) Limitation. Notwithstanding anything to the contrary contained in this Article VII, Section 1: (i) no sanitary sewers, storm water drainage facilities, electrical lines, water lines, gas lines, or other utility service lines or facilities for such utilities may be installed or relocated on the Property, except as approved by the Declarant prior to the conveyance of the first Lot to an Owner or approved by the Declarant, the Participating Builders (only as to Lots owned by the Participating Builders) and the Master Association thereafter, and (ii) Article VII, Section 1 shall not be construed to apply to the relocation, installation or removal of utility lines within a Living Unit which serve only that Living Unit. This easement shall in no way affect, avoid, extinguish or modify any other recorded easements on the Property.

Section 2. **Easements for Drainage.**

(a) Easement for Drainage. Each Lot is hereby subject to an easement and right of passage upon, across and under such Lot for the drainage and discharge of water from any storm drain, underdrain, down spout or yard drain situated on another Lot and the Owner of such Lot may not alter or obstruct such drainage or flow of water to the detriment of any Living Unit, Lot or the Master Common Area Parcels.

(b) Reservation of Right to Correct Drainage. For a period of ten (10) years from the date of submission of each Lot to this Master Declaration, the Declarant hereby reserves for itself, and for each Participating Builder (as to the Lots then or at any time previously owned by such Participating Builder), a blanket easement and right on, over, and under the Property, including, without limitation, the ground within each Lot, to establish, maintain, modify and to correct drainage of surface water in order to maintain reasonable standards of health, safety, and appearance. Such right expressly includes the right to cut any trees, bushes, or shrubbery, perform any grading of the land, and to take any other similar action which may be reasonably necessary, following which the Declarant shall restore the affected property to its original condition as nearly as practicable. The Declarant or Participating Builder, as applicable, shall give reasonable notice of its intent to take such action to all affected Owners, unless in the opinion of the Declarant or the Participating Builder, as applicable, an emergency exists which precludes such notice. Each Lot is hereby subject to an easement and right of passage upon, across and under such Lot for the drainage and discharge of water from any storm drain, downspout, or yard drain situated on another Lot and the Owner of such Lot may not alter or obstruct such drainage or flow of water to the detriment of any Lot or the Master Common Area Parcels.

Section 3. Construction Easements and Rights. Notwithstanding any provision of this Master Declaration or of any Supplementary Declaration, there is hereby reserved unto the Declarant and each Participating Builder (each as to the Lots owned or at any time previously owned by such Participating Builder), and their respective contractors, successors and assigns to whom such easement has been specifically assigned in writing, and their employees, contractors, agents, and assigns, a non-exclusive perpetual easement and right-of-way, upon, across and over (i) any portion of the Property, as to the Declarant, and (ii) the Lots then owned or previously owned by a Participating Builder (but not within the interior of a Living Unit which has been occupied), as to the Participating Builders, for (A) the movement and storage of building materials and equipment, (B) the location, installation, construction, replacement and Maintenance of all utility and service lines and systems, including, but not limited to, water, sanitary sewer lines, cables, storm drains, gas lines, telephone lines, electric lines, communication lines and systems, and appurtenances to any of same, (C) the construction, installation and Maintenance of improvements (including, without limitation, buildings, landscaping, street lights, directional and promotional signs) and utilities in, on, across and/or under the Property, (D) the conduct of sales activities, including, but not limited to, the maintenance of model Living Units, a sales office, storage area, signs and displays, (E) curb cuts, slope or grading easements, (F) vehicular and pedestrian ingress and egress, (G) all other purposes reasonably related to the completion of development and construction of the Property, (H) to carry out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Property or the improvements thereon, and (I) the furnishing of warranty services; provided, however, that the use of such easement shall not unreasonably interfere with the use or occupancy of any of the Living Units in excess of normal and customary construction activities.

By virtue of this easement, it shall be expressly permissible to erect, install and Maintain the necessary poles, pipes, lines, service boxes and other equipment on the Property, to affix and Maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Property, including any improvements constructed thereon, and to

have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress over the Property. There is further reserved unto the Declarant, for itself and for each Participating Builder (as to the Lots owned or at any time previously owned by such Participating Builder), the right to erect entry features, promotional and other similar items within the Property provided they do not unreasonably interfere with the use, operation and enjoyment of the Property. There is further reserved unto the Declarant, for itself and for each Participating Builder (as to the Lots owned or at any time previously owned by such Participating Builder), the right to grant specific easements, both temporary and permanent, to any person or entity, including, without limitation, all public authorities and public and private utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection. Further, without limiting the generality of the foregoing, the Declarant, as to the Property, and each Participating Builder (as to the Lots owned or at any time previously owned by such Participating Builder), hereby reserves the right to unilaterally execute and record such additional easements and agreements as may be necessary in order to give effect to the foregoing easements and other rights, which additional easements and other agreements need not be consented to or joined in by any party having an interest in the Property; provided, however, that if requested by the Declarant, or a Participating Builder, any party having an interest in the Property shall promptly join in and execute such confirmatory easements and other agreements.

Section 4. **Easement to Inspect and Maintain.** There is hereby created an easement in favor of the Declarant, the Participating Builders, and the Master Association for ingress and egress over any Lot (a) to inspect such property for alleged violations of the Master Association Governing Documents, based on formal, written complaints, for compliance with architectural standards and approved plans for alterations and improvements and (b) to perform such Maintenance as is required by this Master Declaration or the Supplementary Declaration for such Lot, provided the Owner of such Lot is given Notice of the purpose and time of inspection at least three (3) days in advance thereof and such inspection is performed during reasonable hours.

Section 5. **Easement for Maintenance.** The right of access over, across and through any portion of the Property (including occupied Living Units with Notice to the Owner or Occupant) is hereby granted to the Master Association, the Declarant, the Participating Builders, the Management Agent and any other persons authorized by the Board of Directors in its exercise and discharge of their respective powers and responsibilities, including, without limitation, performance of Maintenance of the Master Common Areas, Living Units, Storm Water Management Facilities, Recreational Facilities and other improvements located on the Property for which the Declarant, the Participating Builders or the Master Association is responsible for upkeep or Maintenance, or to correct any condition which violates the Master Association Governing Documents. No notice to any Owner shall be required in connection with the Maintenance of the Master Common Areas by the Master Association. The agents, contractors, officers and Directors of the Master Association may also enter any portion of the Property (including any occupied Living Unit upon Notice to the Owner or Occupant) in order to provide for the upkeep of the areas subject to easements granted to the Master Association by this Master Declaration. Each Owner (other than the Declarant and the Participating Builders) shall be liable to the Master Association for the Maintenance performed or made by the Master Association and necessitated by any act, neglect, carelessness or failure to comply with the Master Association Governing Documents and the costs incurred by the Master Association shall

be assessed against such Lot as a Restoration Assessment in accordance with the provisions of Article V, Section 4(b) hereof.

Section 6. **Easement for Governmental Personnel.** A right of entry on every Lot and the Master Common Area Parcels is hereby granted to the Master Association, its Directors, officers, agents and employees, to any manager employed by or on behalf of the Master Association, and to all law enforcement officers, fire and rescue personnel as needed to carry out their duties, including enforcement of cleared emergency vehicle access.

Section 7. **Easement for Landscaping, Signs, and Related Purposes.** There shall be and is hereby reserved to the Declarant and to each Participating Builder (with respect to Lots then or previously owned by such Participating Builder) for a period of ten (10) years from the date of recordation of this Master Declaration, a non-exclusive easement over all Lots (as to the Declarant, and as to a Participating Builder, over those Lots then or previously owned by a Participating Builder) and Master Common Area Parcels for a distance of ten (10) feet behind any Lot line which parallels a street or alley for the purpose of erecting and Maintaining street intersection signs, directional signs, temporary promotional signs, mailboxes, plantings, street lights, entrance features and/or "theme areas," lighting, stone, wood, or masonry wall features, related landscaping, or any combination of the foregoing. Exercise of this easement will be with the consent of the Owner of the affected Lot, or the Architectural Review Board if the said Owner does not consent.

Section 8. **Buffer Easement.** The Master Association shall have the right to inspect and Maintain any area which lies within a buffer easement, if any, conveyed to the Master Association, and to remove any improvements or other items which are constructed or located within the buffer easement in contravention of the terms of said easement. Where the buffer easement lies within any Lot, any cost incurred by the Master Association in maintaining the easement or removing any improvements or other items shall be chargeable to the Lot as a Restoration Assessment, as is set forth in Article V, Section 4(b) above.

Section 9. **Access Easements.**

(a) General Easement. There is hereby created a non-exclusive perpetual easement and right of way upon, across, over and through all of the Master Common Areas, and all Private Alleys, sidewalks and walkways (or the replacement thereof), whether located within Master Common Area Parcels or on Lots, constructed within the Property by the Declarant or any Participating Builder that may be reasonably deemed to have been constructed or intended for pedestrian use, for the benefit of the Owners and Occupants of the Property, and their respective invitees, contractors, agents, and employees and their successors and assigns, in the case of sidewalks and walkways, for the purpose of ordinary and reasonable pedestrian ingress and egress to and from the Property and ingress and egress to and from each of the Lots and Living Units and the Master Common Areas within the Property, except that such easement does not include private leadwalks, steps and stoops and driveways located within the boundaries of a Lot that are for the exclusive benefit of the Owners and Occupants of that particular Lot, and such Owner's and/or Occupant's respective invitees, contractors, agents, and employees and their successors and assigns.

(b) Mailboxes. As provided in Article VI, Section 2(p), to the extent that there are mailboxes which serve more than one Living Unit located on a Lot, each Owner whose mailbox is located on that Lot is hereby granted an easement over and across such Lot for ingress and egress to access his or her mailbox; provided, that no Owner or Occupant shall cause damage to the Lot on which the mailboxes are located.

(c) Easement for Emergency Access. An easement is hereby granted over, through and across all or any portion of the Property for emergency vehicle access, including, without limitation, to all police, fire, ambulance and other rescue personnel, for the lawful performance of their functions during emergencies.

Section 10. **Easements for Support, Encroachments, Enclosed Areas.**

(a) Easements of Support. There is hereby created across, through and under each Lot and the Master Common Area Parcels, including both land and improvements, a perpetual, non-exclusive easement of support in and to all structural members, columns, footings, caissons, beams, walls, piles, slabs and other supporting components and foundations which are necessary for support of improvements in adjacent Lots and the Master Common Area Parcels. To the extent that any Living Unit on a Lot or the Master Common Area Improvements encroach on any other Lot or on the Master Common Area Parcels, whether by reason of settling or shifting of any land or improvements, or by deviation in the construction, repair, restoration or replacement of any improvements, a valid easement shall exist for the encroachment and for the Maintenance of same so long as the encroaching Living Unit or Master Common Area Improvements exist. In the event that any Living Unit shall be partially or totally destroyed as a result of a fire or other casualty or as a result of condemnation or eminent domain proceedings, and such Living Unit is reconstructed or repaired, the shared improvements may be reconstructed in the same location and manner as they previously existed and valid easements for the shared use of such improvements shall continue to exist. The encroachment of parts of the Master Common Area Improvements upon any Living Unit, or any Living Unit upon the Master Common Area Parcels, resulting from such reconstruction or repair shall be permitted, and valid easements for such encroachment shall exist so long as the encroaching improvements shall exist.

(b) Easements for Encroachments. With respect to any leadwalk, step, stoop, patio, deck, downspout, yard drain, overhang, air-conditioning equipment or other similar structure or equipment or improvement which may encroach upon any portion of a Master Common Area Parcel or an adjacent Lot, and that may benefit any Lot, which encroachment occurs by reason of (i) construction or installation by the Declarant or a Participating Builder, (ii) deviations within normal construction tolerances in the Maintenance of any improvements, or (iii) the settling or shifting of any land or improvement, there is hereby reserved for the benefit of the Lot from which such leadwalk, step, stoop, patio, deck, overhang, downspout, drain, air-conditioning equipment or other structure or equipment originates, a perpetual easement over and across the Master Common Area Parcel and/or the adjacent Lot for the location, Maintenance and use of such structure, equipment or other items within the Master Common Area Parcel or adjacent Lot. The Owner of the Lot benefitting from such easement agrees to Maintain such structure, equipment or improvement and to indemnify and hold the Master Association and the Owner of the adjacent Lot on which such structure, equipment or

improvement is located, harmless from any loss, liability or damage arising out of or resulting from the use, enjoyment and benefit of the easement granted hereby. These easements do not relieve any Owner of a Lot from liability for such Owner's negligence or willful misconduct, and do not extend to any encroachment caused by alterations or inadequate Maintenance, resulting in unreasonable interference with the normal use and enjoyment of the Lot.

(c) Easements for Use of Enclosed Areas. There is hereby created for the benefit of each Lot, which is enclosed, in whole or in part, by any wooden, brick, stone or other similar fence and/or wall constructed by the Declarant or a Participating Builder, a perpetual easement to use any portion of a Master Common Area Parcel that may be located between such fence and/or wall and the record platted lot line (whether a record lot or assessment and taxation lot) for such benefitted Lot; and the obligation to Maintain such portion of the Master Common Area Parcel shall be that of the Owner of the benefitted Lot and the obligation to Maintain the wooden, brick, stone, or other similar fencing located within the Master Common Area Parcel, which encloses the benefitted Lot, shall be that of the Owner of the benefitted Lot. The Owner of any Lot benefitting from the foregoing easement agrees to indemnify and hold the Master Association harmless from any loss, liability or damage arising out of or resulting from the use, enjoyment and benefit of the easement rights provided for herein.

(d) Mutual Easements for Utilities. A mutual right and easement for utility services is hereby established for the benefit of all Owners, such that no Owner shall take any action which would in any way interfere with utility services being provided to other Owners within the Property. If a Lot contains any utility pipes, ducts, conduits, wires or the like, whether through walls, floors or ceilings of a Living Unit or garage, and which are for the benefit, in whole or in part, of other Owners within the Property, then the Owner of such Lot shall promptly, at the Owner's expense, repair any damage to such utilities caused by the Owner, or such Owner's tenants, lessees, agents, guests, invitees, licensees or family members.

Section 11. Reservation of Right to Grant Easements and Dedicate Rights-of-Way. The Declarant hereby reserves, for itself and for the Participating Builders, the absolute right, for a period of ten (10) years following the date of recordation of this Master Declaration, to grant easements, both temporary and permanent, as to the Declarant, over any part of the Property subjected to this Master Declaration, and as to the Participating Builders, over Lots then or previously owned by such Participating Builder, or any portion or portions thereof, as may be required by any Governmental Authority, public or private utility company, or as are otherwise in accordance with the Regulatory Approvals for the Property. In addition, the Declarant hereby reserves the absolute right, for a period of ten (10) years following the date of recordation of this Master Declaration, to dedicate all, or any portion of the Private Alleys for public use, and to install additional signage and speed bumps within the Private Alleys to control the flow of traffic.

Section 12. Master Association Easements. The Board of Directors of the Master Association shall have the right to grant easements, rights-of-way, licenses and similar interests over any part of the Master Common Area Parcels for any lawful purpose which the Board determines, in its sole discretion, to be in the best interests of the Master Association.

Section 13. **Reservation of Right to Modify Plans.** The Declarant hereby reserves the right to modify or alter the size, number, type and location of the Master Common Area Parcels and Lots, as well as the improvements thereon, as the Declarant deems necessary or desirable in conjunction with the development of the Property. Without limiting the generality of the foregoing, the Declarant reserves the right to resubdivide all or a portion of the Property, to convey Master Common Area Parcels, to modify the Regulatory Approvals, to construct improvements on the Master Common Area Parcels, and to take whatever other action with respect to the Master Common Area Parcels and the Lots as the Declarant may deem necessary or desirable or which a Participating Builder may request and the Declarant may approve in its sole judgment.

Section 14. **Forest Conservation Easement and Forest Conservation Access Easement.** The Forest Conservation Area is adjacent to the Community, except that a portion of the Forest Conservation Area extends into the Master Common Area Parcels. All restrictions set forth in the Forest Conservation Easement Agreement and the Forest Conservation Maintenance Agreement apply to that portion of the Master Common Area Parcels over which the Forest Conservation Area exists. The Forest Conservation Area Access Easement grants a perpetual, non-exclusive easement to the City over portions of the Master Common Area Parcels for purposes of providing access to the Forest Conservation Area. The Master Association is obligated to Maintain the Forest Conservation Area Access Easement as it is part of the Master Common Areas of the Property.

Section 15. **Shared Road Easements.** The Shared Road provides access, ingress and egress for the benefit of the Property and the Adjacent Property. In addition, there are water, sewer and storm drainage lines under the Shared Road which serve both the Property and the Adjacent Property. The Shared Road Easements provide for the use and maintenance of the Shared Road and the utilities located on or under the Shared Road. The Shared Road is dedicated to public use and members of the general public may use the Shared Road. At such time as the City of Rockville accepts responsibility for the Maintenance of the Shared Road (and the utilities located on or under the Shared Road, then the Shared Road Easements will terminate and be of no further force or effect. Prior to the time that the Shared Road is accepted by the City of Rockville for Maintenance, the Master Association and the Adjacent Property Owner share responsibility for the Maintenance of the Shared Road and the utilities located on or under the Shared Road, and the costs for same are to be shared as set forth in the Shared Road Easements.

Section 16. **Easements to the City of Rockville, Maryland.** The Public Improvements Easement, the Forest Conservation Easement Agreement, the Forest Conservation Access Area Easement and the License and Maintenance Agreement include grants of perpetual easements to the City of Rockville, and also include restrictions on the use of areas of the Community and prohibit interference with the easements established therein.

ARTICLE VIII

RIGHTS OF MORTGAGEES AND PUBLIC AGENCIES

Section 1. **Consents.** Subject to the right of the Declarant to annex additional properties and subject them to this Master Declaration, as provided in Section 2 of Article II, the Master Association shall not, without the consent of (i) Class A Members and Class B Members holding in the aggregate at least sixty-seven percent (67%) of the Total Votes in the Master Association, (ii) the Class C Members, so long as the Class C membership of such Person exists, and (iii) subject to the provisions of Article XI, Section 3 hereof, at least fifty-one percent (51%) of the First Mortgagees (which First Mortgagees providing approval must include for purposes of this Article VIII, the lenders providing acquisition and construction financing to the Participating Builders and BP/DC Properties, Inc., the lender providing acquisition financing to the Townhouse Developer so long as such First Mortgages shall remain in effect), take any of the following actions unless the action is required by one or more of the Federal Mortgage Agencies or any Governmental Authority, in which case none of these consents shall be required:

(a) Abandon, Partition, Encumbrance of Master Common Area Parcels. By act or omission seek to abandon, partition, encumber, sell or transfer the Master Common Area Parcels or other property owned by the Master Association. The granting of easements for public utilities or other public purposes consistent with the intended use of the Property, or in accordance with Article VII, shall not be deemed a transfer within the meaning of this clause.

(b) Failure to Maintain Insurance. Fail to maintain fire and extended coverage insurance on insurable parts of the Master Common Areas or other Master Association property, or insurance otherwise required to be maintained under the License and Maintenance Agreement, on a current replacement-cost basis in an amount not less than one hundred percent (100%) of the insurable value, based on current replacement costs, not including land value.

(c) Misappropriation of Insurance Proceeds. Use hazard insurance proceeds for other than the repair, replacement or reconstruction of such property.

(d) Amendments to Master Declaration. Add or amend any material provisions of this Master Declaration or related Master Association Governing Documents that are for the express benefit of the First Mortgagees or would otherwise affect the interest of the Mortgagees, including the following:

- (i) insurance or fidelity bond coverages;
- (ii) withdrawal of property from the Property, subject to the provisions of Article II;
- (iii) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey his property;
- (iv) a decision by the Master Association to establish self-management when professional management had been required previously by a First Mortgagee;

(v) restoration or repair of the Master Common Area Parcels or any Master Common Area Improvements thereon after a hazard, damage or partial condemnation; or

(vi) termination of this Master Declaration after substantial destruction or condemnation occurs.

(e) Mortgagee Approval.

With the exception of any amendment or action that may alter the priority of the lien of a Mortgage, materially impair or affect a Lot as collateral or the right of any Mortgagee to foreclose on a Lot, any Eligible Mortgagee that is notified of any other matter for which it is entitled to notice under this Article VIII or otherwise in this Master Declaration (such notice to be delivered by certified or registered mail, return receipt requested), and that fails to respond within sixty (60) days of receipt of such notice shall be deemed to have consented, if applicable, to the matter of which the Eligible Mortgagee was provided notice. In addition, to the extent the Master Association seeks the consent of any other Mortgagee for any such matter, notice of such matter shall be delivered by certified or registered mail, return receipt requested to the address supplied by such Mortgagee or if no address is supplied, to the address of the Mortgagee filed in the Land Records or with the local tax assessor's office, and if such Mortgagee fails to respond within sixty (60) days of receipt of such notice, such Mortgagee shall be deemed to have consented, if applicable, to the matter of which the Mortgagee was provided notice. Any notice requesting the consent of any Eligible Mortgagee or other Mortgagee shall contain a conspicuous statement that such Mortgagee's consent shall be deemed to have been given if the Mortgagee fails to respond within the time period set forth in this Section. Nothing in this Section shall be deemed to require that the Master Association provide notices or requests to Mortgagees other than Eligible Mortgagees unless expressly required by the Master Association Governing Documents.

Section 2. **Notice and Other Rights.** The Master Association shall maintain a file of all Eligible Mortgage Holders, with a designation of the property in which they have an interest; and shall send a copy of such list to any First Mortgagee who makes a written request for such list at least once every twelve months. The Master Association shall give prompt written Notice to each Eligible Mortgage Holder (and each Owner hereby consents to, and authorizes such Notice) of the following:

(a) Condemnation or Casualty. Any condemnation loss or any casualty loss which affects a material portion of the Master Common Areas or any Lot which is subject to a First Mortgage or security interest held, insured or guaranteed by such Eligible Mortgage Holder;

(b) Assessment Delinquency. Any delinquency in the payment of Annual Assessments, Special Assessments or other charges owed by an Owner whose Lot is subject to a First Mortgage or security interest held, insured or guaranteed by such Eligible Mortgage Holder, which delinquency remains uncured for a period of sixty (60) days;

(c) Modification or Cancellation of Insurance Policies. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Master Association.

(d) **Other Matters.** Any other matter with respect to which Eligible Mortgage Holders are entitled to Notice or to give the consent as provided in this Master Declaration.

To be entitled to receive Notice of the foregoing, the Eligible Mortgage Holder must send a written request to the Master Association, stating both its name and address and the Lot designation or address of the Lot on which it has (or insures or guarantees) the Mortgage. Any Eligible Mortgage Holder or Mortgagee who is notified of any matter for which it is entitled to Notice as provided herein (such notice to be Registered Notice), and which fails to respond within thirty (30) days of receipt of such notice shall be deemed to have consented, if applicable, to the matter of which the Eligible Mortgage Holder or Mortgagee was provided Notice.

Section 3. Payment of Taxes and Charges. A First Mortgagee may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Master Common Areas, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage upon the lapse of a policy for such Master Common Areas. The First Mortgagee or First Mortgagees making such payments shall be owed, upon demand, reimbursement therefor by the Master Association.

Section 4. Casualty Losses. In the event of substantial damage or destruction to any of the Master Common Areas, the Board of Directors of the Master Association shall give prompt written notice of such damage or destruction to the Eligible Mortgage Holders who hold First Mortgages of record on the Lots. No provision of this Master Declaration or the Articles of Incorporation or the Bylaws of the Master Association shall entitle any Member to any priority over the holder of any First Mortgage of record on his or her 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 Master Common Areas.

Section 5. Condemnation or Eminent Domain. In the event any part of the Master Common Area Parcels 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 Master Association shall give prompt written notice of any such proceeding or proposed acquisition to the Eligible Mortgage Holders who hold First Mortgages of record on the Lots. No provision of this Master Declaration or the Articles of Incorporation or the Bylaws of the Master Association shall entitle any Member to any priority over the holder of any First Mortgage of record on his or her 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 Master Common Area Parcels.

Section 6. Collection of Assessments. Mortgagees shall have no obligation to collect Annual Assessments or Special Assessments, or other charges owed by an Owner to the Master Association.

Section 7. Approvals. So long as the Declarant shall have Class D voting rights, the following actions shall require the prior approval of the Federal Mortgage Agencies:
(a) annexation of additional properties not within the initial Property; (b) dedication of the Master Common Areas, except to the extent contemplated by this Master Declaration;
(c) mergers and consolidations; (d) mortgaging of the Master Common Areas; and

(e) amendment of this Master Declaration and any Supplementary Declaration in a manner restricted by the regulations of such Federal Mortgage Agency.

ARTICLE IX

MANAGEMENT

Section 1. **Management Agent.** The Board of Directors may employ for the Master Association a 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, including, but not limited to, the following:

(a) Collection of Assessments. To establish (with the approval of the Board of Directors of the Master Association) and provide for the collection of the Annual Assessments and Special Assessments provided for in this Master Declaration and to provide for the enforcement of liens therefor in a manner consistent with the law and the provisions of this Master Declaration; and

(b) Maintenance. To provide for the care, upkeep, Maintenance and surveillance of the Master Common Area Parcels and Master Common Area Improvements; and

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

(d) Rules. To promulgate (with the approval of the Board of Directors of the Master Association) and enforce the Rules and restrictions or requirements, "house rules" or the like as may be deemed proper respecting the use of the Master Common Areas; and

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

Section 2. **Term of Management Agreement.** Any management agreement entered into by the Master Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon thirty (30) days written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive periods of one (1) year each.

Any management agreement entered into while the Declarant is in control of the Master Association must be terminable, without cause, any time after transfer of control, on not less than thirty (30) days, nor more than ninety (90) days, notice, and no charge or penalty may be associated with such termination.

ARTICLE X

COVENANT IN FAVOR OF THE CITY OF ROCKVILLE, MARYLAND

Section 1. **Required Consent of the City of Rockville.** Any other provision of this Master Declaration or the other Master Association Governing Documents to the contrary notwithstanding, neither the Members, the Board of Directors nor the Master Association shall, by act or omission, take any of the following actions without the prior written consent of the City of Rockville, which consent shall not be unreasonably withheld or delayed:

- (a) Annexation. Make any annexation or additions of real property, other than as contemplated by this Master Declaration; or
- (b) Abandonment or Transfer of Master Common Areas. Abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Master Common Areas; provided, however, that the granting of rights-of-ways, easements and the like for public utilities and for other purposes consistent with the use of the Master Common Areas by the Members of the Master Association shall not be considered a transfer within the meaning of this Article X; or
- (c) Abandonment or Termination of Master Declaration. Abandon or terminate this Master Declaration or other Master Association Governing Documents; or
- (d) Merger or Consolidation. Merge or consolidate the Master Association with any other entity or sell, lease, exchange or otherwise transfer all or substantially all of the assets of the Master Association to any other entity.

The City of Rockville shall have the right to bring action for any administrative, legal or equitable relief necessary to enforce the rights and powers granted to the City of Rockville hereunder.

ARTICLE XI

DURATION; AMENDMENT

Section 1. **Duration.** Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of this Master Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Master Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty-five (25) years, unless the covenants and restrictions are expressly terminated by an instrument signed by (i) Class A Members and Class B Members holding not less than seventy-five percent (75%) of the Total Votes in the Master Association, (ii) the Class C Members, if the Class C membership of any Participating Builder has not ceased to exist, (iii) the Class D Member, if the Class D membership of the Declarant has not ceased to exist, and (iii) sixty seven percent (67%) of the First Mortgagees. A termination must be recorded among the Land Records in order to become effective.

Section 2. **Amendment.** Except as provided in Article II, Section 2 with respect to the annexation of additional land to the Property subject to this Master Declaration, and Article

XI, Section 3 below, this Master Declaration may only be amended by an instrument signed by, or the affirmative vote of, the Class A Members and Class B Members entitled to cast not less than sixty-seven percent (67%) of the Total Votes in the Master Association, and the consent of the Class C Members, so long as the Class C membership has not ceased to exist, and the consent of the Class D Member, so long as the Class D membership has not ceased to exist.

Notwithstanding the foregoing, the prohibition on the use of a Living Unit as a "family day care home" set forth in Article VI, Section 1(a) may be eliminated by approval of a simple majority of the total authorized votes of all Members. All amendments must be recorded in the Land Records in order to become effective.

Section 3. Changes and Modifications by the Declarant. Notwithstanding any other provision, express or implied, of this Master Declaration to the contrary, for a period of ten (10) years after the recordation of this Master Declaration, the Declarant may unilaterally (without the consent of the Members of the Master Association or any other party), make any amendment to this Master Declaration, in the exercise of its sole discretion and with the irrevocable power as attorney-in-fact on behalf of all Members (which power shall be deemed coupled with an interest) which is required by any of the Federal Mortgage Agencies or any Governmental Authority as a condition of approval of the development of the Property, or which is required in connection with any changes in the governmental approvals which exist as of the date of this Master Declaration with respect to the Property, or to reflect the grant and conveyance of any easements reserved to the Declarant, or to correct errors or omissions herein, or an inconsistency or a scrivener's error, or to clarify an ambiguity in this Master Declaration (including, without limitation, recalculating the liability for assessments or the number of votes in the Master Association appertaining to a Lot), or in connection with the exercise of the Declarant's right to subject additional property which the Declarant owns or acquires in the vicinity of the Property to the Master Declaration (including, without limitation, recalculating the liability for assessments or the number of votes in the Master Association appertaining to a Lot), or to modify, amend or change any of the provisions of this Master Declaration or the exhibits hereto, the Articles of Incorporation and the Bylaws of the Master Association, as the Declarant may deem necessary or desirable. Any such amendment shall be made by the execution and recordation of such amendment and Registered Notice of such amendment shall be provided to all Owners. Notwithstanding the foregoing, the Declarant shall not make any such amendment which will have an material adverse impact on any Participating Builder or the Lots owned by such Participating Builder without such Participating Builder's approval. After such ten (10) year period, or to make any amendment which is not one required by the Federal Mortgage Agencies or any Governmental Authority, or which is not otherwise permitted above to be made unilaterally by the Declarant, any amendment shall be accompanied by (a) a document signed by (i) Class A Members and Class B Members holding not less than sixty seven percent (67%) of the Total Votes in the Master Association, (ii) the then existing Class C Members, if all Class C memberships have not ceased to exist, (iii) the Class D Member, if such Class D membership shall not have ceased to exist, and (iv) the Master Association, and (b) evidence of the approval required in Article VIII above. Regardless of the date of recordation of this Master Declaration, the principal officer of the Master Association may also unilaterally execute and record such a corrective amendment as described above upon a vote of sixty-seven percent (67%) of the members of the Board of Directors of the Master Association. The foregoing rights of the Declarant to amend this Master Declaration shall be in addition to the provisions of Article II,

Section 2 of this Master Declaration. All amendments must be recorded in the Land Records in order to become effective.

Notwithstanding any other provision regarding amendment of this Master Declaration, the obligations of the Master Association set forth in Article IV, Sections 1 and 2 of this Master Declaration with respect to the Maintenance of the Master Common Area Parcels and the Master Common Area Improvements, the Private Alleys, sidewalks, walkways, leadwalks, steps, driveways, the Storm Water Management Facilities, and the Community Landscaping, shall be perpetual and may not be amended without the prior written consent of the City of Rockville.

ARTICLE XII

MANDATORY DISPUTE RESOLUTION; WAIVER OF TRIAL BY JURY

Section 1. **Mandatory Dispute Resolution Procedures.**

(a) **Claims.** Except for complaints by Members, Owners or Occupants against the Master Association governed by Article XII, Section 3 below, each and every complaint, claim, demand, dispute, cause of action, litigation, arbitration, mediation, or request for monetary or non-monetary relief of any type or nature (collectively "**Claim**") by or on behalf of or against (i) the Declarant or any Participating Builder, or any past, current, future member, director, officer, partner, employee, owner, agent or affiliate of such entities, (ii) any past, current or future contractor, subcontractor, design professional, engineer or supplier who provided or provides labor, services or materials in connection with the development or construction of the Community and any other Person or entity who is bound or has agreed to be bound to the dispute notification and resolution procedures in this Article XII, or (iii) the Master Association, any Member, the Condominium Association or any Owner with respect to any matter arising under or related to the Master Association Governing Documents or otherwise related to the Master Association or the purchase and sale of any portion of the Property, including, but not limited to, disputes relating to the Master Common Areas, the acts or omissions of the Declarant or any Participating Builder or any past, current, future member, director, officer, partner, employee, owner, agent or affiliate of such parties, with respect to the Master Association, the Master Common Areas, any Lot, the Condominium Association or other portion of the Property, including without limitation, any Claim regarding, affecting, relating to, arising from or concerning in any form or manner any matter related to the Community and the performance, safety, condition, use, marketing, sale, advertising, or written or oral statements related to the Community or the Property or any other matter affecting, relating to or arising from any of the foregoing, except to the extent governed by Article III, Section 3(c)(xi) of this Master Declaration (collectively the "**Master Association Issues**") must and shall be resolved solely and exclusively pursuant to the requirements of this Article XII. Each Member, Owner, Master Association and such other parties identified above are bound by the provisions of this Article XII and shall not commence any Claim, litigation or other form of dispute in any forum concerning the Master Association Issues without first complying with the procedures set forth herein. The provisions of this Article XII are and shall be considered to be a condition precedent to the commencement of any Claim or dispute procedure. Subject to compliance with the restriction contained in Article XII, Section 6 of this Master Declaration, and unless otherwise provided in the Master Association Governing Documents, the procedures outlined in this

Article XII shall not restrict collection procedures or actions authorized by the Master Association Governing Documents with respect to non-payment of any amounts due from any Member to the Master Association or any other Member or any injunctive or other action to enforce compliance with the covenants and restrictions contained in the Master Association Governing Documents. Notwithstanding anything contained herein, the procedures outlined in Article III, Section 3(c)(xi) of this Master Declaration shall govern the conveyance of any Master Common Area by the Declarant or any Participating Builder to the Master Association and any disputes that may arise therefrom. Additionally, notwithstanding anything contained in this Article XII, the terms of any limited warranty applicable to the Townhouse Lots shall govern the dispute resolution procedures applicable to any dispute regarding such limited warranty.

(b) Notice of Claim. Any party governed by this Article XII that has a Claim with respect to any one or more of the Master Association Issues (a "**Claimant**") against any other party identified in this Article XII (a "**Respondent**") shall provide the Respondent with written notice of such Claim as soon as possible under the circumstances. This written notice shall include all information available to the Claimant, including, as applicable, specific identification of any Master Common Area, Lots and any other portions of the Community to which the Claim applies and manifested damages, if any, that arise from or are related to the Claim and the amount and nature of any damages or other relief requested (the "**Notice of Claim**"). Claimant shall promptly provide supporting information or documentation concerning the Notice of Claim as may be reasonably requested by any Respondent.

(c) Respondent's Response to Notice of Claim. Unless the Notice of Claim is governed by Article XII, Section 1(d) below, the Respondent shall provide written response to the Notice of Claim to the Claimant within a reasonable period of time after receipt of the Notice of Claim. Within thirty (30) days after the Respondent's written response to the Notice of Claim, or such other time period as may be agreed to by the parties to the dispute, the parties shall meet in person in an effort to resolve the Claim in an informal manner. If mutually agreed by the parties, such meeting may be continued in an effort to achieve a resolution of the Claim. If the parties are unable to agree to a resolution of the Claim, then either party may request that the matter (the "**Dispute**") be submitted to neutral non-binding mediation as provided in subparagraph (e) of this Article XII, Section 1.

(d) Claims by the Master Association or any Member. If the Claimant is the Master Association or any Member, the following procedures shall be applicable to the Claim.

(i) Inspection Rights. At any time after the Notice of Claim is provided, if applicable, a Respondent may make one or more written request(s) to the Claimant, or if applicable the Master Association, to inspect, test or otherwise investigate the Claim, including, without limitation, the condition of any property identified in the Notice of Claim or any applicable records related to the issues identified in the Notice of Claim (the "**Inspection Request**"). As soon as reasonably possible and no later than fourteen (14) calendar days after delivery of the Inspection Request, the Claimant or, if applicable, the Master Association, shall make available for inspection and/or testing (including, but not limited to, destructive, invasive or disruptive testing) any items identified in the Notice of Claim and any related, similar, adjacent property, or any other item necessary for reasonable and efficient access to the foregoing, during normal working hours or other mutually agreed upon times. Where reasonably

practicable under the circumstances, if applicable, interior inspections or testing shall occur during normal business hours or other mutually agreed upon times, upon prior notice to the Claimant. In addition, if the Claimant has engaged the services of a professional other than an attorney (such as, for example, an engineer or architect or other professional) to prepare the contents of the Notice of Claim, then the Claimant shall make such professional available to meet with and/or accompany the Respondent in inspecting and/or testing the items in the Notice of Claim. The Respondent shall pay its costs of inspection and testing (but not the cost of any professional retained by the Claimant) and shall restore any property affected to a condition substantially similar to the condition that existed immediately before such inspection or testing, if and to the extent reasonably practicable, within a commercially reasonable period of time.

(ii) Settlement Statement, Settlement Conference, Respondent's Right to Repair.

A. After any applicable Inspection Requests are complied with, the Respondent shall, within a reasonable period of time, submit a written statement to the Claimant stating the Respondent's position regarding the items in the Notice of Claim as well as a proposed settlement of the claim or claims identified in the Notice of Claim, and stating whether the Respondent proposes to perform any action, pay the Claimant a cash amount, or both (the "**Settlement Statement**").

B. If the Claimant does not agree to the terms of the Settlement Statement, then the Claimant and the Respondent shall hold a settlement conference at a mutually agreeable time and place to discuss the claim or claims identified in the Notice of Claim and the proposed settlement stated in the Settlement Statement (the "**Settlement Conference**") and shall make a good faith attempt to resolve the matters identified in the Notice of Claim. If the Claimant is the Master Association, it shall be represented at the Settlement Conference by the entire Board.

C. If, despite reasonable good-faith efforts, a settlement of the claim or claims identified in the Notice of Claim is not reached after the Settlement Conference, the Claimant or the Respondent may deliver to the other party a written request for nonbinding mediation, which shall proceed in accordance with Article XII, Section 1(e) of this Master Declaration.

(e) Non-Binding Mediation. If the Claimant and Respondent are unable to resolve the Dispute in accordance with subparagraphs (c) or (d) of this Article XII, Section 1, the parties shall submit the Dispute to nonbinding mediation by an independent mediator selected by the Claimant(s) and Respondent(s) involved in the Dispute. If such Claimant(s) and Respondent(s) cannot promptly agree on a mediator, then the mediator shall be appointed in accordance with the most current version of the mediation procedures of The McCammon Group, Ltd, an independent third party organization that provides dispute resolution services ("**McCammon**") (except as such procedures may be modified by the provisions of this Section) and subject to the following requirements:

(i) The mediator shall have substantial experience in the mediation of community association disputes in the Washington, DC/Montgomery County area.

(ii) The mediation shall be scheduled promptly taking into consideration the requirements of subparagraphs (iii) and (iv) of this Article XII, Section 1(e) below.

(iii) Prior to the commencement of the mediation, Claimant shall present to Respondent a detailed demand with respect to matters contained in the Notice of Claim, including a demand for specific monetary and, if applicable, non-monetary relief, and Respondent shall thereafter present its initial response. Within ten (10) business days of Respondent presenting its initial response to Claimant, Claimant shall provide to Respondent a specific monetary demand to completely and fully resolve all Claims in the Notice of Claim such that, if paid that amount, the Claimant would provide a complete release of all Respondents for any and all Claims against such Respondents identified in the Notice of Claim (the "**Final Mediation Demand**"). Respondent shall have no less than thirty (30) business days to accept or otherwise respond to the Final Mediation Demand.

(iv) If Respondent does not accept the Final Mediation Demand as provided in subparagraph (iii) above, mediation shall proceed within thirty (30) business days following Respondent's response to the Final Mediation Demand or as soon thereafter as the designated mediator may be available. The parties to the Dispute shall participate in mediation for at least one (1) business day (i.e. at least 8 hours) and shall act in good faith with respect to participation in mediation and shall make a good faith effort to achieve a resolution. Upon completion of the required mediation period, any party to the mediation shall thereafter be entitled to terminate mediation if such party determines that mediation cannot resolve the dispute. Termination of the mediation shall be effectuated by giving written notice thereof to the other party and the mediator. Notwithstanding the foregoing, the parties may agree to continue mediation beyond the requisite one (1) business day period.

(v) Nothing herein shall negate or otherwise affect any notice requirements or statutes of limitations or any other applicable Law related to or affecting the Claims.

(vi) Persons other than the Claimant and the Respondent and their respective representatives, attorneys and consultants, and the mediator, may not be informed of the discussions at, or attend, the Settlement Conference or mediation unless otherwise agreed to in writing by the Claimant and the Respondent. Subject to the requirements of Article XII, Section 2(a)(ii) below, information disclosed in the Settlement Conference or mediation shall be kept strictly confidential and used solely for purposes of settlement and be inadmissible in any litigation, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. There shall be no stenographic or other recording of the Settlement Conference or mediation.

(vii) Except to the extent addressed in Article XII, Section 2(a)(iv) below, the Claimant(s) and Respondent(s) who are parties in the mediation shall share equally the costs of the mediation and the mediator and each such party shall bear its own costs with respect to the mediation.

(viii) If determined to be necessary by the mediator or the Claimant and Respondent agree, the mediator may engage and utilize an independent technical consultant(s) with respect to the Claim and the costs of such technical consultant shall be paid in the same manner as the costs of the mediation and mediator, except to the extent addressed in Article XII, Section 2(a)(iv) below.

(ix) Any notice, request, statement, or other communication required to be sent to the Respondent or the Claimant under this Article XII shall be mailed by first-class registered or certified mail, return receipt requested, sent by facsimile (provided the original is sent to the addressee on the same day by one of the other methods of delivery set forth in this Section), or personally served on the party entitled to receive such notice, request, statement or other communication.

(x) Nothing herein shall negate or otherwise affect the responsibility of the parties to comply with the Master Association Governing Documents and/or to take any necessary and appropriate action to mitigate damages associated with any matter contained in the Notice of Claim or at issue in any Dispute.

(xi) All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts or attorneys, or by the mediator, are confidential, privileged and inadmissible for any purpose in any arbitration, litigation or other proceeding involving the parties or others, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. The parties shall comply in all respects with the confidentiality requirements and rules established by McCammon. Notwithstanding, nothing in this provision, or in any other provision of this Article XII, Section 1, shall prevent compliance with Article XII, Section 2(a)(ii).

(xii) If the Claim is resolved successfully through the mediation, the resolution shall be documented by a written agreement executed by all parties to the Dispute. If the mediation does not successfully resolve the Claim, the mediator shall provide written notice to the parties reflecting the same, and the parties may then proceed to seek resolution of the Claim solely and exclusively through the formal procedures outlined in Article XII, Section 2. The provisions of this Article XII may be enforced by any court of competent jurisdiction, and if Claimant or Respondent successfully seeks enforcement, it shall be entitled to an award of all of its costs, fees and expenses, including, without limitation, attorneys' fees, to be paid by the party against whom enforcement is ordered.

Section 2. Legal Proceeding. If, after good faith efforts to mediate a satisfactory resolution of a Claim as provided in Article XII, Section 1 above have failed, unless the parties mutually agree to proceed with arbitration, the Claimant must comply with the following procedures:

(a) Initial Procedures. Before any action may be filed by the Master Association or any Member, the following procedures, where applicable, shall be followed:

(i) For any action by the Master Association, the Board of Directors shall vote to approve the action by unanimous consent and shall comply with Article XII, Section 2(a)(ii) below. However, prior to any such vote of the Board of Directors, the member of the Board that is appointed by the Condominium Association shall first comply with all notice and voting procedures for the initiation of legal action by such Condominium Association as may be required in the Condominium Governing Documents. If unanimous consent cannot be obtained, then the action may be approved by the Master Association by a vote of Members representing at least two-thirds (2/3) of the votes entitled to be cast by all Members, so long as at least fifty percent (50%) of the Class A Total Votes and fifty percent (50%) of the Class B Total Votes vote in the affirmative and shall comply with subsection (ii) below.

(ii) The Master Association shall deliver written notice to all Members, which shall include the following information:

A. A statement of the Claim of the Master Association against the Respondent, including a copy of the Final Mediation Demand for the Claim of the Master Association;

B. A copy of the confidential and inadmissible Settlement Statement provided by the Respondent to the Master Association and any updates thereto in response to the Final Mediation Demand or during or following mediation, which each Member shall keep confidential and may not disclose to any third parties in the same manner as though each such Member was a party to the mediation;

C. Confirmation that the parties participated in a Settlement Conference and a mediation as required in subsections (d) and (e) of Article XII, Section 1 above;

D. A statement of the reasonably anticipated consequences of proceeding with litigation including, without limitation, the estimated costs of pursuing litigation including, without limitation, any contemplated special assessments that may be required (the form and content of such statement to be subject to the reasonable judgment of the Board); and

E. A notice of special or other meeting of the Master Association, which shall comply with the notice requirements contained in the Bylaws, which meeting shall comply with the requirements contained in this Article XII, Section 2(a).

(iii) A meeting shall be held in accordance with the notice required under Article XII, Section 2(a)(ii)E. above at which a quorum is present. Members shall be provided with an opportunity to present questions on any of the information provided in Article XII, Section 2(a)(ii)A.-D. above. If required under Article XII, Section 2(a)(i) above, before proceeding with any litigation, a vote of the Master Association, voting in person or by proxy, as provided in Article XII, Section 2(a)(i) above, shall be required to approve proceeding with the proposed legal action.

(iv) The requirements contained in this Article XII, Section 2 shall be a condition precedent to proceeding with legal action with respect to any Claim of the Master Association against any Respondent.

(v) Any legal proceeding shall be filed solely and exclusively with the Circuit Court of Maryland for Montgomery County or the U.S. District Court for the District of Maryland, as applicable. At any time after any such litigation is filed, Respondent may request that any Claimant provide to Respondent, in writing, within ten (10) calendar days of a request therefor, its monetary demand to completely and fully resolve each and all of the issues in the legal proceeding such that, if paid that amount, the Claimant would provide a complete release of all Respondents for any and all Claims by such Claimant against such Respondents at issue in the legal proceeding or otherwise (the "**Litigation Demand**"). Respondents shall have no less than thirty (30) business days to accept, reject or otherwise respond to this Litigation Demand.

(vi) In any such legal proceeding, the following procedures shall be applicable.

A. The court shall award to the prevailing party, as determined by the court in accordance with the terms hereof, all of the prevailing party's reasonable attorneys' fees, experts' fees, consultants' fees, defense costs, litigation costs, and other costs and expenses of any kind or nature incurred by the prevailing party in, or in connection with, the Claim, the Claim Notice, the mediation, the Dispute, and any and all other disputes, claims, mediations, arbitrations, or litigation between or among the parties to the Dispute (collectively, "**Claim Fees**"). The requirement that the prevailing party is entitled to its Claim Fees is intended to be mandatory, to the maximum extent permitted under applicable Law. The term "prevailing party" as used herein shall mean the party whose position, upon aggregating all issues in the Dispute, is most nearly upheld by the court in such Dispute. By way of example, in a situation where the Claimant took a position that Claimant was entitled, in the aggregate for all claims asserted in the Dispute, to \$10,000, and the Respondent took the position that it would settle with Claimant all of the claims asserted in the Dispute, by making a monetary payment or performing work worth \$500, and the court issued a decision awarding the Claimant \$1,000, the "prevailing party" would be the Respondent, as the Respondent's position was more nearly upheld by the decision of the court. The "prevailing party" shall be determined by aggregating together all causes of action, counts, claims or defenses brought by the Claimant or Respondent in the Dispute. For purposes of making a determination as to the prevailing party, the Claimant's position in the Dispute shall be the higher of (a) the highest amount it ever sought in the Dispute, whether in a complaint, a settlement demand, a pleading, or otherwise, including the value of any requested non-monetary relief or (b) the amount set forth in its Litigation Demand.

B. In addition to and not in lieu of the foregoing, any prevailing party seeking enforcement of a judgment that is rendered by the court shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, incurred in connection therewith to be paid by the party against whom enforcement is ordered.

C. With respect to any Claims by a Claimant in a Dispute, or any judgment rendered in any Dispute, the Respondent(s) in that Dispute shall have the absolute right, to be exercised or not in that Respondent's sole discretion, to (or arrange for others to) modify, repair or replace any items found to require modification, repair or replacement, if applicable, provided that such modification, repair or replacement is undertaken and completed within a reasonable period of time and is performed within

acceptable industry standards in effect when the structure or other improvement was constructed.

D. Any legal action shall be subject to the waiver of jury trial, waivers of certain damages provided in Article XII, Sections 6 and 7 below and all other waivers and limitations in this Master Declaration.

(b) Compliance. The Respondent and any Claimant may assert a substantial failure by the other to substantially comply with a material requirement of this Article XII, Section 2 as a procedural deficiency in any action or proceeding, at law or in equity, involving the Respondent and such Claimant. If the court before which such action or proceeding is pending shall find that the Respondent or the Claimant has failed to substantially comply with a material requirement of this Article XII, Section 2, the parties shall be deemed to have consented to a stay in such action or proceeding, until such time as the Respondent and the Claimant, in good faith, have complied with such material requirement.

(c) Other Provisions. The procedures in this Article XII, Section 2 shall not be deemed to expand or modify statutory requirements applicable to the Master Association or any limitations periods under applicable Law.

(d) Respondent(s)' Right to Other Recovery. Notwithstanding any of the foregoing, nothing in this Article XII, shall prevent, preclude, prejudice, waive or otherwise impact, in any form or manner, the right or ability of any Respondent to seek and obtain any or all costs of the mediation or any related attorneys' fees or other amounts from any other Respondent, from any insurer, or from any other person or entity pursuant to the terms of any contract, agreement or insurance policy, or as may otherwise be available under applicable Law.

Section 3. Complaints by Members, Owners or Occupants Against the Master Association. Article XII, Sections 1 and 2 of this Master Declaration notwithstanding, complaints asserted against the Master Association by Members, Owners or Occupants in the Community with respect to matters concerning the action, inaction or decision by the Master Association, the Board of Directors or the Management Agent that are inconsistent with applicable Law (collectively "**Complaints Against the Association**"), shall be governed by this Article XII, Section 3.

(a) Complaint Procedures. The Master Association shall adopt and maintain procedures for the submission and consideration of Complaints Against the Master Association. Such procedures shall include the following:

- (i) A form for the submission of a Complaint Against the Master Association or a requirement that the Complaint Against the Association be submitted in writing.
- (ii) Delivery and receipt requirements.
- (iii) Procedures for identifying and obtaining all relevant documentation and evidence applicable to the Complaint Against the Association.

(iv) Procedures for the timely consideration of the Complaint Against the Association by the Master Association and the final determination made by the Master Association with respect to the Complaint Against the Association.

(v) The requirements for notification of the final determination by the Master Association on the Complaint Against the Association.

(b) Notice to the State. If required by applicable Law, the Master Association shall notify the complainant of his/her/its right to submit a notice of final adverse decision, if applicable, to the State of Maryland.

Section 4. Exceptions to Dispute Resolution Procedures. Nothing in this Article XII or elsewhere in the Master Association Governing Documents shall be deemed to limit the right of the Master Association to seek any available equitable or legal relief to enforce the obligation of any Member to pay Assessments, including the lien for Assessments, or to pursue self-help or enforce any breach of the covenants in the Master Association Governing Documents as provided in this Master Declaration. Notwithstanding anything in this Article XII to the contrary, the procedures outlined in Article III, Section 3(c)(xi) of this Master Declaration shall govern the conveyance of any Master Common Areas by the Declarant or any Participating Builder to the Master Association and any Disputes regarding the design, construction or warranty of the Master Common Areas of the Master Association. In addition, all Disputes relating to any defect or other matter with respect to any Townhouse Unit which is covered by a limited warranty provided by the Townhouse Developer to the purchaser of such Townhouse Unit in connection with the sale and purchase of such Townhouse Unit, shall be submitted to binding arbitration by and pursuant to the arbitration provisions contained in such limited warranty provided by the Townhouse Developer.

Section 5. Not Applicable to Condominiums. Nothing in this Article XII or elsewhere in the Master Association Governing Documents shall be applicable to any claims by Owners of Condominium Units or the Condominium Association against the declarant of the Condominium with respect to warranties or other claims related to the development, design, construction, management and sale or any other matter under the Maryland Condominium Act, Real Property Article, Title 11, Code of Maryland, as amended, or any other applicable Law, with respect to the Condominium or any Condominium Unit. Any disputes with regard to such matters shall be controlled by the Condominium Governing Documents.

Section 6. Waiver of Jury Trial. THE DECLARANT, THE MASTER ASSOCIATION, ALL MEMBERS AND ANY OTHER PARTY TO A DISPUTE WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THE DISPUTE. BY ANY PARTY'S ACCEPTANCE OF TITLE TO ANY INTEREST IN THE COMMUNITY, SUCH PARTY REPRESENTS THAT (i) THIS WAIVER IS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY MADE BY SUCH PARTY AND ACKNOWLEDGES THAT NO OTHER PARTY NOR ANY PERSON ACTING ON BEHALF OF ANY OTHER PARTY HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT, (ii) SUCH PARTY WAS REPRESENTED OR HAD THE OPPORTUNITY TO BE REPRESENTED IN CONNECTION

WITH THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL, AND (iii) SUCH PARTY UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER PROVISION.

Section 7. **Waiver of Certain Damages.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, THE DECLARANT, THE MASTER ASSOCIATION, ALL MEMBERS AND ANY OTHER PARTY TO A DISPUTE WAIVE THEIR ABILITY TO SEEK OR OBTAIN IN ANY DISPUTE, ACTION, PROCEEDING, MEDIATION, LITIGATION, CAUSE OF ACTION, CLAIM OR COUNTERCLAIM (A) PUNITIVE, MULTIPLIED, EXEMPLARY OR ANY NON-COMPENSATORY DAMAGES, (B) INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, AND (C) DAMAGES IN EXCESS OF THE ACTUAL COST WHICH WOULD BE INCURRED BY RESPONDENTS TO REMEDY ANY DAMAGES CLAIMED IN THE NOTICE OF CLAIM. BY ACQUIRING AN INTEREST IN ANY PORTION OF THE PROPERTY, EACH PARTY ACKNOWLEDGES THAT THIS WAIVER IS MADE KNOWINGLY, VOLUNTARILY, AND AFTER CONSULTING WITH, OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH, COUNSEL OF ITS OWN CHOOSING AS TO THE MEANING OF THIS WAIVER.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. **Enforcement.** The Master Association, the Declarant, any Owner, and any First Mortgagee, as their interests may appear, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Master Declaration and any Supplementary Declarations. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the covenants or restrictions in this Master Declaration or any provision of the Bylaws or Articles of Incorporation of the Master Association cannot be adequately remedied by action at law or exclusively by recovery of damages. If the Master Association, or any Owner or Mortgagee of any Lot, successfully brings an action to extinguish a violation or otherwise enforce the provisions of this Master Declaration or the Articles of Incorporation or Bylaws of the Master Association, the costs of such action, including legal fees, shall become a binding, personal obligation of the Owner committing or responsible for such violation, and such costs shall also be a lien upon the Lot of such Owner.

Section 2. **Certain Rights of the Declarant.** For such time as the Declarant (or an assignee or successor to the Declarant as described in Article III, Section 2(c) hereof) or a Participating Builder shall own Lots, the rights and interests of the Declarant and the Participating Builders shall not be prejudiced by any amendment to the Governing Documents which results in any of the following actions unless it shall, in writing, join in such actions:

- (a) Discrimination. Discriminates or tends to discriminate against the rights of the Declarant or any Participating Builder as an Owner;
- (b) Definitions. Changes Article I, Definitions, in a manner which alters the rights or status of the Declarant or any Participating Builder;
- (c) Annexation. Alters the rights of the Declarant under Article II with respect to the annexation of additional properties;
- (d) Membership Rights. Alters the character and rights of membership or the rights of the Declarant or the Participating Builders as set forth in Article III;
- (e) Agreements with Governmental Authorities. Alters previously recorded or written agreements with Governmental Authorities with respect to easements and rights of way and the development of the improvements within the Community;
- (f) Conveyance of Master Common Areas. Denies the right to convey Master Common Area Parcels to the Master Association so long as such Master Common Area Parcels lie within the land area represented in the Property;
- (g) Design Controls. Alters its rights as set forth in Article III relating to design controls or modifies the Design Guidelines;
- (h) Assessments. Alters the basis for assessments;
- (i) Protective Covenants. Alters the provisions of the protective covenants as set forth in Article VI;
- (j) Directors. Alters the number or selection of Directors as established in the Bylaws; or
- (k) Declarant's Rights. Alters the Declarant's rights as they appear under this Article.

No amendment to this Master Declaration, the Articles of Incorporation or the Bylaws may remove, revoke, or modify any right, reservation or privilege of the Declarant without the prior written consent of the Declarant or any successors or assigns of the Declarant.

Section 3. **Implied Rights of the Master Association.** The Master Association may exercise any other right or privilege given to it expressly by this Master Declaration or the Bylaws or any lease, easement or other agreement or document affecting the Master Association, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 4. **Declarant's Power of Attorney.** Notwithstanding any provision to the contrary contained in the Articles of Incorporation or Bylaws of the Master Association or this Master Declaration, the Declarant hereby reserves for itself, its successors, transferees and assigns, for a period of ten (10) years from the date the last Lot is conveyed to a Class A Member

the right to execute on behalf of all contract purchasers, Owners, Eligible Mortgage Holders, mortgagees, and other lien holders or parties claiming a legal or equitable interest in any Lot or the Master Common Areas, any such agreements, documents, amendments or supplements to this Master Declaration, the Articles of Incorporation and Bylaws of the Master Association which may be required by FNMA, FHA, VA, FHLMC, GNMA, or by the State of Maryland or any other Governmental Authority having regulatory jurisdiction over the Master Association, any public or private utility company designated by the Declarant, any institutional lender or title insurance company designated by the Declarant, or as may be required to comply with the Fair Housing Amendments Act of 1988, as amended, to comply with the Act, or to comply with other applicable Laws.

(a) Consent by Other Parties. By acceptance of a deed to any Lot or by the acceptance of any other legal or equitable interest in the Lots or Master Common Areas, each and every such contract purchaser, Owner, Eligible Mortgage Holder, Mortgagee or other lien holder or party having a legal or equitable interest in any Lot or the Master Common Areas does automatically and irrevocably name, constitute, appoint and confirm the Declarant, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

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

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

Section 5. Successors of Declarant and Participating Builders. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant and the Participating Builders hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant or Participating Builder by an instrument, in writing, without notice to the Master Association, but in the case of a Participating Builder, with notice to the Declarant and other Participating Builders.

Section 6. **Limitation of Liability.** The Master Association shall not be liable for any failure of any services to be obtained by the Master Association or paid for out of the Master Common Expense funds, or for injury or damage to persons or property caused by the elements or resulting from water which may leak or flow from any portion of the Master Common Area Parcels or Master Common Area Improvements or other property within the control or supervision of the Master Association, or from any wire, pipe, drain, conduit or the like. The Master Association shall not be liable to any Owner or Occupant for loss or damage, by theft or otherwise, of articles which may be stored upon the Master Common Area Parcels or other property within the control or supervision of the Master Association. 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 Master Common Areas or other property within the control or supervision of the Master Association, or from any action taken by the Master Association to comply with any of the provisions of this Master Declaration or with any law or ordinance or with the order or directive of any Governmental Authority.

Section 7. **Limitations.** As long as the Declarant has an interest in developing the Property as defined in Article I hereof, the Master Association may not use its financial resources to defray any costs of opposing the development activities of the Declarant. Nothing in this Section shall be construed to limit the rights of Members to act as individuals or in affiliation with other Members or groups.

Section 8. **Combined Lots.** Unless otherwise approved in writing by the Declarant and the Participating Builder for such Lots, or by the Board of Directors after all Class C memberships and the Class D membership have ceased to exist, if any Lots are at any time combined, then such combined Lots shall continue to have the same Assessments and votes in the Master Association as would have been applicable had such Lots not been combined.

Section 9. **Severability.** Each provision of the Master Association Governing Documents is severable from every other provision, and the invalidity of any one of the provisions of Master Association Governing Document by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect. To the extent that any provision of the Master Association Governing Documents is determined to be overly broad or unenforceable, and a narrower or partially enforceable construction may be given to such provision, then the narrower or partially enforceable construction shall be applied and, to the extent practicable, the provision shall be enforced.

Section 10. **Conflict.** In the event of conflict among the Master Association Governing Documents, this Master Declaration shall control, then any Supplementary Declarations, then the Articles of Incorporation of the Master Association, then the Bylaws, and then the Rules; provided, however, that in all cases where the Master Association Governing Documents are found to be in conflict with any statute, the statute shall control.

Section 11. **Interpretation.** Unless the context otherwise requires, the use of the singular shall include the plural and vice versa; the use of one gender shall include all genders; and the use of the term "including" shall mean "including, without limitation." This Master Declaration shall be liberally construed in favor of the party seeking to enforce the provisions

hereof to effectuate the purpose of protecting and enhancing the value, marketability, and desirability of the Property by providing a common plan for the development thereof. The headings used herein are for indexing purposes only and shall not be used as a means of interpreting or construing the substantive provisions hereof. The recitals to this Master Declaration are incorporated into and made a substantive part of this Master Declaration. All exhibits attached to this Master Declaration are made a part of this Master Declaration and are incorporated into this Master Declaration by reference.

Section 12. **Taxes and Assessments.** It is the intent of this Master Declaration that insomuch as the interest of each Owner to use and enjoy the Master Common Areas is an interest in real property appurtenant to each Lot, the value of the interest of each Owner in such Master Common Areas shall be included in the Annual Assessment for each such Lot, and, as a result, any assessment directly against such Master Common Areas 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 13. **Perpetuities.** If any of the covenants, restrictions, or other provisions of this Master Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

ARTICLE XIV

DISSOLUTION OF THE MASTER ASSOCIATION

The Master Association may be dissolved with the written consent of (i) Class A Members and Class B Members holding at least seventy-five percent (75%) of the Total Votes in the Master Association, (ii) the Class C Members, if all of the Class C memberships have not ceased to exist, (iii) the Class D Member, if the Class D membership has not ceased to exist, and (iv) at least sixty seven percent (67%) of the First Mortgagees. Prior to the dissolution of the Master Association, other than incident to a merger or consolidation, the assets of the Master Association shall be offered for dedication to the State of Maryland. In the event that such dedication is refused acceptance upon dissolution, such assets shall be granted, conveyed, and assigned to any non-profit corporation, association, trust, or other organization to be devoted to similar purposes.

ARTICLE XV

NO DISCRIMINATION

There shall be no discrimination against or segregation of any person or group of persons on account of age, race, color, creed, sexual orientation, gender, marital status, physical disabilities, religion, national origin or ancestry by the Declarant, any Participating Builder, the Master Association, any Member, or any Owner or Occupant of the Property, in the sale, lease, rental, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part thereof, and neither the Master Association (or any Person claiming under or through it) nor any Owner or Occupant (or any Person claiming under or through any Owner or Occupant) shall

establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of the Property, or any portion thereof, nor shall any Owner or Occupant establish or permit any such practice or practices of discrimination or segregation, including, without limitation, with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees or others of the Property.

ARTICLE XVI


PRIORITY OF THIS MASTER DECLARATION

This Master Declaration and the rights granted and created hereby, including the easements granted and created hereunder, shall be superior to all leases, conveyances, transfers, assignments, contracts, Mortgages and other encumbrances and documents recorded or entered into hereafter in any way affecting any part of the Property. Any party foreclosing any such Mortgage, lien or encumbrance, and any party acquiring title to or any interest in any part of the Property as a result thereof shall acquire and hold such title or interest expressly subject to the provisions of this Master Declaration. Any transferee of any interest in any part of the Property shall automatically be deemed, by acceptance of such interest, to have agreed to be bound by all of the provisions of this Master Declaration, and to have agreed to perform and do any and all things thereafter required to be done and performed hereunder by the owner of the interest so transferred.

[Signatures on following pages]

ATTORNEY'S CERTIFICATION

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



Judith R. Goldman

EXHIBIT A

LEGAL DESCRIPTION OF TOWNHOUSE LOTS

All those certain lots located in the Montgomery County, Maryland and described as follows:

Lots numbered 1 through 26 in Block lettered "B" in the subdivision known as "Plat 2 Parcel A, Block C & Lots 1 thru 26, Parcels A thru C, Block B & Street Dedication-Wood Aster Place & Cranes Bill Court Reserve at Tower Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat no. 25474.

Lots numbered 1 through 28 in Block lettered "F", Lots 1 through 11 and 27 through 36 in Block lettered "G", and Lots 1 through 9 and 50 through 58 in Block lettered "H", in the subdivision known as "Plat 3 Lots 1 thru 28, Parcels B&C, Block F Lots 1 thru 11 & 27 thru 36, Parcel C, Block G, Lots 1 thru 9 & 50 thru 58, Parcel B, Block H, and Street Dedication-Cranes Bill Court, Royal Fern Place, and Wood Aster Place Reserve at Tower Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat no 25475.

Lots 1 through 10 and 22 through 32 in Block lettered "D", and Lots 1 through 12 and 25 through 37 in Block lettered "E" in the subdivision known as "Plat 6 Lots 1 thru 10 & 22 thru 32, Parcels D, F & H, Block D, Lots 1 thru 12 & 25 thru 37, Parcels B, D & F, Block E, and Street dedication-Bellflower Lane, Woodland Phlox Street and Royal Fern Place Reserve at Tower Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat 25478.

Lots 11 through 21 in Block lettered "D", Lots 13 through 24 in Block lettered "E", and Lots 16 through 33 in Block lettered "H" in the subdivision known as "Plat 7 Lots 11 thru 21, Parcels E&G, Block D, Lots 13 thru 24, Parcels C&E, Block E, Lots 16 thru 33, Parcels F,H&J, Block H, and Street dedication-Bellflower Lane, Woodland Phlox Street, Cranes Bill Court, and Royal Fern Place Reserve at Tower Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat 25479.

Lots 12 through 26 in Block lettered "G", and Lots 10 through 15 and 34 through 49 in Block lettered "H" in the subdivision known as "Plat 8 Lots 12 thru 26, Parcels E and F, Block G, Lots 10 thru 15 & 34 thru 49, Parcels C, D, E & G, Block H, and Street Dedication-Cranes Bill Court and Royal Fern Place Reserve at Tower Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat 25480.

EXHIBIT B

LEGAL DESCRIPTION OF SINGLE-FAMILY LOTS

All those certain lots located in the Montgomery County, Maryland and described as follows:

Lots numbered 1 through 12 in Block lettered "I" in the subdivision known as "Plat 4 Lots 1 through 12, and Parcels A, D & E, Block I, Parcel A, Block F Reserve at Tower Oaks". as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat no. 25476.

Lots numbered 13 through 30 in Block lettered "I" in the subdivision known as "Plat 5 Lots 13 through 30, and Parcels B, C, F, G & H Block I Reserve at Tower Oaks". as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat no. 25477.

EXHIBIT C

LEGAL DESCRIPTION OF CONDOMINIUM PROPERTY

All those certain lots located in the Montgomery County, Maryland and described as follows:

Lot numbered One (1) in Block lettered "A" in the subdivision known as "Plat 1 Lot 1, Block A and Street Dedication – Pinkroot Ave and Bellflower Lane, Reserve at Tower Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat no. 25473.

EXHIBIT D

LEGAL DESCRIPTION OF MASTER COMMON AREA PARCELS

All those certain parcels of land located in the Montgomery County, Maryland and described as follows:

Parcel A in Block lettered "C", and Parcels A through C in Block lettered "B" in the subdivision known as "Plat 2 Parcel A, Block C & Lots 1 thru 26, Parcels A thru C, Block B & Street Dedication-Wood Aster Place & Cranes Bill Court Reserve at Tower Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat no. 25474.

Parcels B and C in Block lettered "F", Parcel C in Block lettered "G" and Parcel B in Block lettered "H" in the subdivision known as "Plat 3 Lots 1 thru 28, Parcels B&C, Block F Lots 1 thru 11 & 27 thru 36, Parcel C, Block G, Lots 1 thru 9 & 50 thru 58, Parcel B, Block H, and Street Dedication-Cranes Bill Court, Royal Fern Place, and Wood Aster Place Reserve at Tower Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat no. 25475.

Parcels A, D & E in Block lettered "I", and Parcel A in Block lettered "F" in the subdivision known as "Plat 4 Lots 1 through 12, and Parcels A, D & E, Block I, Parcel A, Block F Reserve at Tower Oaks". as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat no. 25476.

Parcels B, C, F, G & H in Block lettered "I" in the subdivision known as "Plat 5 Lots 13 through 30, and Parcels B, C, F, G & H, Block I Reserve at Tower Oaks". as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat no. 25477.

Parcels D, F & H in Block lettered "D", and Parcels B, D & F in Block lettered "E" in the subdivision known as "Plat 6 Lots 1 thru 10 & 22 thru 32, Parcels D, F & H, Block D, Lots 1 thru 12 & 25 thru 37, Parcels B, D & F, Block E, and Street dedication-Bellflower Lane, Woodland Phlox Street and Royal Fern Place Reserve at Tower Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat 25478.

Parcels E & G in Block lettered "D", Parcels C & E in Block lettered "E", and Parcels F, H & J in Block lettered "H" in the subdivision known as "Plat 7 Lots 11 thru 21, Parcels E & G, Block D, Lots 13 thru 24, Parcels C & E, Block E, Lots 16 through 33, Parcels F, H & J, Block H, and Street dedication-Bellflower Lane, Woodland Phlox Street, Cranes Bill Court, and Royal Fern Place Reserve at Tower Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat 25479.

Parcels D, E and F in Block lettered "G", and Parcels C, D, E and G in Block lettered "H" in the subdivision known as "Plat 8 Lots 12 through 26, Parcels E and F, Block G, Lots 10 thru 15 & 34 thru 49, Parcels C, D, E & G, Block H, and Street Dedication-Cranes Bill Court and Royal Fern Place Reserve at Towers Oaks", as per plat thereof recorded among the Land Records of Montgomery County, Maryland as plat 25480.

SCHEDULE OF TAX ACCOUNT NUMBERS

Block	Lot Number	Account Number	Street Address
A	1	03825896	3501 Bellflower Lane
A	1	03825896	3503 Bellflower Lane
A	1	03825896	3505 Bellflower Lane
A	1	03825896	3507 Bellflower Lane
B	Lot 1	03825932	3424 Wood Aster Place
B	Lot 2	03825943	3422 Wood Aster Place
B	Lot 3	03825954	3420 Wood Aster Place
B	Lot 4	03825965	3418 Wood Aster Place
B	Lot 5	03825976	3416 Wood Aster Place
B	Lot 6	03825987	3414 Wood Aster Place
B	Lot 7	03825998	3410 Wood Aster Place
B	Lot 8	03826003	3408 Wood Aster Place
B	Lot 9	03826014	3406 Wood Aster Place
B	Lot 10	03826025	3512 Bellflower Lane
B	Lot 11	03826036	3510 Bellflower Lane
B	Lot 12	03826047	3508 Bellflower Lane
B	Lot 13	03826058	3506 Bellflower Lane
B	Lot 14	03826060	3504 Bellflower Lane
B	Lot 15	03826071	3502 Bellflower Lane
B	Lot 16	03826082	3723 Blue Lobelia Way
B	Lot 17	03826093	3721 Blue Lobelia Way
B	Lot 18	03826105	3719 Blue Lobelia Way
B	Lot 19	03826116	3717 Blue Lobelia Way
B	Lot 20	03826127	3713 Blue Lobelia Way
B	Lot 21	03826138	3711 Blue Lobelia Way
B	Lot 22	03826140	3709 Blue Lobelia Way
B	Lot 23	03826151	3707 Blue Lobelia Way
B	Lot 24	03826162	3705 Blue Lobelia Way
B	Lot 25	03826173	3703 Blue Lobelia Way
B	Lot 26	03826184	3701 Blue Lobelia Way
B	Parcel A	03825908	3715 Blue Lobelia Way
B	Parcel B	03825910	Private Alley (off Wood Aster Place & Blue Lobelia Way)
B	Parcel C	03825921	3412 Wood Aster Place (lot)
C	Parcel A	03826195	3516 Bellflower Lane
D	Lot 1	03827337	3517 Bellflower Lane
D	Lot 2	03827348	3519 Bellflower Lane
D	Lot 3	03827350	3521 Bellflower Lane
D	Lot 4	03827361	3525 Bellflower Lane
D	Lot 5	03827372	3527 Bellflower Lane
D	Lot 6	03827383	3529 Bellflower Lane
D	Lot 7	03827394	3531 Bellflower Lane
D	Lot 8	03827406	3533 Bellflower Lane

Block	Lot Number	Account Number	Street Address
D	Lot 9	03827417	3535 Bellflower Lane
D	Lot 10	03827428	3537 Bellflower Lane
D	Lot 22	03827430	3322 Woodland Phlox Street
D	Lot 23	03827441	3320 Woodland Phlox Street
D	Lot 24	03827452	3318 Woodland Phlox Street
D	Lot 25	03827463	3316 Woodland Phlox Street
D	Lot 26	03827474	3314 Woodland Phlox Street
D	Lot 27	03827485	3312 Woodland Phlox Street
D	Lot 28	03827496	3310 Woodland Phlox Street
D	Lot 29	03827508	3306 Woodland Phlox Street
D	Lot 30	03827510	3304 Woodland Phlox Street
D	Lot 31	03827521	3302 Woodland Phlox Street
D	Lot 32	03827532	3300 Woodland Phlox Street
D	Lot 11	03827840	3539 Bellflower Lane
D	Lot 12	03827851	3541 Bellflower Lane
D	Lot 13	03827862	3543 Bellflower Lane
D	Lot 14	03827873	3945 Cranes Bill Court
D	Lot 15	03827884	3947 Cranes Bill Court
D	Lot 16	03827895	3949 Cranes Bill Court
D	Lot 17	03827907	3951 Cranes Bill Court
D	Lot 18	03827918	3953 Cranes Bill Court
D	Lot 19	03827920	3328 Woodland Phlox Street
D	Lot 20	03827931	3326 Woodland Phlox Street
D	Lot 21	03827942	3324 Woodland Phlox Street
D	Parcel D	03827304	Private Alley (Pinkroot Ave.)
D	Parcel F	03827315	3523 Bellflower Lane
D	Parcel H	03827326	3308 Woodland Phlox Street (lot)
D	Parcel E	03827827	Private Alley
D	Parcel G	03827838	3943 Cranes Bill Court (lot)
E	Lot 1	03827576	3301 Woodland Phlox Street
E	Lot 2	03827587	3303 Woodland Phlox Street
E	Lot 3	0382598	3305 Woodland Phlox Street
E	Lot 4	03827601	3307 Woodland Phlox Street
E	Lot 5	03827612	3311 Woodland Phlox Street
E	Lot 6	03827623	3313 Woodland Phlox Street
E	Lot 7	03827634	3315 Woodland Phlox Street
E	Lot 8	03827645	3317 Woodland Phlox Street
E	Lot 9	03827656	3319 Woodland Phlox Street
E	Lot 10	03827667	3321 Woodland Phlox Street
E	Lot 11	03827678	3323 Woodland Phlox Street
E	Lot 12	03827680	3325 Woodland Phlox Street
E	Lot 25	03827691	3130 Royal Fern Place
E	Lot 26	03827703	3128 Royal Fern Place
E	Lot 27	03827714	3126 Royal Fern Place
E	Lot 28	03827725	3124 Royal Fern Place

Block	Lot Number	Account Number	Street Address
E	Lot 29	03827736	3122 Royal Fern Place
E	Lot 30	03827747	3120 Royal Fern Place
E	Lot 31	03827758	3118 Royal Fern Place
E	Lot 32	03827760	3116 Royal Fern Place
E	Lot 33	03827771	3112 Royal Fern Place
E	Lot 34	03827782	3110 Royal Fern Pace
E	Lot 35	03827793	3108 Royal Fern Place
E	Lot 36	03827805	3106 Royal Fern Place
E	Lot 37	03827816	3104 Royal Fern Pace
E	Lot 13	03827975	3327 Woodland Phlox Street
E	Lot 14	03827986	3329 Woodland Phlox Street
E	Lot 15	03827997	3331 Woodland Phlox Street
E	Lot 16	03828002	3333 Woodland Phlox Street
E	Lot 17	03828013	3957 Cranes Bill Court
E	Lot 18	03828024	3959 Cranes Bill Court
E	Lot 19	03828035	3961 Cranes Bill Court
E	Lot 20	03828046	3963 Cranes Bill Court
E	Lot 21	03828057	3138 Royal Fern Place
E	Lot 22	03823068	3136 Royal Fern Place
E	Lot 23	03828070	3134 Royal Fern Place
E	Lot 24	03828081	3132 Royal Fern Place
E	Parcel B	03827543	Private Alley 3309 Woodland Phlox Street
E	Parcel D	03827554	(lot)
E	Parcel F	03827565	3114 Royal Fern Place
E	Parcel C	03827953	Private Alley
E	Parcel E	03827964	3140 Royal Fern Place (lot)
F	Lot 1	03826220	3702 Blue Lobelia Way
F	Lot 2	03826231	3704 Blue Lobelia Way
F	Lot 3	03826242	3706 Blue Lobelia Way
F	Lot 4	03826253	3708 Blue Lobelia Way
F	Lot 5	03826264	3710 Blue Lobelia Way
F	Lot 6	03826275	3712 Blue Lobelia Way
F	Lot 7	03826286	3714 Blue Lobelia Way
F	Lot 8	0826297	3430 Wood Aster Place
F	Lot 9	03826300	3432 Wood Aster Place
F	Lot 10	03826311	3434 Wood Aster Place
F	Lot 11	03826322	3436 Wood Aster Place
F	Lot 12	03826333	3438 Wood Aster Place
F	Lot 13	03826344	3440 Wood Aster Place
F	Lot 14	03826355	3442 Wood Aster Place
F	Lot 15	03826366	3458 Wood Aster Place
F	Lot 16	03826377	3456 Wood Aster Place
F	Lot 17	03826388	3454 Wood Aster Place
F	Lot 18	03826390	3452 Wood Aster Place
F	Lot 19	03826402	3450 Wood Aster Place

Block	Lot Number	Account Number	Street Address
F	Lot 20	03826413	3448 Wood Aster Place
F	Lot 21	03826424	3446 Wood Aster Place
F	Lot 22	03826435	3272 Royal Fern Place
F	Lot 23	03826446	3274 Royal Fern Place
F	Lot 24	03826457	3276 Royal Fern Place
F	Lot 25	03826468	3278 Royal Fern Place
F	Lot 26	03826470	3280 Royal Fern Place
F	Lot 27	03826481	3282 Royal Fern Place
F	Lot 28	03826492	3284 Royal Fern Place
F	Parcel B	03826207	Private Alley (off Wood Aster Place)
F	Parcel C	03826218	Private Alley (off Wood Aster Place)
F	Parcel A	03826914	3444 Wood Aster Place
G	Lot 1	03826515	3718 Blue Lobelia Way
G	Lot 2	03826526	3720 Blue Lobelia Way
G	Lot 3	03826537	3722 Blue Lobelia Way
G	Lot 4	03826548	3724 Blue Lobelia Way
G	Lot 5	03826550	3726 Blue Lobelia Way
G	Lot 6	03826561	3728 Blue Lobelia Way
G	Lot 7	03826572	3730 Blue Lobelia Way
G	Lot 8	03826583	3732 Blue Lobelia Way
G	Lot 9	03826594	3734 Blue Lobelia Way
G	Lot 10	03826606	3736 Blue Lobelia Way
G	Lot 11	03826617	3738 Blue Lobelia Way
G	Lot 27	03826628	3919 Cranes Bill Court
G	Lot 28	03826630	3917 Cranes Bill Court
G	Lot 29	03826641	3915 Cranes Bill Court
G	Lot 30	03826652	3913 Cranes Bill Court
G	Lot 31	03826663	3911 Cranes Bill Court
G	Lot 32	03826674	3909 Cranes Bill Court
G	Lot 33	03826685	3907 Cranes Bill Court
G	Lot 34	03826696	3905 Cranes Bill Court
G	Lot 35	03826708	3903 Cranes Bill Court
G	Lot 36	03826710	3901 Cranes Bill Court
G	Lot 12	03828321	3740 Blue Lobelia Way
G	Lot 13	03828332	3742 Blue Lobelia Way
G	Lot 14	03828343	3746 Blue Lobelia Way
G	Lot 15	03828354	3748 Blue Lobelia Way
G	Lot 16	03828365	3750 Blue Lobelia Way
G	Lot 17	03828376	3752 Blue Lobelia Way

Block	Lot Number	Account Number	Street Address
G	Lot 18	03828387	3939 Cranes Bill Court
G	Lot 19	03828398	3937 Cranes Bill Court
G	Lot 20	03828401	3935 Cranes Bill Court
G	Lot 21	03828412	3933 Cranes Bill Court
G	Lot 22	03828423	3931 Cranes Bill Court
G	Lot 23	03828434	3927 Cranes Bill Court
G	Lot 24	03828445	3925 Cranes Bill Court
G	Lot 25	03828456	3923 Cranes Bill Court
G	Lot 26	03828467	3921 Cranes Bill Court
G	Parcel C	03826504	Private Alley (off Wood Aster Place)
G	Parcel E	03828308	3744 Blue Lobelia Way (lot)
G	Parcel F	03828310	3929 Cranes Bill Court (lot)
G	Parcel D	03828296	Private Alley
H	Lot 1	03826732	3900 Cranes Bill Court
H	Lot 10	03828514	3918 Cranes Bill Court
H	Lot 11	03828525	3920 Cranes Bill Court
H	Lot 12	03828536	3932 Cranes Bill Court
H	Lot 13	03828547	3934 Cranes Bill Court
H	Lot 14	03828558	3936 Cranes Bill Court
H	Lot 15	03828560	3938 Cranes Bill Court
H	Lot 16	03828126	3940 Cranes Bill Court
H	Lot 17	03828137	3942 Cranes Bill Court
H	Lot 18	03828148	3944 Cranes Bill Court
H	Lot 19	03828150	3946 Cranes Bill Court
H	Lot 2	03826743	3902 Cranes Bill Court
H	Lot 20	03828161	3948 Cranes Bill Court
H	Lot 21	03828172	3950 Cranes Bill Court
H	Lot 22	03828183	3952 Cranes Bill Court
H	Lot 23	03828194	3954 Cranes Bill Court
H	Lot 24	03828206	3956 Cranes Bill Court
H	Lot 25	03828217	3958 Cranes Bill Court
H	Lot 26	03828228	3202 Royal Fern Place
H	Lot 27	03828230	3204 Royal Fern Place
H	Lot 28	03828231	3206 Royal Fern Place
H	Lot 29	03828241	3208 Royal Fern Place
H	Lot 3	03826754	3904 Cranes Bill Court
H	Lot 30	03828252	3210 Royal Fern Place
H	Lot 31	03828263	3212 Royal Fern Place
H	Lot 32	03828274	3214 Royal Fern Place
H	Lot 33	03828285	3216 Royal Fern Place
H	Lot 34	03828571	3218 Royal Fern Place
H	Lot 35	03828582	3220 Royal Fern Place
H	Lot 36	03828593	3222 Royal Fern Place
H	Lot 37	03828605	3224 Royal Fern Place

Block	Lot Number	Account Number	Street Address
H	Lot 38	03828616	3226 Royal Fern Place
H	Lot 39	03828627	3228 Royal Fern Place
H	Lot 4	03826765	3906 Cranes Bill Court
H	Lot 40	03828638	3230 Royal Fern Place
H	Lot 41	03828640	3232 Royal Fern Place
H	Lot 42	03828651	3234 Royal Fern Place
H	Lot 43	03828662	3246 Royal Fern Place
H	Lot 44	03828673	3244 Royal Fern Place
H	Lot 45	03828684	3242 Royal Fern Place
H	Lot 46	03828695	3240 Royal Fern Place
H	Lot 47	03828707	3238 Royal Fern Place
H	Lot 48	03828718	3248 Royal Fern Place
H	Lot 49	03828720	3250 Royal Fern Place
H	Lot 5	03826776	3908 Cranes Bill Court
H	Lot 6	03826787	3910 Cranes Bill Court
H	Lot 7	03826798	3912 Cranes Bill Court
H	Lot 8	03826801	3914 Cranes Bill Court
H	Lot 9	03826812	3916 Cranes Bill Court
H	Lot 50	03826823	3252 Royal Fern Place
H	Lot 51	03826834	3254 Royal Fern Place
H	Lot 52	03826845	3256 Royal Fern Place
H	Lot 53	03826856	3258 Royal Fern Place
H	Lot 54	03826867	3260 Royal Fern Place
H	Lot 55	03826878	3262 Royal Fern Place
H	Lot 56	03826880	3264 Royal Fern Place
H	Lot 57	03826891	3266 Royal Fern Place
H	Lot 58	03826903	3268 Royal Fern Place
H	Parcel B	03826721	Private Alley (off Wood Aster Place)
H	Parcel F	03828092	Private Alley
H	Parcel H	03828104	3960 Cranes Bill Court (lot)
H	Parcel J	03828115	3200 Royal Fern Place (lot)
H	Parcel C	03828478	Private Alley
H	Parcel D	03828480	3236 Royal Fern Place (lot)
H	Parcel E	03828491	Private Alley
H	Parcel G	03828503	3930 Cranes Bill Court (lot)

Block	Lot Number	Account Number	Street Address
I	Lot 1	03826958	3247 Royal Fern Place
I	Lot 2	03826960	3245 Royal Fern Place
I	Lot 3	03826971	3243 Royal Fern Place
I	Lot 4	03826982	3241 Royal Fern Place
I	Lot 5	03826993	3239 Royal Fern Place
I	Lot 6	03827007	3237 Royal Fern Place
I	Lot 7	03827018	3235 Royal Fern Place
I	Lot 8	03827020	3233 Royal Fern Place
I	Lot 9	03827031	3231 Royal Fern Place
I	Lot 10	03827042	3229 Royal Fern Place
I	Lot 11	03827053	3227 Royal Fern Place
I	Lot 12	03827064	3225 Royal Fern Place
I	Lot 13	03827122	3219 Royal Fern Place
I	Lot 14	03827133	3217 Royal Fern Place
I	Lot 15	03827144	3215 Royal Fern Place
I	Lot 16	03827155	3213 Royal Fern Place
I	Lot 17	03827166	3211 Royal Fern Place
I	Lot 18	03827177	3209 Royal Fern Place
I	Lot 19	03827188	3207 Royal Fern Place
I	Lot 20	03827190	3205 Royal Fern Place
I	Lot 21	03827202	3203 Royal Fern Place
I	Lot 22	03827213	3201 Royal Fern Place
I	Lot 23	03827224	3145 Royal Fern Place
I	Lot 24	03827235	3143 Royal Fern Place
I	Lot 25	03827246	3141 Royal Fern Place
I	Lot 26	03827257	3139 Royal Fern Place
I	Lot 27	03827268	3137 Royal Fern Place
I	Lot 28	03827270	3135 Royal Fern Place
I	Lot 29	03827281	3133 Royal Fern Place
I	Lot 30	03827292	3131 Royal Fern Place
I	Parcel A	03826925	5 Preserve Parkway
I	Parcel D	03826936	HOA Parcel
I	Parcel E	03826947	3223 Royal Fern Place (lot)
I	Parcel B	03827075	5 Preserve Parkway
I	Parcel C	03827086	3147 Royal Fern Place
I	Parcel F	03827097	Private Alley
I	Parcel G	03827100	3129 Royal Fern Place
I	Parcel H	03827111	3221 Royal Fern Place (lot)

PARENT ACCOUNT 04-03228836

LR - Covenant Recording
Fee 75.00
Declarant Name: THE
RESERVE AT TOWER OAKS
Ref:
LR - Covenant Surcharge
40.00

SubTotal: 115.00

Total: 358,063.52

01/17/2019 12:15

CC15-AV

#11539319 CC0602 -

Montgomery

County/CC06.02.04 -

Register 04



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Rockville, Maryland 20850
Recording and Licensing
(240) 777-9470