

FIRST DISCLOSURES TO BE RECORDED
IN THE
ST. MARY'S COUNTY HOMEOWNERS' ASSOCIATION DEPOSITORY
PURSUANT TO THE MARYLAND HOMEOWNERS ASSOCIATION ACT

PEMBROOKE, PHASE 1
PLAT LIBER E.W.A. 57, PAGE 13, et seq.

January 25, 2005

(1) The name and principal address of the vendor/Declarant and the names and addresses of the principal officers of the corporation are:

QUALITY BUILT HOMES, INC.
5341 Ketch Road
Prince Frederick, Maryland 20678

Robert Dale Gertz, President
5341 Ketch Road
Prince Frederick, Maryland 20678

Rodney N. Gertz, Vice President
5341 Ketch Road
Prince Frederick, Maryland 20678

RECORDING FEE 50.00
TOTAL 30.00
Book 5100 Part 4 11150
100 RES AIR 6 3425
Jan 27, 2005 8:14 am

(2) The name of the Homeowners Association is: **PEMBROOKE HOMEOWNERS' ASSOCIATION, INC.**, (a Maryland Non-Stock Corporation). The resident agent of the Homeowners Association is Rodney N. Gertz. Correspondence to the Association may be addressed c/o Quality Built Homes, Inc., 5341 Ketch Road, Prince Frederick, Maryland 20678, Phone 410-535-6008.

(3) The development is located in the Eighth Election District of St. Mary's County, and contains initially Lots Numbered One (1) through and including One Hundred Fifty (150), and is more specifically described in the Declaration of Covenants, Conditions and Restrictions of Pembroke, recorded among the Land Records of St. Mary's County, Maryland at Liber 2432, Folio 774, as amended, copies of which are attached.

There are initially one hundred fifty (150) lots in the subdivision.

(4) The only property to be dedicated to public use consists of that property upon which the roads of the subdivision will be located, said roads to be dedicated to St. Mary's County as more specifically shown on the Plat of subdivision as identified in the Declaration.

(5) It is currently not anticipated that the development will become a part of another subdivision.

(6) The Declaration provides that the Declarant has reserved the right to annex additional property to the development, and it is currently anticipated that the Declarant will annex additional property into the Development as more specifically described in the Declaration.

(7) The Association may own and maintain common areas to be shown and described more specifically on the subdivision plats as they are recorded.

(8) A copy of the following documents are attached or are recorded elsewhere within the Homeowners Association Depository for St. Mary's County;

(i) The Articles of Incorporation, the Declaration, and all recorded covenants and restrictions of the primary development and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot.

(ii) The bylaws and rules of the primary development and of other related developments to the extent reasonably available, to which the purchaser shall become obligated on becoming an owner of the lot.

NOTE THAT THESE DOCUMENTS IMPOSE OBLIGATIONS WHICH ARE ENFORCEABLE AGAINST THE OWNER AND TENANT.

(9) The proposed annual budget for the homeowners association for the current fiscal year due is attached. The budget for the homeowners association based upon the development fully expended in accordance with expansion rights contained in the declaration is not anticipated to exceed \$30,000.00 per year, said sum to pay for the maintenance of the common areas and administrative expenses of the homeowners association.

(10) The anticipated mandatory fee for assessments to be paid by owners of lots within the development for the use, maintenance, and operation of common areas and other purposes related to the homeowners association will be \$150.00 per lot per year unless otherwise determined pursuant to the terms of the attached By-Laws, Articles, and/or Declaration, as amended. The Declarant/vendor will not be obligated to pay said fees in whole or in part. The assessments are to be paid on an annual basis.

(11) Information concerning zoning and other land use requirements affecting the development can be found at the St. Mary's County Office of Planning and Zoning, located in Leonardtown, and various affiliated county and state agencies, including: the Department of Public Works; the Health Department; the State Highway Administration, etc.

(12) Pro-rated assessments for the current year will be required at the time of closing as set forth in the Declaration. The mechanism for the determination, assessment, collection, and consequences for nonpayment of assessments or fees is set forth in the Articles, Declaration and By-Laws of the homeowners association.

(13) Any special rights or exemptions reserved by or for the benefit of the Declarant or the vendor are contained in the Articles, Declaration, and By-Laws of the Association.

IN WITNESS WHEREOF, the party below has executed this document the date first above written.

ATTEST

L. Patricia Savant

01-25-05

Date

DECLARANT
QUALITY BUILT HOMES, INC.

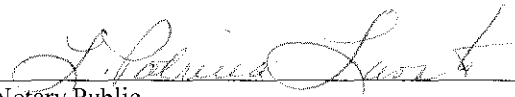
By:

Rodney N. Gertz
Rodney N. Gertz
Vice President

STATE OF MARYLAND, COUNTY OF CALVERT, to wit:

I HEREBY CERTIFY, that on this 25 day of January, 2005, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared Rodney N. Gertz, Vice President of Quality Built Homes, Inc., and he acknowledged that he executed the within instrument for the purposes therein contained and acknowledged that he is the person duly authorized to execute the same as the act and deed of said Quality Built Homes, Inc.

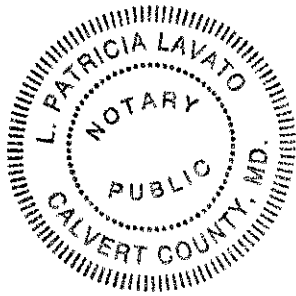
AS WITNESS, my hand and Notarial Seal.



Notary Public

My Commission Expires:

09-01-06



FIRST DISCLOSURES TO BE RECORDED IN THE
ST. MARY'S COUNTY HOMEOWNERS' ASSOCIATION DEPOSITORY

EXHIBIT ONE (1)

ARTICLES OF INCORPORATION
PEMBROOKE HOMEOWNERS' ASSOCIATION, INC.

State of Maryland
Department of
Assessments and Taxation

Charter Division



0002 PAGE 4 3

Robert L. Ehrlich, Jr.
Governor

C. John Sullivan, Jr.
Director

Paul B. Anderson
Administrator

PARICIA LAVATO
5341 KETCH RD
PRINCE FREDERICK MD 20678

Date: 01-12-2005

This letter is to confirm acceptance of the following filing:

ENTITY NAME : PEMBROOKE HOMEOWNERS' ASSOCIATION, INC.
DEPARTMENT ID : D10403277
TYPE OF REQUEST : ARTICLES OF INCORPORATION
DATE FILED : 01-05-2005
TIME FILED : 08:30-AM
RECORDING FEE : \$100.00
ORG. & CAP FEE : \$20.00
EXPEDITED FEE : \$50.00
FILING NUMBER : 1000361990803714
CUSTOMER ID : 0001554382
WORK ORDER NUMBER : 0000997420

PLEASE VERIFY THE INFORMATION CONTAINED IN THIS LETTER. NOTIFY THIS DEPARTMENT IN WRITING IF ANY INFORMATION IS INCORRECT. INCLUDE THE CUSTOMER ID AND THE WORK ORDER NUMBER ON ANY INQUIRIES. EVERY YEAR THIS ENTITY MUST FILE A PERSONAL PROPERTY RETURN IN ORDER TO MAINTAIN ITS EXISTENCE EVEN IF IT DOES NOT OWN PERSONAL PROPERTY. A BLANK RETURN WILL BE MAILED BY FEBRUARY OF THE YEAR FOR WHICH THE RETURN IS DUE.

Charter Division
Baltimore metro area (410)767-1801
Outside metro area (888)246-5941

ENTITY TYPE: ORDINARY BUSINESS - NON-STOCK
STOCK: N
CLOSE: N
EFFECTIVE DATE: 01-05-2005
PRINCIPAL OFFICE: 5341 KETCH RD
PRINCE FREDERICK MD 20678
RESIDENT AGENT: RODNEY N GERTZ
5341 KETCH RD
PRINCE FREDERICK MD 20678

NOTICE: Effective January 1, 2004

As a result of a change in State law, the annual report fee for most legal entities (including LLCs and LLPs) has increased to \$300. This fee is for the privilege of maintaining a legal entity's existence in Maryland, and is due and payable with the filing of the personal property return. The increase is effective for any return, regardless of year, filed after 12/31/2003.

There continues to be no annual report fee for non-stock corporations, business trusts, churches, foreign interstate companies, foreign insurance companies, sole proprietorships and general partnerships, but these entities must still file a personal property return annually.

ARTICLES OF INCORPORATION
PEMBROOKE HOMEOWNERS' ASSOCIATION, INC.
(A Non-Stock, Membership Corporation)

First: *Formation.* I, the undersigned, Rodney N. Gertz, whose post office address is 5341 Ketch Road, Prince Frederick, Maryland 20678, being at least twenty-one (21) years of age, do hereby form a corporation under and by virtue of the general laws of the State of Maryland.

Second: *Name.* The name of the corporation (which is hereafter called the "Association") is:

PEMBROOKE HOMEOWNERS' ASSOCIATION, INC.

Third: *Purpose and Powers.* This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, presentation and architectural control of the residence lots and the Association property within all that certain property described in the Declaration of Covenants recorded on January 4, 2005, among the Land Records of St. Mary's County, State of Maryland, in Liber No. 2432, Folio 774, as the same may be amended from time to time (hereinafter called the "Declaration"), and such additional property as may be subjected to the Declaration, and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

(a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

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

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

(d) Dedicate, sell or transfer all or any part of the Association property to any public agency, authority, or utility for such purposes and subject to such conditions as set forth in the Declaration.

(e) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and common property subject to the terms of the Declaration;

(f) Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Maryland by law may now or hereafter have or exercise;

Fourth: *Principal Place of Business/Resident Agent.* The post office address of the principal address of the Association in this State is c/o Quality Built Homes, Inc., 5341 Ketch Road, Prince Frederick, Maryland 20678. The name and address of the Resident Agent of the Association in this State is Rodney N. Gertz, whose street address is 5341 Ketch Road, Prince Frederick, Maryland 20678. Said Resident Agent is an individual actually residing in the State of Maryland.

Fifth: *Qualification of Members.* The Association shall not be authorized to issue any capital stock. Every person or entity who is a record owner of the fee simple title in any lot which is subject to covenants of record to assessment by the Association, or, if such lot is subject to a reversion reserved in a lease redeemable pursuant to Title 8 of the Real Property Article, Annotated Code of Maryland, the owner of the leasehold interest, including contract sellers, but excluding those who have such interest merely as security for the performance of any obligations, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

Sixth: *Classes of Members.* The Association shall have (2) classes of voting membership:

Class A: The Class A Members shall be all Owners with the exception (initially) of the Declarant or any other Class B Member. Each Class A Owner shall be entitled to one vote for each Lot owned by the Class A Owner. When more than one person holds an interest in any Lot, all such persons shall be entitled to participate in the Association as Members; provided, however, that persons holding any such interest solely as contract purchasers or as security for the performance of an obligation shall not be Members solely on account of such interests; and provided, further, that, for the purposes of voting and determining the existence of a quorum, all such persons so holding an interest in any one Lot shall be treated as a single member. Subject to the terms and conditions of the Bylaws, the vote for any such Lot shall be exercised as determined by the Members holding interests therein, but in no event shall more than one vote be cast with respect to any Lot.

Class B: The Class B Members shall be: (a) the Declarant; and (b) any successor, assignee, or designee of the Declarant who holds or takes title to a Lot or Lots and who is designated as such in a recorded instrument. The Class B Members shall be entitled to three votes for each lot owned, all of which shall initially be exercised as determined by the Declarant but any (or all) of which shall be thereafter exercisable as assigned by the Declarant to

any other person who is a Class B Member. The Class B membership shall cease and become converted to Class A membership when the total votes outstanding in Class A equal or exceed the total votes outstanding in Class B.

Seventh: *Board of Directors.* Until such time as the Class B Membership ceases to exist, the affairs of this Association shall be managed by a Board of three (3) directors, who need not be members of the Association. The number of directors may be changed by amendment of the Bylaws of the Association. Until such time as the Class B Membership ceases to exist, the number of directors and names of the Directors shall be appointed by the Declarant. The names of the persons who are to act in the capacity of directors until the selection of their successors are:

Robert Dale Gertz
 Rodney N. Gertz
 Patricia Lavato

At the first annual meeting of the members after the Class B members are converted to Class A Members, the number and names of Directors shall be as set forth in the Bylaws.

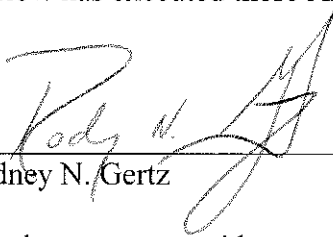
Eighth: *Dissolution.* The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

Ninth. *Duration.* The Association shall exist perpetually.

Tenth: *Amendment.* Amendment of these Articles shall require the assent of seventy-five percent (75%) of the total votes of the membership voting as a single class, provided, however that so long as there shall be Class B Membership, the Class B Members, without the need for the assent of the Class A Members, may amend these Articles as required by the VA, FHA, FNMA, FHLMC or any other governmental or quasi-governmental agency.

Eleventh: *Indemnification.* (1) As used in this Article Eleventh, any word or words that are defined in Section 2-418 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time, (the "Indemnification Section"), shall have the same meaning as provided in the Indemnification Section. (2) The Corporation may, as determined by the Board of Directors of the Corporation, indemnify and advance expenses to a director, officer, employee or agent in connection with a proceeding to the extent permitted by and in accordance with the Indemnification Section.

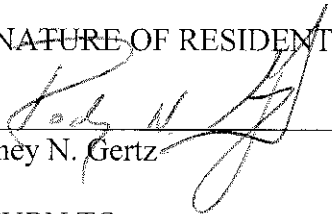
IN WITNESS WHEREOF, the party below has executed these Articles of Incorporation the date first above written.



Rodney N. Gertz

I hereby consent to my designation in this document as resident agent for this corporation.

SIGNATURE OF RESIDENT AGENT LISTED IN FOURTH:



Rodney N. Gertz

RETURN TO:
Rodney N. Gertz
C/o Quality Built Homes, Inc.
5341 Ketch Road
Prince Frederick, MD 20678

FIRST DISCLOSURES TO BE RECORDED IN THE
ST. MARY'S COUNTY HOMEOWNERS' ASSOCIATION DEPOSITORY

EXHIBIT TWO (2)

DECLARATION OF COVENANTS
As recorded among the Land Records
of St. Mary's County, Maryland
In Liber 2432, Folio 774, et seq.

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF PEMBROOKE**

THIS DECLARATION is made this 29 day of December, 2004, by **QUALITY BUILT HOMES, INC.**, a Maryland corporation (hereinafter referred to as "Declarant").

EXPLANATORY STATEMENT:

The Declarant, **QUALITY BUILT HOMES, INC.** is the legal or beneficial owner of the real property ("the Property") located in St. Mary's County, Maryland, containing lots Numbered One (1) through and including One Hundred Fifty (150) in the subdivision known as **PEMBROOKE, PHASE 1**, being more particularly described in a Deed from Pembroke, L.L.C. to Quality Built Homes, Inc., dated August 18, 2004, and recorded in Liber 2350, folio 014, one of the Land Records of St. Mary's County, Maryland, (hereinafter sometimes referred to as the "Property"). Said tract of land is more particularly described on Exhibit A attached hereto and made a part hereof.

IMP TO SUR 42 20.00
RECORDING FEE 75.00
TOTAL 95.00
New State Part 1 of 1

The Declarant desires to create a planned residential community ("Pembroke") upon the Property pursuant to a general plan of development for the benefit of all owners of residential property within this planned residential community. The Declarant desires to provide maintenance of said common areas and to provide for the preservation of values and amenities within Pembroke. Further, the Declarant desires to provide a flexible and reasonable procedure for the overall development of Pembroke and to establish a method for the administration, maintenance, preservation, use and enjoyment of all real property now or hereby subjected to this Declaration. To these ends, the Declarant desires to subject the real property described above (as well as other real property which it intends to hereafter subject to the legal operation and effect of this Declaration) to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which shall be for the benefit of the Property and the subsequent owners thereof.

LMA LSC Part 1 of 1

In conjunction herewith, the Declarant has caused to be incorporated, or simultaneously with the recording of this Declaration will cause to be incorporated, under the laws of the State of Maryland, a nonprofit Maryland corporation without stock intended to be named "Pembroke Homeowners' Association, Inc." or such similar name as designated by the Declarant to manage the homeowners association.

Jan 04, 2005 09:38 am

NOW, THEREFORE, the parties hereto hereby declare that all of the real property described above is and hereafter shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens (all of which are sometimes hereinafter collectively referred to as "covenants and restrictions") hereinafter set forth, all of which are declared and agreed to be in aid of a plan for improvement of the Property and such additional real property as shall hereafter be subjected to the legal operation and effect of this declaration and all of which shall be deemed to run with and bind the land submitted to this Declaration and to inure to the benefit of and be enforceable by the Declarant, its successors and assigns, and any person acquiring or owning an interest in the Property or such additional real property, including, without limitation, any person who holds such interest solely as security for the performance of an obligation.

I. Definitions

When used in this Declaration, the word or words listed below within quotation marks shall be deemed to have the meanings which follow them in the same section:

- 1. "Association" shall mean and refer to **PEMBROOKE HOMEOWNERS' ASSOCIATION, INC.**, a nonprofit, non-stock corporation designated by the Declarant as the corporation to manage the affairs of the association.
- 2. "Articles" shall mean and refer to the Articles of Incorporation of the Association, as such may be duly amended from time to time.
- 3. "Assessments" shall mean the regular or special assessments payable by Owners to the Association.
- 4. "Board" shall mean the Board of Directors of the Association.

5. **“Bylaws”** shall mean and refer to the duly adopted bylaws of the Association, as such may be amended from time to time.

6. **“Common Areas”** shall mean and refer to all real and personal property owned, leased, or maintained by the Association for the common use and enjoyment of the Owners of the Lots or any portion of Owners, together with the improvements located thereon, if any, and the rights, alleys, ways, waters, privileges, appurtenances and advantages thereto belonging, or in anywise appertaining. The **“Common Areas”** shall, without limitation, specifically include all areas designated by **“Open Space”** and **“Protected Forest Retention Area”** on the plat, if any, which are subject to the legal operation and effect of this Declaration.

7. **“Common Expenses”** shall mean and include the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the Articles and/or the Bylaws.

8. **“Declarant”** shall mean and refer to Quality Built Homes, Inc., and its successors and/or assigns; provided, however, that the rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant pursuant to this Declaration, the Articles, or the Bylaws shall not inure to the benefit or burden of the successors and assigns of Quality Built Homes, Inc. except to the extent that any of the rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant are specifically assigned or transferred to any successors or assigns by a recorded writing.

8.A. **“Developer”** shall mean and refer to Pembroke, LLC, a Maryland limited liability company, its express successor and assigns.

9. **“Pembroke”** shall mean and refer to that certain planned residential community being developed or intended to be developed by the Declarant at the Property.

10. **“Lot”** or **“Lots”** shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property on which it is intended that a single family residential dwelling will be constructed, including Outparcels, if any, as shown on the Plat.

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

12. **“Member”** and **“Members”** shall mean a member of the Association as provided for in the Articles of Incorporation and this Declaration.

13. **“Owner”** and **“Owners”** shall mean and refer to the person or the combination of persons, including contract sellers, holding the record fee simple or perpetually renewable leasehold title to a Lot in the Property, as the Lot is now or may from time to time hereafter be created or established. If more than one person, or other legal entity or any combination thereof, holds the record title to any Lot, all of them shall be deemed a single record owner and shall be a single member of the Association by virtue of their ownership of the Lot. The term **“Owner”** shall not mean the owner of any redeemable ground rent reversion issuing out of any Lot, nor shall it include any contract buyer or mortgagee or other person holding an interest in a Lot as security for the performance of any obligation.

14. **“Person”** shall mean and refer to a natural person, a corporation, a partnership, an unincorporated association, a limited liability company, a limited liability partnership, a limited liability limited partnership, a limited partnership, a trust, an estate, or any other type of entity, or any combination thereof.

15. "Plat" shall mean and refer to those certain plats prepared by Lorenzi, Dodds, and Gunnill, entitled "Pembroke, Phase 1" which said plats are recorded among the Plat Records of St. Mary's County, Maryland at Plat Book E.W.A. 57, Folio 13, et. seq., as well as such other plats as are recorded among the said Land Records with regard to the Property or any other real property subjected to the legal effect and operation of this Declaration. In the event that all or any of the said recorded plat or plats is amended by the Declarant, its successors or assigns by a subsequent recorded plat or plat, "the Plat" shall refer to the said plat or plats as so amended.

16. "Property" shall mean and refer to all that real property situate, lying and being in the Eighth Election District of St. Mary's County, Maryland and more particularly that property described above. In the event that other real property is hereafter submitted and subjected to the legal effect and operation of this Declaration, such other real property shall thereupon become a part of the "Property".

17. "Rules and Regulations" shall mean such rules and regulations as may be adopted by the Board or the architectural review committee appointed by the Board governing (i) use of the Common Areas, including any improvements and amenities located thereon; (ii) additions, alterations, and improvements on or to the Lots; (iii) reasonable interpretation and construction of the provisions of the Declaration, the Articles, and the Bylaws; and (iv) such other matters as are specified as the subjects for such Rules and Regulation in this Declaration, the Articles or the Bylaws.

18. "Annexation Amendment" shall mean an amendment to this Declaration which adds additional property to that which is subject to the legal effect and operation of this Declaration.

19. "Recreational Facilities" shall mean and refer to that portion of the Common Area shown on the Plat(s) of the Property upon which certain recreational facilities may be constructed, which may include by way of illustration a children's play area, swimming pool, bath house and parking spaces associated with the same.

20. "Improvement" or "Improvements" as used in Article VII refers to and includes houses, buildings, garages, sheds, above ground and in ground swimming pools, fences, retaining walls, driveways and other improvements or structures of any kind.

II. Property Subject to this Declaration and Additions Thereto

1. **Initial Property.** The real property initially subject to this Declaration is the Property (as more particularly described above) which is shown on plats entitled "Pembroke, Phase 1" prepared by Lorenzi, Dodds, and Gunnill, recorded in Plat Liber E.W.A. 57, Folio 13, et. seq. All of the Property shall be transferred, held, sold, conveyed, and occupied subject to this Declaration.

2. **Annexation of Additional Property By Declarant.** Additional real property may be subjected to the provisions of this Declaration and the jurisdiction of the Association in the following manner: The Declarant shall have the unilateral right, privilege and option, but not obligation, in its sole and absolute discretion, from time to time at any time for ten (10) years from the date of this Declaration to annex to the Property and subject to the legal operation and effect of this Declaration and the jurisdiction of the Association all or any portion of the real property described in that deed recorded at Liber 2350, Folio 14, or any property located adjacent thereof, by filing an Annexation Amendment among the Land Records of St. Mary's County, Maryland, with respect thereto. Such Annexation Amendment shall not require any vote of the Members to be effective and need be executed only by the Declarant (or its successors or assigns) and the owner of such real property if the Declarant is not the owner thereof. Any such annexation shall be effective upon the recording of the Annexation Amendment unless otherwise provided therein. The Declarant shall have the unilateral right to transfer to any other person the said right, title and privilege which is herein reserved to the Declarant to annex additional property to the legal operation and effect of this Declaration and the jurisdiction of the Association.

3. **Effect of Annexation.** Any additional real property annexed to the Property and made subject to the legal effect and operation of this Declaration pursuant to this article shall be considered a part of the Property for all purposes of this Declaration, and all votes of the Class A of the Members appurtenant to the Lots contained in such additional annexed real property shall be aggregated with votes of existing Class A Members, it being intended that any Class A voting requirements need not be fulfilled separately for the real property annexed pursuant to any Annexation Amendment.

4. Developer shall have the same rates of annexation as are set forth in subsection 2 above for the Declarant.

III. Property Rights

1. Members' Easement of Enjoyment. Subject to the provisions of this Declaration, including by way of illustration and not limitation the restrictions set forth in this Article III, and any restrictions or limitations contained in any deed or Annexation Amendment conveying such property to the Association or subjecting such property to the legal operation and effect of this Declaration, each Owner shall have a non-exclusive right and privilege to use the Common Areas for the purposes for which the same were designed. Such right and privilege shall be appurtenant to and shall pass with the title to such Owner's Lot, subject to the following provisions.

2. Title to Common Areas; Easement for Completion. Any areas designated by the Declarant as Common Areas for the benefit of the Association shall be conveyed to the Association by the Declarant, and the Association shall take and accept legal title to said Common Areas, including all improvements thereon, if any. In the event that any improvements on the Common Areas included in or added to the Property are not completed at the time such area is conveyed to the Association, the Declarant reserves an easement on, over, under, across and through such area to complete construction of the improvements thereon. The Association shall hold the Common Areas conveyed to it subject to the property rights described herein.

3. Limitation on Owners' Easements. The rights and privileges of enjoyment for Owners created hereby shall be subject to the following rights of the Association:

A. the right to adopt and to amend the Rules and Regulations governing the use by the Owners of the Common Areas and Recreational Facilities. Each Owner and his designees as set forth below, shall fully and faithfully comply with the rules, regulations, and restrictions as from time to time adopted by the Association for the safety, care, maintenance, good order, and cleanliness of the Common Areas;

B. the right to dedicate or transfer all or any part of the Common Areas and improvements thereon to any public or municipal agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Association; provided, however, that no such dedication or transfer shall be effective unless two-thirds (2/3) of each class of the then Members of the Association consent to such dedication or transfer at any special meeting of the Members duly called for such purpose and the same shall have been consented to by the agency, authority, or utility accepting the dedication or transfer. This provision shall not be deemed to limit in any way, the right of the Declarant to dedicate such portions of the Property to any public or municipal agency, authority or utility required as part of the development of the Property;

C. the right to grant licenses, rights-of-way and easements for access or for the construction, reconstruction, maintenance and repair of any utility lines or appurtenances, whether public or private, to any municipal agency, public utility, the Declarant or any other person; provided, however, that no such licenses, rights-of-way or easements shall be unreasonably and permanently inconsistent with the rights of the owners to the use and enjoyment of the Common Areas and Recreational Facilities;

D. the right to suspend the enjoyment of rights of any Owner in the Common Areas and the recreational facilities thereof for any period in excess of thirty (30) days during which any assessment remains unpaid, and for any period not to exceed sixty (60) days for any infraction of its published Rules and Regulations;

E. the right to enter into the Common Areas for the purpose of completing, repairing or maintaining such Areas or the improvements thereon;

F. the right to require the display of membership cards or other means of identification as a prerequisite to entry to the Common Areas or Recreational Facilities, or any part or facility thereof.

G. the right of the Association to charge reasonable admission and other fees for the use of any Recreational Facility situated upon the Common Areas;

H. the right of Declarant (and its sales agents and representatives) to the non-exclusive use of the Common Areas and Recreational Facilities for display and exhibit purposes, which right the Declarant hereby reserves for so long as it owns any Lot;

I. the right of the Association to provide for the exclusive use by Owner(s) and/or non-Owners of certain portions of the Common Areas upon which are situated Recreational Facilities, if any;

J. the right of the Association to limit the number of guests of Owners;

K. with regard to private streets and driveways, if any, included in the Common Area, the right of the Association to reserve to only those Owners whose Lots are accessed by or through such private streets and driveways, a right and easement of enjoyment in and to such private streets and driveways and the right of the Association to impose an obligation to pay the maintenance of such areas only upon such Owners; and

L. the right of the Association to allow Non-Owners to use the Recreational Facilities upon terms and conditions reasonably determined by the Board of Directors of the Association.

4. Delegation of Use. Any Owner may delegate his rights of use and enjoyment to the Common Areas and Recreational Facilities, subject to the provisions of this Declaration and the Bylaws of the Association, to the members of his family, his tenants, or his contract purchasers (and the members of the family of any tenant or contract purchaser) who reside within Pembroke, or to such other persons as may be permitted by the Association. To the extent that an Owner shall delegate his right of enjoyment of the Common Areas and Recreational Facilities to his tenants or contract purchasers, the Association shall have the right, but not the obligation, to restrict or otherwise regulate the privilege of the Owner and/or the Owner's family to use the areas or facilities in question. The Board of Directors shall have the right to adopt reasonable rules and regulations defining what shall be deemed an Owner's family, within the meaning of this Declaration.

5. Utility and Road Easements. The Declarant, for itself, its successors and assigns, hereby expressly reserves easements and rights-of-way through, under, over, on and across the Property, for the installation, maintenance, replacement and inspection of (a) lines and appurtenances of public or private water, sewer, drainage, storm water management, gas, electricity, telephone, cable television, computer cabling and other utilities, (b) for public or private vehicular or pedestrian roads, rights-of-way, bikeways, sidewalks and pathways; (c) for the storm water management areas and (d) for the recreational areas, if any. The Declarant further expressly reserves for itself, its successors and assigns, the right to grant licenses, rights-of-way and easements through, under, over, on and across the Property for access or for the construction, reconstruction, maintenance and repair of any utility lines or appurtenances, whether public or private, to any municipal agency or public utility.

6. Easement Rights Reserved by the Declarant. The Declarant, for itself, its successors and assigns, hereby expressly reserves an easement and right-of-way in, through, over, and across the Common Areas for the purposes of (a) storage of building supplies and materials; (b) installation, construction, maintenance, reconstruction and repair of improvements and/or landscaping upon the Lots or any other parcel included within the Property; and (c) advertising or otherwise accomplishing the sale or rental of any such Lots, property, or improvements.

7. Easement Rights of the Association/Declarant. The Declarant, the Association, and its management agent(s), employees and other agents, successors, and assigns shall have such easements in and over the Property (including, without limitation, in and over the Lots) as may be reasonably necessary to perform the duties and obligations of the Association/Declarant as set forth in this Declaration, the Articles, or the Bylaws.

8. Common Driveways. If a driveway or access is shared by two or more Lots or Owners and such driveway or access is situated on Common Area or is an easement across one or more Lots, then such driveway shall be subject to a Declaration of Easement and Maintenance which shall be recorded among the Land Records of St. Mary's County, Maryland.

IV. Membership and Voting Rights in the Association; Administration

1. Membership. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

2. Voting Rights. The Association shall have two classes of voting membership

Class A: The Class A Members shall be all Owners with the exception (initially) of the Declarant, Developer or any other Class B Member. Each Class A Owner shall be entitled to one vote for each Lot owned by the Class A Owner. When more than one person holds an interest in any Lot, all such persons shall be entitled to participate in the Association as Members; provided, however, that persons holding any such interest solely as contract purchasers or as security for the performance of an obligations shall not be Members solely on account of such interests; and provided, further, that, for purposes of voting and determining the existence of a quorum, all such persons so holding an interest in any one Lot shall be treated as a single member. The vote for any such Lot shall be exercised as determined by the Members holding interests therein, but in no event shall more than one vote be cast with respect to any Lot.

Class B: The Class B Members shall be: (a) the Declarant and/or the Developer; and (b) any successor, assignee, or designee of the Declarant who holds or takes title to a Lot or Lots and who is designated as such in a recorded instrument. The Class B Members shall be entitled to three votes per Lot for each Lot owned by it now or hereafter by Annexation, all of which shall initially be exercised as determined by the Declarant but any (or all) of which shall be thereafter exercisable as assigned by the Declarant to any other person who is a Class B Member. The Class B membership shall cease and become converted to Class A membership upon the earlier to occur of the following: (i) upon the tenth anniversary date of this Declaration; (ii) 120 days after which 75% of the Lots have been conveyed to a Purchaser; or (iii) when, at such time as may be before the events specified in (i) and (ii) above, the Declarant, in its sole discretion so determines.

From and after the happening of these events, whichever occurs first, the Class B Members shall become Class A Members entitled to cast one (1) vote for each Lot in which such members hold an interest. At such time, the Declarant shall call a meeting of the Members of the Association as provided in the Bylaws for special meetings to advise the membership of the termination of Class B status. In the event that 75% of the lots have been conveyed to a Purchaser, but prior to the conversion of the Class B Membership to the Class A Membership, additional property is annexed into this Declaration which results in additional Lots, which aggregated with the prior Lots subject to the Declaration result in less than 75% of the Lots having been conveyed to a Purchaser, then for purposes of the conversion it shall be deemed that 75% of the Lots have not been sold.

3. Administration. The affairs and business of the Association shall be managed and conducted as provided in the Articles and Bylaws.

4. Management Agent. The Board may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board to perform such duties and services as the Board shall from time to time authorize in writing, including, without limitation:

A. to provide for the care, upkeep, maintenance and surveillance of the Common Areas and Recreational Facilities, if any; and

B. to designate, hire and dismiss such personnel as may be required for the good working order, maintenance and efficient operation of the Common Areas and Recreational Facilities, if any; and

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

D. provide for the collection of assessments and any other obligations provided for in this Declaration and to provide for the enforcement of liens therefore in a manner consistent with law and the provisions of this Declaration; and

E. to provide for the enforcement of the provisions of this Declaration and the Rules and Regulations.

Any cost incurred by the Association for the employment of the Management Agent shall be deemed and construed to be a part of the common expenses of operating the Association. The Board may employ as Management Agent any person of its choosing, including the Declarant or any person affiliated with the Declarant or any other Class B Member.

5. Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for as a part of the common expenses, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the Common Areas or Recreational Facilities,

or from any wire, pipe, drain, conduit, or the like. The Association shall not be liable to any Owner or his family members, tenants, employees, or invitees, for loss or damage by theft or otherwise, of articles which may be stored upon the Common Areas or in the Recreational Facilities. No diminution or abatement of assessments, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas or Recreational Facilities, or from any action taken by the Association to comply with any of the provisions of this Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

V. Maintenance Responsibilities

1. Association Responsibility for the Common Areas. The Association shall be responsible for the maintenance, repair and replacement of all Common Areas and any and all improvements thereon, including landscaping, furnishings and equipment related thereto, (unless the repair or replacement is necessitated by the negligence, misuse, or neglect of an Owner, his family members, his tenants, employees and invitees in which case the expense of such repair or replacement shall be borne by such Owner), and shall keep same in good, clean, attractive and sanitary condition, order and repair. In furtherance of such obligations, the Board may contract for management and maintenance services to be provided to the Association with persons or entities of its choosing, including the Declarant and affiliates thereof. Any cost incurred by the Association in the course of such maintenance, repair or replacement as for which it is responsible shall be deemed and construed to be a part of the common expenses of operating the Association. .

2. Owner Responsibilities.

A. Common Areas. Each Owner, and his tenants, and the family members, employees and invitees of either shall be responsible for using the Common Areas in a safe and orderly manner consistent with the purpose for which each Common Area is intended and shall be personally liable for any damage caused to person or property by reason of their misuse or neglect. Each Owner shall be jointly and severally liable for any such damage by his tenants, family members, employees, and invitees.

B. The Owner's Lot. The Owner of each Lot shall keep the Lot, and the landscaping, buildings, and other improvements thereon, in good order and repair, and free of debris. Lawns shall be seeded and mowed, shrubbery trimmed, and painted or stained exterior surfaces repainted or restained, all in a manner and with such frequency as is consistent with good property management. In the event the Owner of a Lot shall fail to maintain the Lot and the landscaping, buildings and other improvements thereon as provided herein, the Association, its agents or employees, after notice to the Owner and with the approval of the Board, shall have the right to enter upon the Lot to perform such work as is reasonably required to restore the lot and the landscaping, buildings, and other improvements thereon to a condition of good order and repair. Prior to exercising the right to enter upon any Lot, the Board shall grant a hearing to any alleged violator. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Lot, upon demand. All unreimbursed costs, together with interest, reasonable attorneys' fees and costs of collection as hereinafter provided, shall be a lien upon the Lot until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid maintenance assessment levied in accordance with other provisions of this Declaration; but any such lien shall be subject to the lien priority provisions set forth elsewhere in this Declaration. As determined by the Board, interest on unreimbursed costs so incurred by the Association shall accrue at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland. In the event of litigation to collect such unreimbursed costs, the Owner obligated to pay such costs shall further be obligated to pay to the Association reasonable attorneys' fees of not less than Two Hundred Fifty Dollars (\$250.00) and any costs of collection incurred in connection therewith.

VI. Rights and Obligations of the Association

1. Common Areas and Rights-of-Way. The Association, subject to the rights and obligations of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and all landscaping and improvements thereon (including furnishings and equipment related thereto).

2. Personal Property and Real Property for Common Use. The Association, through action of the Board, may acquire, hold, and dispose of tangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests conveyed to it by the Declarant.

3. Rules and Regulations. The Association, through the Board, may adopt reasonable Rules and Regulations governing the use of the Property, Common Areas and Recreational Facilities, if any, which rules and regulations shall be

consistent with the rights and duties established by this Declaration. The Association, through the Board, shall enforce these Rules and Regulations and the provisions of this Declaration through the imposition of sanctions and suspension of the right to vote and the right to use the Common Areas. The Board shall, in addition, have the power to seek relief in any court for such violations or to abate nuisances. Imposition of sanctions shall be in accordance with due process as is provided in the Bylaws. Prior to any decision to suspend voting rights or rights to use the Common Areas or Recreational Facilities, if any, the Board shall grant notice and hearing to any alleged violator.

4. Additions to Common Areas. The Association, through action of the Board, may make any addition, alterations or improvements to the Common Area; provided, however, that if any such addition, alteration or improvements shall require an expense of Association funds in excess of Ten Thousand Dollars (\$10,000.00), such addition, alteration or improvement shall only be authorized if approved by the affirmative vote of a majority of each class of the Members. For the purposes of this section, repairs to then existing improvements, including, without limitation, repairs paid for through the use of reserves, shall never be deemed to be additions, alterations or improvements such that any authorization from the Members is required before such repairs may be undertaken. This section shall not apply to any improvements to the Common Areas by the Declarant as part of the development of the Property, including the construction of Recreational Facilities, if any.

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

6. Insurance. The Board, or its duly authorized agent, shall have the authority to obtain all necessary insurance, including hazard and liability insurance, and Board of Directors insurance as more particularly set forth in the By-Laws.

VII. Use of the Property

1. Protective Covenants. Except for the activities of the Declarant or any other Class B Member in connection with the sale of Lots or the construction of improvements on such Lots or in the Common Areas, Recreational Facilities, if any, or in connection with reasonable development of the Property, or except as may be reasonable and necessary in conjunction with the maintenance, improvement, repair and reconstruction of any portion of the Common Areas or Recreational Facilities by the Declarant or the Association, or the performance of any other right or responsibility herein reserved by or delegated to the Declarant or the Association, or except as otherwise authorized in advance by the Board, the Property shall be subject to the following Protective Covenants:

A. Residential Use. No part of the Property shall be used for purposes other than residential housing and the ancillary accessory common purposes to residential housing for which Pembroke was designed; provided, however, that a professional office may be maintained in any dwelling if such maintenance and use is limited to the person actually residing in the dwelling and if such maintenance and use is in strict conformity with the provisions of any applicable zoning law, ordinance or regulation. As used in this section, the term "professional office" shall mean rooms used for office purposes by a member of any recognized profession including doctors, dentists, lawyers, architects, clergymen, writers, manufacturers representatives, businessmen, computer programmers, realtors, and the like, but not including any of the aforesaid uses where the professional regularly entertains or sees patients, clients, or customers in such office.

B. Building Restrictions. No main residential structure shall be permitted on any building site, the habitable floor area of which, exclusive of basements, porches, patios, breezeways and garages, is less than 1,600 square feet in the case of a one-story residential structure, or less than 2,000 square feet in the case of a two-story residential structure. Every residential structure which is erected on a Lot shall have a two (2) car garage. No fence or wall shall be erected or maintained on any Lot until the proposed location thereof and type of materials to be used have been approved in writing by the Board.

C. Prohibited Activities. No noxious, immoral, improper, unlawful, or offensive activity shall be carried on in any part of the Property, nor shall anything be done thereupon which may be, or may become, an annoyance or nuisance to others, or which shall in any way interfere with the quiet enjoyment of each of the Owners of their respective Lots, or which shall in any way increase the rate of insurance on the Common Areas. Residents and their guests are expected to reduce noise levels between the hours of 11:00 p.m. and 7:00 a.m. so that neighbors are not disturbed. In general, no Owner shall make or permit to be made any noise that will disturb or annoy the other residents of the Property, or do or permit to be done anything therein which will interfere with the rights, comfort or convenience of other residents. All valid

laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the Owner of the Lot or the Association, whichever shall have the obligation to maintain or repair such portion of the Property.

No discharge of any type of firearm, nor any type of trapping or hunting (including bow and arrows) shall be allowed on any part of the Property, including the Common Areas, Recreation Areas, Forest Retention Areas, etc.

No use of licensed or unlicensed motorcycles, motor scooters, motorbikes, mini-bikes, go-carts, and other similar types of motor powered vehicles shall be allowed upon the Lots, Common Areas, Rights-of Way, Easements, or any other part of the Property.

D. Signs. Except for such signs as may be posted by the Declarant or the Board for promotional or marketing purposes, traffic control or the like, no signs of any character shall be erected, posted or displayed upon, in, from or about any Lot or the Common Areas without the prior consent in writing of the Board and compliance with such conditions as it may establish. The Board of Directors shall have the right to adopt architectural regulations pertaining to signs.

E. Common Areas. Except as otherwise permitted by the provisions of this Declaration, no structure or improvement of any kind shall be erected, placed or maintained on any Common Area except: (i) structures or improvements designed exclusively for community use, including, without limiting the generality of the foregoing, shelters, benches, chairs or other seating facilities, fences and walls, walkways, roadways, playground equipment, swimming pools and tennis courts, (ii) landscaping, and (iii) drainage, storm water and utility systems and structures. The Common Areas may be graded, and trees, shrubs or other plants may be placed and maintained thereon for the use, comfort and enjoyment of the Owners, or the establishment, retention or preservation of the natural growth or topography of the Common Areas, or for aesthetic reasons. No portion of any Common Area may be used exclusively by any Owner for personal gardens, storage facilities or other private uses. There shall be no use of the Common Areas and landscaped areas except natural recreational uses which do not injure the Common Areas or the vegetation thereon, increase the maintenance thereof, or cause unreasonable embarrassment, disturbance or annoyance to Owners in the enjoyment of the Common Areas and landscaped areas in the vicinity of their lots.

F. Excavations. Neither the Common Areas nor any Lot shall be used for the purposes of excavating, boring, mining, quarrying, exploring for, or removing oil or other hydrocarbons, minerals, gravel, topsoil, or earth.

G. Protection of Easements and Natural Drainage. No structure, planting or other material shall be placed or permitted to remain upon any Lot which may damage or interfere with any easement for the installation or maintenance of utilities, or which may unreasonably change, obstruct or retard the direction or flow of any drainage channels.

H. Underground Utilities Required. No water pipe, sewer pipe, gas pipe, drainage pipe, electric line, television cable or similar transmission line shall be installed or maintained on any Lot above the surface of the ground.

I. Free-Standing and Temporary Structures Prohibited. No structure of a temporary character, and no building, garage, tent, shed, shack, barn, pen, kennel, run, stable, or other such accessory or freestanding building shall be erected, used or maintained on any Lot at any time without first obtaining the approval of the Architectural Review Committee.

J. Clothes Drying Equipment. No clothes lines or other exterior clothes drying apparatus shall be permitted on any Lot.

K. Refuse Accumulations. No burning of any trash and no accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, new or used building materials, or trash of any other kind shall be permitted on any Lot or on the Common Areas.

L. Trash Receptacles and Storage. Garbage, trash and other refuse shall be placed in covered containers. Trash and garbage containers shall not be permitted to remain anywhere in view from public roadways except on days of trash collection.

M. Objectionable Vehicles. Except as elsewhere herein provided, no junk or inoperable vehicle or other vehicle on which currently valid registration plates are not displayed, vehicles which exceed twenty-five (25) feet in length and/or have three (3) or more axles, trailer, house trailer, or other similar machinery or equipment of any kind or character (except for such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and except for such equipment and machinery as the Association may require in connection with the maintenance and operation of the Common Areas) shall be kept upon any part of the Property nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. Notwithstanding the foregoing, boats, campers, Winnebagos, or other recreational vehicles, or the like, may be permitted on a Lot provided that the Owner first obtains the approval of the Architectural Review Committee which may impose conditions on the approval, including, but not limited to, those conditions designed to ensure that the boat or vehicle is adequately screened from the view of neighboring Owners and the road.

No use of licensed or unlicensed motorcycles, motor scooters, motorbikes, mini-bikes, go-carts, and other similar types of motor powered vehicles shall be allowed upon the Lots, Common Areas, Rights-of Way, Easements, or any other part of the Property.

N. Parking and Traffic Restrictions. No automobile, motorcycle, bicycle, tricycle, or other wheeled vehicles or toys shall be parked or left unattended on any sidewalk, pathway, or walkway or on any part of the roadways or other Common Areas of the Property so as to interfere with or obstruct the use thereof or ingress and egress to any Lot, such roadways, or the Common Areas. Except as expressly designated by the Board of Directors, no boats or trailers shall be parked or left unattended on any part of the roadways or other Common Areas of the Property. The Board may, in its discretion, from time to time adopt and promulgate such additional Rules and Regulations regarding vehicle traffic and parking as it may consider appropriate.

O. Antennae. Except as otherwise permitted by any State or Federal law or regulation, no outside television aerial, radio, antenna, satellite dish, or other aerial, antennae, or dish for either reception or transmission, shall be maintained upon the lot, provided, however, that such aerials, satellite dishes or antennae may be erected and maintained if completely located upon the Lot and screened from public view and whose installation was subject to approval by the Architectural Review Committee.

P. Animals. The maintenance, keeping, boarding, or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited in the Common Areas and on any Lot or within any dwelling, except that this shall not prohibit the keeping of dogs, cats, fish, or caged animals as domestic pets provided they are not kept, bred or maintained for commercial purposes and provided further, that such domestic pets are not a source of annoyance or nuisance to the neighborhood or other residents of the Property. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the Common Areas unless accompanied by a responsible person and unless they are carried or leashed. The Board shall have the right to adopt such additional Rules and Regulations regarding pets as it may from time to time consider necessary or appropriate.

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

R. Leases. No portion of a Lot (other than the entire Lot and all improvements thereon) may be leased. No Owner shall lease his Lot except by a written lease for a period of at least three (3) months which expressly provides that the tenancy thereby created is subject to the provisions of this Declaration, the Articles, the Bylaws, and the Rules and Regulations and that the violation of any such provisions shall be deemed to be a substantial breach of the lease warranting proceedings for eviction. Should any lease of a Lot by an Owner fail to expressly provide such provisions, the applicability of this Declaration, the Articles, the Bylaws, and the Rules and Regulations and the said effect of violations thereof shall nonetheless be necessarily implied to be an integral part thereof. An Owner who leases his Lot shall notify the Board of the name and address of his lessee(s) and shall file with the Board a conformed copy of the lease. If it so elects, the Board is hereby irrevocably appointed to be the agent and attorney-in-fact for each Owner leasing his Lot for the purpose of

enforcing, on behalf of the Association, all express and implied provisions of the Owner's lease relating to this Declaration, the Articles, the Bylaws, or the Rules and Regulations, or any violations thereof, at the cost and expense of such Owner.

S. Rules and Regulations. There shall be no violation of the Rules and Regulations which may from time to time be adopted by the Board and promulgated by it in writing; and the Board is hereby and elsewhere in this Declaration authorized to adopt such rules.

T. Owner Liability for Violations. Owners will be jointly and severally liable and responsible for the actions of their children, pets, tenants, guests, employees, invitees, and licensees.

2. Implementation and Construction Guidelines. The Board may from time to time adopt general rules consistent with, and to implement, the purposes set forth in this article and to interpret the covenants in this article, which general rules may apply to the Property as a whole or to any part thereof.

3. Exceptions. The Board may issue temporary permits or variances to except any provisions expressed or implied by this Declaration provided the Board finds good cause to exist therefore and acts in accordance with adopted guidelines and procedures.

4. Enforcement – Right to Remove or Correct Violations. In the event any violation or attempted violation of any of the covenants or restrictions contained in this article shall occur or be maintained upon the Common Areas or any Lot, or in the event of any other conduct in violation of any of the provisions or requirements of this article, then the same shall be considered to have been undertaken in violation of this article and without the approval of the Board as required hereby and, upon written notice from the Board, 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 ten (10) days (or such shorter period as may be required in any such notice) after certified mail notice of such violation is delivered to the Owner of the Lot upon which such violation exists, then the Association shall have the right to obtain injunctive relief to allow the Association, through its agents and employees to enter upon such Lot or Common Area and to take such steps as may be necessary to remove or otherwise terminate or abate such violation and the cost thereof may be assessed against the Lot upon which such violation occurred and the Owner thereof, and when so assessed, a statement for the amount thereof shall be rendered to the Owner of said Lot at which time the assessment shall become due and payable and a continuing lien upon such Lot, and a binding personal obligation of the Owner of such Lot, in all respects (and subject to the same limitations) as a maintenance assessment provided for in this Declaration.

5. Construction and Sale. Notwithstanding any provisions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant and any other Class B Member to maintain and carry on upon portions of the Lots and the Common Areas such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such Lots and residences thereon, including, but not limited to, business offices, signs, model units, and sales offices, and trailers for any sales, construction or business purposes, and the Declarant shall have an easement for access to such facilities. The right to maintain and carry on such Facilities and activities shall include specifically the right to use residences owned by the Declarant or any other Class B Member as models and sales offices. This section may not be amended without the express written consent of the Declarant.

VIII. Architectural Control.

1. Additions, Alterations and Improvements by Owners. Except for construction or development by, for or under contract with the Declarant or any other Class B Member and except for any improvements to any Lot or to the Common Areas accomplished by the Declarant or any other Class B Member, and except for purposes of proper maintenance and repair, no building, fence, wall, shed, sports structure (including, without limitation, in-ground or above-ground swimming pools, basketball backboards, freestanding nets or goals), landscaping, or other exterior improvements or structures shall be commenced or maintained upon the Property, nor shall any exterior addition to or change (including any change of color) or other alteration thereupon be made until the complete plans and specifications showing the location, nature, shape, kind, height, material, color, type of construction and any other proposed form of change (including without limitation, any other information specified by the Board) shall have been submitted to and approved in writing by the Board as to safety, harmony of external design, color and location in relation to surrounding structures and topography and conformity with the design concept for Pembroke. Subject to the same limitations as hereinabove provided for, it shall be prohibited to install or construct any lighting, shades, screens, awnings, patio covers, fences, walls, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways or to make any change or otherwise alter (including any alteration in color) in

any manner whatsoever the exterior of any dwellings or other improvements constructed upon any Lot or upon any of the Common Areas, or to combine or otherwise join two or more such dwellings or improvements, or to partition the same after combination, or to remove or alter any windows or exterior doors of any such dwellings or improvements until the complete plans and specifications, showing the location, nature, shape, height, material color, type of construction and any other proposed form of change (including, without limitation, any other information specified by the Board) shall have been submitted to and approved by the Board 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 Pembroke.

2. Meetings and Decisions of Board. Each applicant for approval of an addition, alteration, or improvement to, or of, a Lot shall submit to the Board via "certified mail – return receipt requested", or if hand delivered, acknowledgement of receipt must be in writing at least two sets of plans and specifications therefore. Upon approval by the Board of such plans and specifications, as approved, said plans and specifications shall be deposited among the permanent records of the Association and the other copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting same. In the event the Board or its committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this article within thirty (30) days after such plans and specifications (and all other materials and information required by the Board) have been submitted to it in writing, approval will not be required and this Article shall be deemed to have been fully complied with.

The approval of the Board of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matter subsequently or additionally submitted for approval or consent.

3. Limitations. There shall be no deviation from the plans and specifications approved by the Board without the prior consent in writing of the Board. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the 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.

4. Rules and Regulations, etc. The Board may from time to time adopt and promulgate such Rules and Regulations regarding the form and content of plans and specifications to be submitted for approval and may publish and record such statements of policy, standards, guidelines and establish such criteria relative to minimum floor areas, architectural styles or details, fences, colors, set-backs, materials or other matters relative to architectural control and the protection of the environment, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of this Declaration. The Board may not adopt or promulgate such Rules and Regulations regarding construction or development by, for or under contract with the Declarant or any other Class B Member.

IX. Assessments.

1. Regular Maintenance Assessments. Except as assessments of the Declaration are limited by the provisions of this Article, each person who becomes an Owner of a Lot within the Property (i.e., each Member of the Association), by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay the Association regular maintenance assessments as hereinafter provided. The assessments shall be due and payable as determined by the Board of Directors and shall represent the Member's proportionate share of the sums required by the Association, as estimated by the Board, to meet its annual common expenses, including but in no way limited to the following:

A. the cost of all operating expenses of the Common Areas and Recreational Facilities, if any, and the services furnished to or in connection with the Common Areas and Recreational Facilities;

B. the cost of necessary management and administration of the Common Areas and Recreational Facilities, if any, including fees paid to any Management Agent; and

C. the amount of all taxes and assessments levied against the Common Areas and Recreational Facilities, if any;

D. the cost of any insurance required or authorized by this Declaration or otherwise deemed by the Board to be in the best interests of the Association; and

E. the cost of utilities and other services which may be provided by the Association, whether for the Common Areas or for the Lots, or both; and

F. the cost of maintaining, replacing, repairing, and landscaping the Common Areas, together with such equipment as the Board shall determine to be necessary and proper in accordance therewith; and

G. the cost of funding all reserves established by the Board, including, when appropriate, a general operating reserve and a reserve for replacements; and

H. such other costs and common expenses as may be incurred by the Association and the Board in the authority granted in the Declaration, the Articles, the Bylaws, or otherwise under applicable law. All Owners shall be obligated to pay the maintenance assessments assessed by the Board pursuant to this article. No Owner may exempt himself from liability for maintenance assessments by abandonment of any Lot belonging to him or by the abandonment of his right to use and enjoyment of the Common Areas and Recreational Facilities, if any. Except as otherwise hereinafter expressly provided, all maintenance assessments shall be levied as a uniform rate for each Lot to which Class A membership is appurtenant. All assessments levied hereunder with respect to any Lot shall be the joint and several liability of the persons who are Owners of that Lot.

2. Assessment Determination. The Board shall determine the amount of the regular assessments annually, provided, however, that in the event that the Board fails to determine the amount of the regular assessment annually, then in said event, the regular assessment for the previous year automatically shall be the regular assessment of the current year. Upon resolution of the Board, installments of regular assessments may be levied and collected on a monthly, quarterly, semi-annual, or annual basis. Any Member may prepay one or more installments on any annual assessment levied by the Association without premium or penalty.

Notwithstanding anything elsewhere set forth herein, the annual assessments or charges made or levied against any Lot of which the Declarant is the owner on January 1st of the year to which the assessment pertains, shall equal fifteen percent (15%) of the annual assessment or charge made or levied against any other Lot in the property, it being intended that the Declarant shall not pay more than fifteen percent (15%) of the per Lot annual assessment established by the Association under this section.

3. Annual Budget. The Board shall prepare, or cause the preparation of, an annual operating budget for the Association which shall provide for the common expenses of the Association including, without limitation, the expenses described in this article. The annual budget shall be the basis for determination of the regular assessments. The Board shall make reasonable efforts to fix the amount of the annual assessment against each Lot for each assessment period at least thirty (30) days in advance of the commencement of such period. Written notice of the annual assessments shall thereupon be sent to the Members. The failure or omission by the Board, before the expiration of any assessment period, to fix the amount of the annual assessment hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this article or a release of any Member from the obligation to pay the annual assessment, or any installment thereof, for that or any subsequent assessment period, but the annual assessment fixed for the preceding period shall continue until a new assessment is fixed and published by the Board.

4. Maximum Annual Assessment. Following the conveyance of the first lot to an Owner and until the end of that calendar year, the maximum annual assessment for a Lot shall not exceed \$150.00. From and after December 31 of the year in which the first lot is conveyed to an Owner, the maximum annual assessment may be increased above \$150.00 per annum, without a vote of the Membership, by the amount of the preceding year's maximum regular assessment multiplied by ten percent (10%).

The Board may fix the annual assessment against each Lot at any amount not in excess of the maximum permissible annual assessment applicable to that year without the necessity of a vote of the Membership of the Association. The maximum permissible annual assessment may be increased above the ten percent (10%) limitation specified above only by a vote of three-fourths (3/4) of each class of Members of the Association, voting in person or by proxy, at a meeting called for such purpose.

5. Individual Lot Expenses. Except as may be specifically provided for herein, this Declaration does not contemplate that the Association shall have any responsibility for the maintenance or repair of the dwellings or other improvements or appurtenances on the Lots; and the responsibilities and duties of the Association for maintenance and

repairs shall be limited to the Common Areas and Recreational Facilities, if any. The Owner of any Lot shall, at his own expense, maintain his Lot and dwelling, and any and all improvements and appurtenances thereto, in good order, condition and repair and in a clean, attractive and sanitary condition at all times, all as more specifically provided in this Declaration.

6. Initial Assessments; Increases and Decreases. Except as may be otherwise resolved by the Board, the regular annual assessment for each Class A membership shall commence on the date a deed for the Lot to which such membership is appurtenant is delivered by the Declarant to the Member. Assessment shall be made proportionately for the balance of the calendar year during which a deed for the Lot is delivered to the Member and shall become due and payable and a lien on the date a deed for the Lot is delivered to the Member. Except as herein elsewhere provided or as otherwise determined by the Board, the installments of each such regular assessment for any Lot shall be due and payable in advance annually for the calendar year. Subject to the provisions of this Article, assessments may be increased or decreased by the Board at any time as the Board, in its sole discretion, shall deem such to be in the best interests of the Association.

7. Nonpayment of Assessments. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with interest thereon, "late charges", reasonable attorneys' fees and costs and expenses of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the Lot or Lots belonging to the Member against whom such assessment is levied and shall bind such Lot or Lots in the hands of the then Owners, his heirs, devisees, personal representatives and assigns. The personal obligation of the Member to pay such assessment, interest thereon, "late charges", actual attorneys' fees of not less than \$150.00 if the matter does not result in litigation and actual attorneys' fees of not less than \$250.00 if the matter goes to litigation, and costs and expenses of collection (including by way of illustration and not limitation, the cost of notifying the Owner of the intent to file a lien, the recording costs of filing the lien and any resulting release) shall, in addition, remain his personal obligation for the statutory period and a suit to recover a money judgment for such obligation may be maintained without foreclosing or waiving the lien herein created to secure the same.

8. Interest; Late Charges. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due shall bear interest at the rate of ten percent (10%) per annum or may, upon resolution of the Board, bear interest from the date due at a rate not to exceed the maximum legal rate permitted from time to time in the State of Maryland, and shall subject the Member obligated to pay the same to the payment of such penalty or "late charge". The Association may bring an action at law against the Member personally obligated to pay the same, and/or foreclose on the lien against the Lot or Lots then belonging to said Member in the manner now or hereafter provided for the foreclosure of mortgages, deeds of trust or other liens on real property in the State of Maryland containing a power of sale and consent to a decree, and subject to the same requirements, both substantive and procedural, or as may otherwise from time to time be provided by law, in either of which events interest, costs and reasonable attorneys' fees, or other costs due hereunder shall be the joint and several liability of all persons who are Owners of the Lot or Lots with respect to which such charges are a lien hereunder.

9. Delinquency Notices. The Association shall notify the holder of the first mortgage on any Lot for which any assessment levied pursuant to this Declaration becomes delinquent for a period in excess of thirty (30) days and in any other case where the Owner of such Lot is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days, but any failure to give such notice shall not affect the validity of the lien for any assessment levied pursuant to this Declaration, nor shall any such failure affect any of the priorities established in this article. The Board may post a list of members who are delinquent in the payment of any assessments or other fees which may be due the Association, including any installment thereof, which becomes delinquent, in any prominent location upon the Property and/or may distribute said list to the Members.

10. Acceleration of Installments. Upon default in the payment of any monthly installment of any assessment levied pursuant to this Declaration, or any other installment thereof, the entire balance of the regular assessments due from that Owner for the year in question may be accelerated at the option of the Board and be declared due and payable in full. Any such accelerated regular assessments shall thereupon become a continuing lien upon the Lot or Lots belonging to the Member against whom such assessment is levied and shall be collectable in the same manner and subject to the same interest, costs and charges as if such accelerated balance were a delinquent regular assessment.

11. Priority of Lien. The liens established by this Declaration shall not be affected by the sale or transfer of the Lot encumbered and shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

A. general and special assessments for ad valorem real estate taxes on the Lot; and

B. the liens of any deeds of trust, mortgage instruments or encumbrances duly recorded on the Lot prior to the assessment thereon of the liens provided for in this Declaration or duly recorded on said Lot after receipt of a written statement from the Board reflecting that payments on said liens were current as of the date of recordation of said deed of trust, mortgage instruments or encumbrance.

12. Assessment of Declarant and Developer. Anything in this Declaration to the contrary notwithstanding, each Lot held by the Declarant and/or Developer, or the maker of any Annexation Amendment for the purpose of annexing additional property to the legal operation and effect of this Declaration, or any other Class B Member shall not be subject to assessment by the Association until one hundred eighty (180) days following the issuance by the appropriate agency of St. Mary's County, Maryland, of a Certificate of Occupancy, or the like for a dwelling or dwellings constructed upon such Lot.

13. Exempt Property. No portion of the Common Areas or Recreational Facilities, if any, shall be subject to assessment of any kind by the Association.

X. Compliance and Default.

Each Owner and/or occupant or user of the Property (or any part thereof) shall be governed by, and shall comply with all of the terms of this Declaration, the Rules and Regulations herein provided for, and any amendments of the same. A default by an Owner or such occupant or user shall entitle the Board, acting by itself, for the Association, or through the Management Agent, to the following relief:

1. Legal Proceedings. Failure to comply with any of the terms of this Declaration or the Rules and Regulations shall be grounds for relief which may include, without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of any and all assessments, any other relief provided for in this Declaration and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Board, the Management Agent, or, if appropriate, by any aggrieved Owner. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the within covenants and restrictions cannot be adequately remedied by action at law or exclusively by recovery of damages.

2. Additional Liability. Each Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his tortious acts, neglect or carelessness or the tortious acts, neglect, or carelessness of any member of his family or his employees, tenants, agents, guests, invitees, or licensees. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

3. Costs and Attorneys' Fees. In any proceeding arising out of any alleged default by an Owner, occupant or user of the Property (as specified above), the Board, the Management Agent and/or any aggrieved Owner, shall be entitled to recover the costs and expenses of the proceeding, and such reasonable attorneys' fees, which will be presumed to be not less than \$250.00.

4. No Waiver of Rights. The failure of the Association, the Board, or any Owner to enforce any right, provision, covenant or condition which may be granted by this Declarant or the Rules and Regulations shall not constitute a waiver of the right of the Association, the Board, of the Owner to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Association, the Board or an Owner pursuant to any term or provision of this Declaration or the Rules and Regulations shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by any other term or provision of this Declaration or the Rules or Regulations, at law or in equity.

5. Abatement and Enjoyment of Violations by Owners. The violation of any provision of this Declaration or of any of the Rules and Regulations adopted by the Board shall give the Board (or the Management Agent or its agents and employees at the direction of the Board) the right, in addition to any other rights set forth in this Declaration, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach. The costs, expenses and reasonable attorneys' fees of such action shall be borne by the breaching party, and said costs and expenses shall be deemed a lien upon the Lot and improvements of the defaulting Owner in the same manner as the regular

assessments shall be deemed a lien upon the Lot and improvements of said Member. Prior to altering or demolishing items of construction on any Lot pursuant to this section, the Board (or the Managing Agent or its agents and employees at the direction of the Board) shall first attempt to obtain redress by judicial proceedings pursuant to subsection (b) of the preceding sentence.

XI. Duration.

The covenants and restrictions of this Declaration shall run with and bind the Property for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless, prior to the expiration of the then current term, (a) a written instrument shall be executed by at least three-fourths (3/4) of the Members of the Association (representing at least three-fourths (3/4) of the votes of such Membership) stating this Declaration, or any provisions hereof, shall expire at the end of the then current term, and (b) such written instrument is recorded among the Land Records of the jurisdiction in which this Declaration is recorded.

XII. Amendment.

1. Amendment by the Association. Subject to the other limitations set forth in this Declaration, and except where permanent rights, easements, rights-of-way or the like are established in this Declaration, for so long as the Declarant is Class A and/or Class B Member of the Association, this Declaration may be amended only by an instrument executed and acknowledged by at least three-fourths (3/4) of the Class A Members of the Association, if any, and by the Declarant, which instrument shall be recorded among the Land Records for the jurisdiction in which this Declaration is recorded. Subject to the other limitations set forth in this Declaration, and except where permanent rights, easements, rights-of-way or the like are established in this Declaration, after such time that the Declarant ceases to be a Class A and/or Class B Member of the Association, this Declaration may be amended by an instrument approved by the affirmative vote of at least three-fourths (3/4) of the Members of the Association, executed and acknowledged by the person responsible for counting said votes and at least one other director and/or officer of the Board, which instrument shall be recorded among the Land Records for the jurisdiction in which this Declaration is recorded. Subject to other limitations set forth in this Declaration, but notwithstanding anything contained in this article to the contrary, this Declaration may be amended for the purpose of bringing same into conformity with the requirements of either the FNMA, the FHLMC, the VA, the FHA or any other governmental or quasi-governmental agency, by an instrument executed and acknowledged by a majority of the then Members of the Association, which instrument shall be recorded among the Land Records for the jurisdiction in which this Declaration is recorded. Unless a later date is specified in any such instrument, any amendment to this Declaration shall become effective on the date of recording.

2. Amendments by the Declarant. Notwithstanding, and in addition to, any other provision of this Declaration, the Articles, the Bylaws, and the Rules and Regulations, the Declarant shall also have the right, and hereby reserves the sole right and authority, to be exercised in its sole discretion, without the consent of any other person, at any time and from time to time while it is a Class B Member or a Class A Member, to amend, modify or add to the provisions of this Declaration, and the other documents and instruments relating to the Association or the Property as required by the VA, FHA, FNMA, FHLMC or any other governmental or quasi-governmental agency or as reasonably advised by legal counsel to bring the Declaration into compliance with any applicable Federal, State or local laws or regulations or to otherwise clarify any ambiguity in the Declaration or to resolve any conflict between the Declaration, the Articles of Incorporation, Bylaws or organizational documents of the Association. Any such amendments, modifications of, or additions to this Declaration by the Declarant shall be effective on the date specified in the written instrument effecting the same, if any, or, if none, on such date as the instrument is recorded among the Land Records for the jurisdiction in which this Declaration is recorded. As to any portions of the Property now or hereafter owned by the Developer, so long as the Developer is the owner of such property, Developer shall have the same rights of amendment as the Declarant hereunder.

XIII. Mortgagees' Rights.

1. Special Agency Consents. If the FNMA is a mortgagee with respect to any Lot or if the VA or the FHA has insured any mortgage encumbering a Lot, and if said agency has notified the Association of its required consent, then neither the Members, the Board, nor the Association shall, by act or omission, take any of the actions specified in Section 1 of the article without the prior written consent and approval of the agency so concerned if said act or omission requires the consent or approval of said agency.

2. **Notice of Contemplated Foreclosure Proceedings.** No suit or other proceedings may be brought to foreclose any lien levied or established pursuant to this Declaration except after ten (10) days' written notice to the holder of the first mortgage on record on the lot which is the subject matter of such suit or proceeding.

3. **Right to Cure.** Any institutional first mortgagee on any Lot upon the Property may pay any taxes, utility charges or other charge levied against the Common Areas and Recreational Facilities, if any, which are in default and which may or have become a charge or lien against any of the Common Areas and Recreational Facilities; and any such institutional first mortgagee may pay, for the benefit of the Association, any overdue premiums on any hazard insurance policy or secure new hazard insurance coverage on the lapse of any policy with respect to the Common Areas and Recreational Facilities. Upon demand thereto, any first mortgagee who advances any such payment shall be due immediate reimbursement from the Association of the amount so advanced.

4. **Priority of First Mortgages.** No provision of this Declaration, the Bylaws, or the Rules and Regulations shall be construed to grant to any Owner, or to any other party, any priority over any rights of first mortgagees of the Lots pursuant to their first mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of the Lots, or any portion thereof.

XIV. Reservation of Development Rights. The Declarant hereby reserves unto itself, its successors and assigns, any and all development rights ("TDR") remaining with the Property after the subdivision of the Property into the Lots shown on the Plat and each owner of a Lot by virtue of the ownership of the Lot shall be deemed to have only one (1) development right associated with said Lot and no further development rights associated therewith. The Declarant shall have the sole right to utilize any remaining development rights in any manner the Declarant sees fit and the Declarant shall have the sole right and authority, without the necessity of any approval from any other person or Member to transfer said development rights off of the Property or otherwise sever said development rights from the Property or otherwise reserve said development rights, utilize, convey, encumber, sell, assign, transfer said development rights, including by way of illustration and not by limitation, the right to take any of the aforesaid actions with respect to development rights by way of further declaration, covenant, platting or such other process as provided for by the St. Mary's County Zoning Ordinance or other law or regulation as the same may be amended from time to time.

XV. General Provisions.

1. **Successors of Declarant.** Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant, with or without notice to the Association, subject to the Declarant's obligations hereunder.

2. **Notices. Unless otherwise stated,** any notice required to be sent to any Member or Owner under the provisions of this Declaration, the Articles, the Bylaws, or the Rules and Regulations shall be deemed to have been properly sent when mailed, by ordinary mail, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. Whenever any notice is required to be given under the provisions of this Declaration, the Articles, the Bylaws, or the Rules and Regulations, a written waiver thereof signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

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

4. **Construction.** The provisions, covenants, conditions, restrictions, easements and reservations contained in this Declaration shall be governed and construed in accordance with the laws of the State of Maryland. Such provisions, covenants, conditions, restrictions, easements and reservations shall be liberally construed to effectuate the purposes of (a) allowing the Declarant to expeditiously develop the Property, construct dwellings on the Lots, and market and sell these dwellings and Lots to prospective Owners and (b) creating a uniform plan for the future operation of Pembroke for the preservation of aesthetic and property values therein, and for the common welfare and enjoyment of all residents thereof.

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

6. **Severability.** All of the covenants, conditions, restrictions, easements and reservations contained in this Declaration are hereby declared to be severable and a finding by any court of competent jurisdiction that any of them or any clause or phrase thereof, is void, unlawful or enforceable shall not affect the validity or enforceability of any other covenants, conditions, restrictions, easements, reservations, or clause or phrase thereof.

7. **Developer Rights.** Notwithstanding anything to the contrary set forth herein, as to any portion of the Property subject to this Declaration now or hereafter owned by the Developer, the Developer shall have the same rights and privileges as are reserved to or granted upon the Declarant under this Declaration, such rights and privileges to be exercised by the Developer, in its reasonable discretion, either individually or concurrently with the Declarant.

IN WITNESS WHEREOF, the parties have executed this Declaration as of the date first written hereinabove.

ATTEST:

QUALITY BUILT HOMES, INC.

L. Patricia Lavato

By Rodney N. Gertz
Rodney N. Gertz
Vice-President

STATE OF MARYLAND, COUNTY OF CALVERT, to wit:

I HEREBY CERTIFY, that on this 29 day of December, 2004, before me, the undersigned, a Notary Public in and for the State and County aforesaid, personally appeared Rodney N. Gertz, Vice President of Quality Built Homes, Inc., and he acknowledged that he executed the foregoing Declaration of Covenants, Conditions and Restrictions of Pembroke for the purposes therein contained and that he is the person duly authorized to execute the within instrument as the act and deed of said Quality Built Homes, Inc.

As Witness, my hand and Notarial Seal.

L. Patricia Lavato
Notary Public

My Commission Expires:

09-01-06

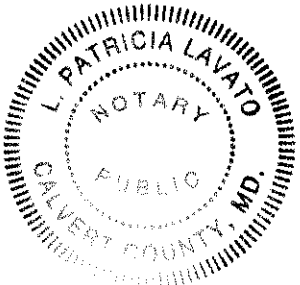


EXHIBIT "A"**PEMBROOKE, PHASE 1**

Being all and the same land conveyed to Quality Built Homes, Inc., a Maryland corporation, by deed dated august 18, 2004, and recorded among the Land Records of St. Mary's County, Maryland, in Liber 2350, Folio 014.

Lots Numbered One (1) through and including One Hundred Fifty (150) of the subdivision known and called as shown on that Plat entitled "Pembroke, Phase 1" prepared by Lorenzi, Dodds & Gunnill, Sheets 1 through 12, recorded among the Land Records of St. Mary's County, Maryland, at Plat Liber EWA No. 57, folio 13.

FIRST DISCLOSURES TO BE RECORDED IN THE
ST. MARY'S COUNTY HOMEOWNERS' ASSOCIATION DEPOSITORY

EXHIBIT THREE (3)

INFORMAL ORGANIZATION ACTION
OF THE BOARD OF DIRECTORS
OF
PEMBROOKE HOMEOWNERS' ASSOCIATION, INC.

(Includes Exhibit A of the Informal Organizational Action – Budget
and
Exhibit B of the Informal Organizational Action – By-Laws of the Pembroke Homeowners'
Association, Inc.
and
Exhibit C – Architectural Rules and Standards

**CONSENT IN LIEU OF THE ORGANIZATIONAL MEETING
OF
THE BOARD OF DIRECTORS
OF
PEMBROOKE HOMEOWNERS' ASSOCIATION, INC.**

(a Maryland Nonstock Corporation)

The undersigned, constituting all of the members of the Board of Directors of Pembroke Homeowners' Association, Inc., a Maryland nonstick corporation (the "Corporation", in accordance with Section 2-408© of the Corporations and Associations Article of the Annotated Code of Maryland hereby do take actions below set forth, and, to evidence their waiver of any right to dissent from such actions, hereby do consent as follows:

RESOLVED, That the Articles of Incorporation of the Corporation approved and accepted by the Maryland State Department of Assessments and Taxation on January 5, 2005, be and the same hereby is ratified and accepted, and ordered to be made a part of the official records of the Corporation, and it is directed that a copy thereof be inserted in the Minute Book of the Corporation.

FURTHER RESOLVED, That the Bylaws presented to and reviewed by the Board of Directors be and hereby are adopted as the Bylaws of the Corporation, and it is directed that a copy thereof be inserted in the Minute Book of the Corporation.

FURTHER RESOLVED, That pursuant to Article 4, Sec. 4.1 of the Bylaws, the number of Directors be and hereby is set at three (3).

FURTHER RESOLVED, That the resident agent of the Corporation is Rodney N. Gertz, whose post office address is 5341 Ketch Road, Prince Frederick, MD 20678.

FURTHER RESOLVED, That the principal office of the Corporation is located at 5341 Ketch Road, Prince Frederick, MD 20678.

FURTHER RESOLVED, That the following persons be and hereby are elected officers of the Corporation to hold their respective positions until the next Annual Meeting of the Board of Directors and until their respective successors have been duly elected and qualified or until their earlier resignation, removal from office or death:

President	Robert D. Gertz
Vice President	Rodney N. Gertz
Secretary	Patricia Lavato
Treasurer	Rodney N. Gertz

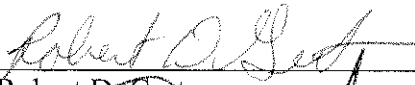
FURTHER RESOLVED, That the Secretary be and hereby is authorized and directed to procure the necessary and proper corporate books.

FURTHER RESOLVED, That the Treasurer be and hereby is authorized, empowered and directed to open such account or accounts with such bank or other financial institutions as may be necessary and that until otherwise ordered, such banks r other financial institutioins be and hereby are authorized to make payments from the funds of the Corporation deposited with them upon and according to the check of the Corporation signed by the President or the Treasurer and that resolutions in such forms as said banks or other financial institutions may require shall be executed by the Secretary of the Corporation and the same shall be incorporated herein by this reference.

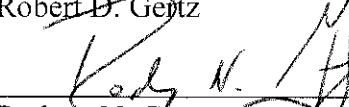
FURTHER RESOLVED, That the fiscal year of the Corporation shall be January 1 through December 31.

FURTHER RESOLVED, That the officers of the Corporation, or any of them, hereby are authorized and directed to take any and all other actions which may be necessary and desirable to effectuate the transactions approved by the foregoing resolutions, and their acts and deeds in so doing shall be conclusively presumed to be the acts and deeds of the Corporation.


Dated: As of January 19, 2005



Robert D. Gertz



Rodney N. Gertz



Patricia Lavato

PEMBROOKE HOMEOWNERS' ASSOCIATION, INC.
ITEMIZED PROJECTED YEARLY BUDGET

Mowing Entrance Area, Swales, etc.	\$5000.00
Entrance Landscaping & Maintenance	1200.00
Accounting/ Legal Fees	2200.00
Postage	350.00
Electric Bill for Entrance	300.00
Association Insurance	2000.00
Maintenance for Trails & Tot Lots	4000.00