

CLERK'S OFFICE  
MONTGOMERY COUNTY, MD

## DECLARATION OF COVENANTS WATERS LANDING ASSOCIATION

THIS DECLARATION, made and entered into in the County of Montgomery, State of Maryland, this 19th day of March, 1981, by THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a corporation organized and existing under the laws of the State of New Jersey, hereinafter and in the Exhibits hereto sometimes called the "Grantor":

WHEREAS, the Grantor is the owner in fee simple of certain land and premises located in the County of Montgomery, State of Maryland, and more particularly described on "EXHIBIT A" attached hereto and by this reference made a part hereof, which property is intended to be developed as a community known as "Churchill"; and

WHEREAS, the Grantor desires to provide for the preservation of the values and amenities in said community and for the maintenance of said open spaces and other community and recreational facilities; and to this end, desires to subject the real property described in "EXHIBIT A" hereof to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is and are for the benefit of said property and the subsequent owners thereof; and

WHEREAS, to accomplish the creation of such a community, Grantor intends to convey parcels of land to various builders who will thereon construct and sell residences and common facilities, subject to the terms of this Declaration, comprising the sub-communities or parts of the Churchill Community, and

WHEREAS, all of the Property is subject or will be caused to be subject to a Declaration creating "The Churchill Community Foundation," an entity to which is charged the responsibility of maintaining certain common areas and facilities which are available to all residents of the "Churchill Town Sector," and

WHEREAS, the Grantor has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an association to which will be delegated and assigned the powers and duties of maintaining and administering the open spaces and other community facilities, administering and enforcing the within covenants and restrictions and disbursing the charges and assessments hereinafter created; and

WHEREAS, the Grantor has formed (or intends to form) WATERS LANDING ASSOCIATION, INC., as a non-profit corporation without capital stock under the General Laws of the State of Maryland for the purposes of carrying out the powers and duties aforesaid.

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

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**ARTICLE I**

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

(a) "Association" shall mean and refer to WATERS LANDING ASSOCIATION, INC., and its successors and assigns.

(b) "The Property" shall mean and refer to all real property described in "EXHIBIT A" hereof and such additions thereto as may hereafter be made pursuant to the provisions of Article II hereof.

(c) "Living Unit", "Unit" or "Lot" shall mean and refer to all Subdivided Lots which are a part of The Property and to any portion of a structure within The Property intended for use as a one-family residence.

(d) "Common Areas" or "Open Spaces" or "Community Facilities" or "Recreational Facilities" shall mean or refer to all real property now or hereafter acquired by the Association for the benefit, use and enjoyment of its members, with all the improvements thereon, to include private roads, drives, sidewalks, street lights, water lines, sewer lines, storm drainage structures and facilities and related appurtenances.

(e) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Living Unit.

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

(g) "Developer" and "Declarant" shall mean and refer to the Grantor, its successors and assigns, to include builders to whom Grantor has sold any part of the Property.

(h) "Neighborhood" shall mean and refer to a parcel of land within the Property which is developed and improved by a builder or developer as a community or neighborhood, sometimes herein also referred to as an "Area".

**ARTICLE II**

**Section 1. Property Subject to Declaration.** The real property which is, and shall be, held, conveyed, hypothecated or encumbered, sold leased, rented, used, occupied, and improved subject to this Declaration is located in the County of Montgomery, State of Maryland, and is more particularly described on "EXHIBIT A" attached hereto and by this reference made a part hereof.

**Section 2. Additions.** So long as Declarant, or its successors and assigns, are Class B members of the Association, additional property may be annexed to the above-described property without the assent of the Class A members of the Association, if any. Any additional property so annexed, however, must be adjacent to or in the immediate vicinity of the above-described property. The scheme of the within Covenants and Restrictions shall not, however be extended to include any such additional property unless and until the same is annexed to the real property described on "EXHIBIT A", as hereinafter provided. Each increment of land annexed shall be known as a "Neighborhood".

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration of Covenants and Restrictions among the Land Records for Montgomery County, Maryland, which Supplementary Declaration of Covenants and Restrictions shall extend the scheme of the within Covenants and Restrictions to such annexed property. Such Supplementary Declaration may contain such complementary additions and modifications to the Covenants and Restrictions set forth in the within Declaration as may be necessary to reflect the different character or use. if any, of such annexed property provided, however, that in no event shall any such addition or modification be substantially inconsistent with the provisions of the within Declaration.

No additions or Annexations shall be made except in conformity with such conditions as may from time to time be imposed by the Montgomery County Zoning Ordinance and the Maryland-National Capitol Park and Planning Commission.

**Section 3. Supplementary Declarations - Covenant for "Neighborhood Assessments."** The Supplementary Declarations employed to accomplish the annexation of additional lands as aforesaid shall provide, *inter alia*, a covenant for assessment particularized to reflect a fair and equitable allocation of financial responsibility for facilities or services used or enjoyed by members residing in the Neighborhood annexed, as distinguished from members of other Neighborhoods.

**Section 4. "Neighborhood Facilities."** Recreational or other community facilities developed within an Neighborhood and not available for use or enjoyment by members other than those of that Neighborhood shall be the sole financial responsibility of such Neighborhood alone, funded by the Neighborhood Assessment.

**Section 5. Foundation Assessments.** Each Supplementary Declaration annexing an Area, whether therein stated or not, shall be deemed to create and impose a covenant to pay the assessment of the Churchill Community Foundation.

### ARTICLE III

**Section 1. Membership.** The Association shall have two classes of voting membership:

(a) Every person, group of persons, corporation, trust or other legal entity, or any other combination thereof, who is a record owner of a fee interest in any Lot or Living Unit which is or becomes subject by covenants of record to assessment by the Association shall be a Class A member of the Association, provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a member solely on account thereof. Each Class A member shall be entitled to one vote for each Lot or Living Unit in which such member holds the interest required for Class A membership.

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

- (i) on January 1, 1998; or
- (ii) upon surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association; or
- (iii) thirty days (30) following the date on which the total authorized, issued and outstanding Class A memberships equal the total authorized, issued and outstanding Class B memberships multiplied by three (3), each Class B membership shall lapse and become a nullity.

Upon the lapse or surrender of all of the Class B memberships, as provided for in Article III, the Grantor shall continue to be a Class A member of the Association as to each and every lot or living unit in which the Grantor holds the interest otherwise required for such Class A membership.

**Section 2. Declarant's Nominees - Builders.** Each person or entity which shall acquire a portion of The Property for construction thereon of residences, hereinafter called a "Builder", may be assigned a number of Class B memberships from Declarant proportionate to the number of Lots or Living Units acquired by such Builder.

**Section 3. Termination of Class B Membership.** Upon the conveyance of each Lot or Living Unit to a third party, a Builder or Declarant shall surrender for cancellation a proportionate number of Class B memberships.

## ARTICLE IV

**Section 1. Member's Right of Enjoyment.** Every member shall have a right and easement of enjoyment in and to the Common Areas and Community Facilities and Neighborhood Facilities, if any, in such Member's Area and such easement shall be appurtenant to and shall pass with the title to every Lot or Living Unit, subject to the following:

(a) The right of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Areas and Community Facilities in a manner designed to promote the recreation, scenic enjoyment and welfare of the members and in aid thereof to mortgage said property; and

(b) The right of the Association, to levy reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas by the members of the Association and their guests; and

(c) The right of the Association to take such steps as are reasonably necessary to protect the property of the Association against mortgage default and/or foreclosures, provided, always, however, that the same are in conformity with the other provisions of this Declaration; and

(d) The right of the Association to limit the number of guests of members; and

(e) The right of the Association to suspend the voting rights and the rights to use of the Common Areas and Community Facilities (except for rights to the use of streets, roadways and parking areas, which shall not be subject to suspension for any reason) for any period during which any assessment remains unpaid and for any period not to exceed thirty (30) days for any infraction of any of the published rules and regulations of the Association; and

(f) The right of the Association to dedicate or transfer all or any part of the Common Areas or Community Facilities to any public or municipal agency, authority or utility for purposes consistent with the purpose of this Declaration and subject to such conditions as may be agreed to by the members; provided, however, that no such dedication or transfer or determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by two-thirds (2/3) of all classes of the then members of the Association has been recorded, agreeing to such dedication, transfer, purpose or conditions, and unless written notice of the proposed agreement and action thereunder is sent to each member at least ninety (90) days prior to the taking of any action; and

(g) The right of the Association, acting by and through its Board of Directors, to grant rights-of-way and/or easements for any public utility purpose to any municipal agency, public utility or to the Grantor for the purpose of the installation and/or maintenance of such utilities as may be necessary to serve any of the Common Areas or Community Facilities or to serve any other portion of the Property hereinabove identified; provided, however, that no such easements and/or rights-of-way shall be permanently inconsistent with the enjoyment of the Common Areas and Community Facilities by the members of the Association.

## ARTICLE V

**Section 1. General Assessments.** Each person, group of persons, corporation, trust or other legal entity, or any combination thereof, who becomes an owner of a Lot or Living Unit, by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay the Association, in advance, a monthly sum (hereinafter sometimes referred to as "assessments") equal to one-twelfth (1/12) of the member's proportionate (for the purposes hereof such proportion shall be equal to a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots, subject to assessment) share of the sum required by the Association as estimated and expressed in an adopted budget by its Board of Directors, to meet its annual expenses, including, but in no way limited, to the following:

(a) the cost of all operating expenses of the Common Areas and Community Facilities and all parts thereof and the costs of services furnished by others and the costs of facilities and services furnished by the Association; and

- (b) the cost of necessary management and administration, including fees paid to any Management Agent, which may include Association staff; and
- (c) the amount of all taxes and assessments levied against the Association or upon any property which it may own or which it is otherwise required to pay, if any; and
- (d) the cost of fire and extended liability insurance on the Common Areas and Community Facilities and the cost of such other insurance as the Association may effect; and
- (e) the cost of furnishing water, electricity, heat, gas, garbage and trash collection and/or other utilities, to the Common Areas and Community Facilities; and
- (f) the cost of funding all reserves, established by the Association, including, when appropriate, a general operating reserve and/or a reserve for replacements; and
- (g) the estimated cost of repairs, maintenance and replacements of the Common Areas and Community Facilities to be made by the Association.

The Board of Directors shall determine the amount of the assessment annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors and of the Class A members representing a majority of the outstanding Class A memberships, installments of annual assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on a monthly basis hereinabove provided for.

The Board of Directors of the Association shall make reasonable efforts to fix the amount of the assessment against each and all of the Lots for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and Living Units and assessments applicable thereto which shall be kept in the office of the Association and shall be open for inspection by any Member upon reasonable notice to the Board. Written notice of the assessment shall thereupon be sent to the members. The omission of the Board of Directors, before the expiration of any assessment period, to fix assessments 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 assessment, or any installment thereof, for that or any subsequent assessment period, but the assessment fixed for the preceding period shall continue until a new assessment is fixed. No member may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the Common Areas or Community Facilities or services or by abandonment of any Lot or Living Unit belonging to him.

**Section 2. Neighborhood Assessment.** In addition to the General Assessment aforesaid, each Owner shall be deemed to covenant and agree to pay to the Association a Neighborhood Assessment, which assessment shall be determined in accordance with the provisions of the Supplementary Declaration imposing these covenants upon the Neighborhood annexed. Such Neighborhood Assessments shall be determined initially by the Board of Directors of the Association, with the advice of the Builder acquiring such Neighborhood. The Neighborhood Assessments, after the initial determination thereof, shall be made by the Board of Directors with the advice of the Area Councils, as provided in the By-Laws of the Association.

**Section 3. Foundation Assessments.** The assessments of The Churchill Community Foundation shall be collected by the Association and paid over to the Foundation.

**Section 4. Special Assessments.** In addition to the regular assessments authorized by this Article, the Association may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Common Areas or Community Facilities, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate, provided that any such assessment shall have the assent of the members representing two-thirds (2/3) of both classes of the then members of the Association. A meeting of the members shall be duly called for this purpose, written notice of which shall be sent to all members at least ten (10) days but not more than thirty (30) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

**Section 5. Reserve for Replacements.** The Association shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such fund shall be conclusively deemed to be a common expense of the Association. The reserve for replacements may be expended for the purpose of effecting the replacement of the Common Areas and Community Facilities, for operating contingencies of a non-recurring nature and for exterior maintenance of Lots and Units, as the same is from time to time provided. The proportionate interest of any Member in any reserve for replacements shall be considered an appurtenance of his Lot or Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the lot or unit to which it appertains and shall be deemed to be transferred with such Lot or Unit.

**Section 6. Non-Payment of Assessment.** Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the Lot or Unit belonging to the member against whom such assessment is levied and shall bind such Lot or Unit in the hands of the then owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the member to pay such assessment shall, however, remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any assessment levied pursuant to this Declaration, or any installment thereof, may be maintained without foreclosing or waiving the lien herein created to secure the same.

Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed the maximum legal rate per annum and may, by resolution of the Board of Directors, subject the member obligated to pay the same to the payment of such penalty or "late charge" as the Board may fix, and the Association may bring an action at law against the member personally obligated to pay the same, or foreclose the lien against the Lot or unit then belonging to said member in the manner now or hereafter provided for the foreclosure of mortgages, deeds of trust or other lien on real property in the State of Maryland 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 of not less than twenty percent (20%) of the sum claimed shall be added to the amount of each assessment. The Association shall notify the holder of the first mortgage on any Lot or Unit for which any assessment levied pursuant to this Declaration becomes delinquent for a period in excess of sixty (60) days and in any other case where the owner of such Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of sixty (60) days, but any failure to give such notice shall not affect the validity of the lien for any assessment levied pursuant to this Declaration.

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

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

**Section 7. Assessment Certificates.** The Association shall upon demand at any time furnish to any member liable for any assessment levied pursuant to this Declaration (or any other party legitimately interested in the same) a certificate in writing signed by an officer of the Association, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed Thirty Dollars (\$30.00) may be levied in advance by the Association for each certificate so delivered.

**Section 8. Acceleration of Installments.** Upon default in the payment of any one or more monthly installments of any assessment levied pursuant to this Declaration, or any other installment thereof, the entire balance of said assessment, may be accelerated at the option of the Board of Directors and be declared due and payable in full.

**Section 9. Priority of Lien.** The lien established by this Article shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

- (a) General and special assessments for real estate taxes on the Lot or Unit; and
- (b) The liens of any deeds of trust, mortgage instruments or encumbrances duly recorded on the Lot or Unit prior to the assessment of the lien thereof or duly recorded on said unit after receipt of a written statement from the Board of Directors reflecting that payments on said lien were current as of the date of recordation of said deed of trust, mortgage instrument or encumbrance; and
- (c) The lien of any assessment levied pursuant to a Condominium Declaration.

Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to this Declaration upon any Lot or Unit shall be subordinate to, and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage (meaning a mortgage with priority over other mortgages) upon such interest made in good faith and for value received, provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Lot or Unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the Lot or Unit from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which said lien, if any, claimed shall have the same effect and be enforced in the same manner as provided herein.

No amendment to this Section shall affect the rights of the holder of any such mortgage (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or of the indebtedness secured thereby) shall join in the execution of such amendment.

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

**Section 10. Additional Default.** Any recorded first mortgage secured on a Lot or Unit in the project shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to this Declaration, or any installment thereof, shall likewise be a default in such mortgage (or the indebtedness secured thereby) but failure to include such a provision in any such mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such mortgage (or the indebtedness secured thereby) by reason of Section 9 of this Article shall not be altered, modified, or diminished by reason of such failure.

**Section 11. Definition.** As used in this Declaration the term "mortgage" shall include deed of trust and the term "holder" or "mortgagor" shall include the party secured by any deed of trust or any beneficiary thereof.

**Section 12. Commencement and Levels of Assessments.**

- (a) The General Assessment upon each Lot or Living Unit shall commence as of the date of the conveyance thereof to the member. Area Assessments shall be included in the General Assessment to the extent then warranted by the completion of Area Facilities or the availability of services or facilities to the Area.

(b) Prior to the date of conveyance to a Class A member or occupancy of each Lot or Living Unit, Declarant or Builder of the Area shall not be subject to Assessments, but shall be deemed to have covenanted and agreed to pay, on account of each Lot or Living Unit held, an amount equal to the reserve for replacements attributable to each such Lot or Living Unit and shall, in addition, be responsible for a fraction of the operating budget of the Association the numerator of which is the number of Lots or Living Units held by each such Builder or Declarant, and the denominator of which is the total number of Lots or Living Units then included in The Property.

(c) The first monthly installment of such annual assessment shall be made for the balance of the month during which a deed for the Lot or Living Unit is recorded ("rounded" to include the full monthly installment in the event such deed is delivered prior to the 15th of the month or one-half of the monthly installment in the event such deed is delivered subsequent to the 15th of the month) and shall become due and payable and a lien on the date a deed for the Lot or Living Unit is delivered to the member. Except as hereinelsewhere provided, the monthly installment of the annual assessment for any Lot or Living Unit for any month after the first month shall become due and payable and a lien on the first day of each successive month.

#### ARTICLE VI

**Section 1. Easements for Utilities and Related Purposes.** The Association is authorized and empowered to grant (and shall from time to time grant) such licenses, easements and/or rights-of-way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities to the Project as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the Common Areas and Community Facilities or for the preservation of the health, safety, convenience and/or welfare of the owners of the Lots or Units.

#### ARTICLE VII

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

Subject to the same limitations as hereinabove provided for, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, wall, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, walls or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any improvements constructed upon any Lot or upon any of the Common Areas, or to combine or otherwise join two or more dwellings, or to partition the same after combination, or to remove or alter any windows or exterior doors of any dwelling, or to make any change or alteration within any dwelling which will alter the structural integrity of the building or otherwise affect the property, interest or welfare of any other lot owner, materially increase the cost of operating or insuring any of the common areas or impair any easement, until the complete plans and specifications, showing the location, nature, shape, height, material color, type of construction and any other proposed form of change (including, without limitation, any other information specified by the Architectural and Environmental Review Committee) shall have been submitted to and approved in writing as to safety, harmony of external design, color and location in relation to surrounding structures and topography and conformity with the design concept for the community by the Architectural and Environmental Review Committee designated by the Board of Directors.



**Section 2. Architectural and Environmental Review Committee Operation.** The Board of Directors shall appoint an Architectural and Environmental Review Committee. The Architectural and Environmental Review Committee shall be composed of at least three (3) but not more than eleven (11) natural persons designated from time to time by the Board of Directors of the Association and such persons shall be selected from and serve as representatives of Neighborhoods, provided, however, that at such time as the Association shall contain more than eleven (11) Neighborhood, representatives shall be selected on a regional or district basis to represent more than one Neighborhoods, to the end that there shall not be more than eleven (11) members of the Committee. The affirmative vote of the majority of the members of the Architectural and Environmental Review Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article. Said Committee may, from time to time, delegate its ministerial and policing functions to the Managing Agent.

**Section 3. Approvals, etc.** Upon approval by an Architectural and Environmental Review Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and information required by the Architectural and Environmental Review Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

**Section 4. Appeals.** Any party dissatisfied with a decision of the Architectural and Environmental Review Committee may, within fifteen (15) days after the rendering of such decision, make an appeal thereof to the Board of Directors. Not less than fifteen (15) nor more than sixty (60) days after the noting of such appeal, the Board of Directors shall conduct a hearing thereon. Within fifteen (15) days of such hearing, the Board of Directors may affirm, reverse, modify or remand the decision appealed. The Board of Directors is hereby authorized and empowered to promulgate reasonable rules of procedure for the conduct of such appeals and hearings.

**Section 5. Limitations.** Construction or alterations in accordance with plans and specifications approved by the Architectural and Environmental Review Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this Article provided), and shall be substantially completed within twelve (12) months following the date of commencement, or within such other period as the Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviation from the plans and specifications approved by the Committee without the prior consent in writing of the Committee. Approval of any particular plans and specifications, or design shall not be construed as a waiver of the right of the Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

**Section 6. Certificate of Compliance.** Upon the completion of any construction or alteration or other improvements or structure in accordance with plans and specifications approved by the Architectural and Environmental Review Committee in accordance with the provisions of this Article, the Architectural and Environmental Review Committee shall, at the request of the owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Architectural and Environmental Review Committee and constructed or installed in full compliance with the provisions of this Article and with other such provisions and requirements of the Declaration as may be applicable.

**Section 7. Rules and Regulations, etc.** The Architectural and Environmental Review Committee may from time to time adopt and promulgate with the advice and consent of the Board of Directors 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 architectural styles or details, colors, set-backs, materials or other matters relative to architectural review 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 provisions or requirement of this Declaration. The Architectural and Environmental Review Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decisions of the Architectural and Environmental Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Committee (or by any policy, standards or guidelines established by the Committee) may appeal the decision of the Architectural and Environmental Review Committee to the Board of Directors and, upon the request of such member, shall be entitled to a hearing before the Board of Directors of the Association, as aforesaid.

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

(a) no noxious or offensive trade or activity shall be carried on upon any Lot or within any dwelling, nor shall anything be done therein or thereon, which may be or become an annoyance or nuisance to the neighborhood or any other members. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell or other sound device, except such device as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any dwelling or upon the exterior of any other improvements.

(b) the maintenance, keeping, boarding or raising animals, livestock, or poultry of any kind regardless of number, shall be and is hereby prohibited on any lot or within any dwelling, except that this shall not prohibit the keeping of dogs, cats or caged birds as domestic pets provided that they are not kept, bred, or maintained for commercial purposes and, provided, further, that such domestic pets are not a source of annoyance or nuisance to the neighborhood or other members. The Board of Directors or, upon resolution of the Board of Directors, the Architectural and Environmental Review Committee, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other members, and such determination shall be conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the Common Areas unless accompanied by an adult and unless they are carried or leashed. The Board of Directors shall have the right to adopt such additional rules and regulations regarding pets as it may from time to time consider necessary or appropriate.

(c) no burning of any trash and no accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, new or used building materials, or trash or any kind shall be permitted on any Lot.

(d) except as herein elsewhere provided, no junk vehicle, commercial vehicle, trailer, truck, camper, camp truck, house trailer, boat or other machinery or equipment of any kind or character (except for such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and except for such equipment and machinery as the Association may require in connection with the maintenance and operation of the common areas and community facilities) shall be kept upon The Property nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon and each Member shall be deemed to covenant not to park such vehicles or conduct such activities on any public street within the Property. The Association may, in the discretion of the Architectural and Environmental Review Committee, provide and maintain a suitable area designated for the parking of such vehicles or the like.

(e) trash and garbage containers shall not be permitted to remain in public view except on days of trash collection. No incinerator shall be kept or maintained upon any Lot. Garbage, trash or other refuse shall be placed in covered containers.

(f) no Lot shall be divided or subdivided and no portion of any Lot (other than the entire Lot) shall be transferred or conveyed for any purpose. No portion of any dwelling (other than the entire dwelling) shall be leased. The provisions of this subsection shall not apply to the Declarant and, further, the provisions hereof shall not be construed to prohibit the granting of any easement or right-of-way to any municipality, political subdivision, public utility or other public bond or authority, or to the Association, the Declarant or any other persons for any purpose.

(g) except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, television cable or similar transmission line shall be installed or maintained on any Lot above the surface of the ground.

(h) no Lot shall be used for the purpose of boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth.

(i) no sound trees measuring in excess of four inches (4) inches in diameter two (2) feet above the ground shall be removed from any Lot without written approval of the Association acting through the Architectural and Environmental Review Committee or duly appointed subcommittee. The Architectural and Environmental Review Committee may from time to time adopt and promulgate such additional rules and regulations regarding the preservation of trees and other natural resources and wildlife as it may consider appropriate.

(j) no structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, outdoors clothes dryers, playhouse, shed or other buildings shall be erected, used or maintained on any Lot at any time.

(k) except for entrance signs, directional signs, signs for traffic control or safety, community "theme areas" and such promotional sign or signs as may be maintained by the Declarant, its nominees or the Association, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any Lot or dwelling including the window thereof. The prohibition aforesaid shall be deemed to include real estate or "for sale" or "for rent" signs, which are not in the conformity with the standard to be promulgated by Declarant.

(l) no structure, planting or other material shall be placed or permitted to remain upon any Lot which may damage or interfere with any easement for the installation or maintenance of utilities, or which may unreasonably change, obstruct, or retard direction or flow of any drainage channels.

(m) no outside television or radio aerial or antenna, or other aerial or antenna or similar device, for reception or transmission shall be maintained upon the exterior of any dwelling.

(n) no member shall engage or direct any employee of the Association on any private business of the member during the hours such employee is employed by the Association, nor shall any member direct, supervise or in any manner attempt to assert control over any employee of the Association.

**Section 9. Residential Use - Leasing.** All dwellings shall be used for private residential purposes exclusively, except that a professional office may be maintained in a dwelling, provided that such maintenance and use is limited to the person actually residing in the dwelling and, provided, further, that such maintenance and use is in strict conformity with the provisions of any applicable zoning law, ordinance or regulation. As used in this Section, the term "professional office" shall mean rooms used for office purposes by a member of any recognized profession, including doctors, dentists, lawyers, architects and the like, but not including medical or dental clinics. Nothing contained in this Article, or elsewhere in this Declaration, shall be construed to prohibit the Declarant or a Builder from the use of any Lot or dwelling for promotional or display purposes, or as "model homes", a sales office or the like.

No portion of any Lot or Unit (other than the entire Lot) shall be leased for any period. Any owner of any lot who shall lease such lot shall, promptly following the execution of any such lease and upon the request in writing, of the Board of Directors, forward a conformed copy of such lease to the Board of Directors. All such leases shall be in writing. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the premises which are the subject matter of the lease shall be subject and subordinate in all respects to the provisions of this Declaration and to the By-Laws of the Association and to such other reasonable rules and regulations relating to the use of the common elements and community facilities or other "house rules" that the Board of Directors may from time to time promulgate, and any such lease shall provide, further, that any failure by the tenant to comply with the provisions of such documents shall be a default under the lease. The provisions of this subsection shall not apply to any institutional first mortgagee of any Lot who comes into possession of the Lot by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure.

**Section 10. Party Walls.** Each wall which is built as part of the original construction of the dwelling upon The Property and placed on the dividing line between lots or dwellings or partly on one lot and partly on another shall constitute a party wall, and to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply thereto, provided, however, that common walls between condominium units shall not be thus regarded.

(a) **Repair and Maintenance.** The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use. Nothing shall be done by any owner which impairs the structural integrity of any party wall or which diminishes the fire protection afforded by any party wall. No owner shall use any party wall for any purpose which creates a hazard or nuisance for any other owner who makes use of the party wall.

(b) **Destruction by Fire or Other Casualty.** If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(c) **Weatherproofing.** Notwithstanding any other provision of this Section, any owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

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

(e) **Encroachments.** If any portion of a party wall shall encroach upon any adjoining lot, or upon the common areas or community facilities, by reason of the repair, reconstruction, settlement or shifting of any building, or otherwise, a valid easement for the encroachment and for the maintenance of the same as long as the building stands, shall exist.

(f) **Applicability.** The provisions of this Section shall not be applicable to condominium units as defined in the Condominium Act or walls which are part of the common elements of any condominium, or to walls which divide dwellings in a multi-family structure, if any should be built on the Property.

**Section 11. Easements.** The common areas and community facilities and each lot and dwelling shall be subject to easements to the benefits of the Association and the owners of the adjoining and abutting Lots and dwellings for maintenance and for the unobstructed and uninterrupted use of any and all pipes, ducts, flues, chutes, conduits, cables and wire outlets and utility lines of any kind, to easements for the maintenance, lateral support of adjoining and abutting dwellings, and to easements for such portions of any dwelling that may overhang any Lot or any portion of the common areas and community facilities, and to easements for the leadwalks and sidewalks serving adjoining and abutting dwellings. Such easements shall not be subject to suspension for any reason.

**Section 12. Community Rules, etc.** There shall be no violation of any rules for the use of the common areas and community facilities or other community rules and regulations not inconsistent with the provisions of this Declaration which may from time to time be adopted by the Board of Directors of the Association and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in this Declaration authorized to adopt such rules.

**Section 13. Reconstruction after Fire or Other Casualty Loss.** In the event any dwelling not a condominium is partially or completely destroyed by fire or other casualty, and in the absence of a resolution to the contrary by the Board of Directors, the owner of such dwelling shall promptly restore or reconstruct such dwelling, at his own expense, in accordance with the original plans and specifications or with such amended plans and specifications as may be approved in writing by the Board of Directors at the request of such owner. The provisions of this Section shall not apply to condominium units, as defined in the Condominium Act, when prohibited by the first trust holder, the Veteran's Administration, FNMA, FHLMC or FHA, or when in conflict with any law, ordinance, municipal regulation or the like.

**Section 14. Enforcement - Right to Remove or Correct Violations.** In the event any violation or attempted violation of any of the covenants or restrictions contained in this Article shall occur or be maintained upon any Lot, or in the event of any other conduct in violation of any of the provisions and 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 Architectural and Environmental Review Committee required herein, and, upon written notice from the Architectural and Environmental Review Committee, such violation shall be promptly removed or abated. In the event the same is not removed, or the violation is not otherwise terminated or abated, within fifteen (15) days (or such shorter period as may be required in any such notice) after notice of such violation is delivered to the owner of the lot upon which such violation exists, or to the member responsible for such violation if the same shall be committed or attempted on premises other than the lot owned by such member, then the Association shall have the right, through its agents and employees (but only after a resolution of the Architectural and Environmental Review Committee) to enter upon such Lot and to take such steps as may be necessary to remove or otherwise terminate or abate such violation and the cost thereof may be assessed against the lot upon which such violation occurred and, when so assessed, a statement for the amount thereof shall become due and payable and a continuing lien upon such lot, and a binding personal obligation of the owner of such lot. The Association shall have the further right, through its agents, employees or committees, to enter upon and inspect any Lot at any reasonable time for the purpose of ascertaining whether any violation of the provisions of this Article or any of the other provisions or requirements of this Declaration, exist on such Lot; and neither the Association nor any such agent or employee shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

## ARTICLE VIII

**Section 1. Duration.** Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner of any lot or unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date of recordation of this Declaration, after which the said covenants shall be automatically extended for successive periods of ten (10) years each, unless an instrument signed by the then owners of a majority of the lots or units has been recorded, agreeing to change said covenants and restrictions in whole or in part. No such agreement to change shall be effective unless made and recorded three (3) years in advance of the effective date of such change, and unless written notice of the proposed agreement is sent to every member at least ninety (90) days in advance of any action taken and no such agreement to change shall be effective with respect to any permanent easements or other permanent rights or interests relating to the Common Areas or Community Facilities herein created. Grantor, its successors and assigns, so long as it holds Class B memberships equal to or greater than the number of Class A memberships outstanding, may modify and amend the covenants and conditions of this Declaration provided that no such amendment shall exempt any Lot or Unit from the obligation to pay assessments, nor shall any such amendment create any unreasonable disproportion of assessments, nor diminish the rights of enjoyment of any Member or Owner or otherwise embarrass or impair the status of any Member or Owner.

**Section 2. Construction and Enforcement.** The provisions hereof shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of The Property. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain or enjoin violation or to recover damages, or both, and against any lot or unit to enforce any lien created hereby; and the failure or forbearance by the Association or the owner of any lot or unit to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The provisions hereof may be enforced, without limitation, by the Association, by any owner or any mortgagee of any Lot or Unit which becomes subject to the provisions hereof and/or by any other person, firm, corporation or other legal entity who has any right to the use of any of the Common Areas or Community Facilities owned by the Association including, again without limitation, any person, firm, corporation or other legal entity who has any right to the use of any of the streets or roadways owned by the Association.

There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within covenants or restrictions cannot be adequately remedied by action at law or exclusively by recovery of damages.

**Section 3. Amendments by Declarant.** Notwithstanding the foregoing, this Declaration may be amended by the Declarant, without the vote of the members, provided such amendment is accomplished solely for the purpose of causing this Declaration to conform to the requirements of VA, FHA, FNMA or FHLMC and does not adversely affect the property rights of any Member.

**Section 4. Definition** Whenever in this Declaration any action is required to be taken by a specified percentage of "each class of the then members" of the Association, then such action shall be required to be taken separately by the specified percentage of the then Class A members of the Association and the specified percentage of the then Class B members of the Association. Whenever in this Declaration any action is required to be taken by a specified percentage of "both classes of the then members" of the Association, or by a specified percentage of the "then members" of the Association, then such action shall be required to be taken by the specified percentage of the then cumulative membership of the Association.

**Section 5. Incorporation by Reference on Resale.** In the event any owner sells or otherwise transfers his lot or unit, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, easements, charges and liens set forth in this Declaration.

**Section 6. Notices.** Any notice required to be sent to any member or owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, by ordinary mail, postpaid, to the last known address of the person who appears as member or owner of the records of the Association at the time of such mailing.

**Section 7. No Dedication to Public Use.** Nothing herein contained shall be construed as a dedication to public use or as acceptance for maintenance of any Common Area or Community Facilities by any public or municipal agency, authority, or utility and no public or municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any said Common Areas or Community Facilities.

**Section 8. Severability.** Invalidation of any one of these covenants or restrictions by judgment, decree or order shall in no way affect any other provisions hereof, each of which will remain in full force and effect.

**Section 9. Consents.** Any other provision of this Declaration or of the By-Laws to the contrary notwithstanding, the following provisions shall control:

(a) A first mortgagee, upon request, is entitled to written notification from the Association of any default in the performance by any Owner of any obligation under the Declaration or By-Laws which is not cured within (60) days.

(b) Any first mortgagee who obtains title to a Lot pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or Deed of Trust (or assignment in Lieu of Foreclosure) will be exempt from any "right of first refusal" hereafter adopted by the Association.

(c) Any first mortgagee who obtains title to a Lot pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Lot's unpaid dues or charges which accrue prior to the acquisition of title to such Lot by the mortgagees.

(d) Unless The Maryland National Capital Park and Planning Commission and at least seventy-five percent (75%) of the institutional holders of the first mortgages (based upon one vote for each mortgage owned) or owners (other than the sponsor, developer or builder) of the individual Lots or Units have given their prior written approval, the Association shall not be entitled to:

(1) by the act or omission seek and abandon, partition, subdivide, encumber, sell or transfer the common property owned, directly or indirectly by the Association.

The granting of easements for public utilities or for other public purposes consistent with the intended use of such common property by the Association shall not be deemed a transfer within the meaning of this clause;

(2) change the method of determining the obligations, assessments, dues or other charges which may be levied against an owner;

(3) by act or omission change, waive or abandon any scheme of regulations or enforcement thereof, pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of the common property party walls or common fences and driveways, or the upkeep of lawns and plantings in the Project;

(4) fail to maintain fire and extended coverage on insurable common property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(5) use hazard insurance proceeds for losses to any common property for other than the repair, replacement or reconstruction of such common property.

(e) Institutional holders of first mortgages shall have the right to examine the books and records of the Association.

(f) First mortgagees of Lots or Units may jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any common property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such common property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement of such reimbursement is reflected in an agreement in favor of all first mortgagees of Lots duly executed by the Association.

(g) No provision hereof or of the By-Laws shall be construed to give a member or any other party, priority over any rights of first mortgagees of Lots or Units pursuant to their mortgages in a case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of common property.

**Section 10. Casualty Losses.** In the event of substantial damage or destruction to any of the common areas or community facilities, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the institutional holders of first mortgages of record on the Lots. No provision of this Declaration or By-Laws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his lot with respect to the distribution to such member of any insurance proceeds paid or payable on account of any damage or destruction of any of the common areas or community facilities.

**Section 11. Condemnation or Eminent Domain.** In the event any part of the common areas and community facilities is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemnation authority, then the Board of Directors of the Association shall give prompt written notice of any such proceedings or proposed acquisition to the institutional holders of first mortgages of record on the Lots. No provision of this Declaration or the By-Laws of the Association shall entitle any Member to any priority over the holder of any first mortgage of record on his Lot or Unit with respect to the distribution to the members of such proceeds of any condemnation or settlement award relating to the taking of any of the Common Areas or Community Facilities.

**Section 12. Captions and Gender.** The captions contained in this Declaration are for convenience only, are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration. Whenever the context so requires, the male shall include all genders and singular shall include the plural.

**ARTICLE IX**

**Section 1. Association's Right to Maintain.** The Association will have the right, but not the obligation, to perform necessary exterior maintenance operations if the owner of the property requiring the same shall not, after due notice of the necessity thereof, accomplish such maintenance or repairs. The cost thereof shall be charged by the Association to the owner of such unit and shall be treated in accordance with the provisions of Article V hereof.

**ARTICLE X**

**Section 1. Reciprocal Easements of Declarant and Association.** The Grantor hereby grants unto the Association an easement in, on, upon and across property owned by it, but not conveyed to the Association, to the extent that the same is reasonably necessary for the use and enjoyment of contiguous property subject to the terms of this Declaration. All property subject to the terms of this Declaration shall be subject to an easement for the benefit of the Grantor, its successors and assigns, for the ingress, egress, and passage of its personnel and equipment reasonably necessary to the development of the Community and for the marketing of dwelling units therein.

IN WITNESS WHEREOF, THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation, has caused these presents to be executed in its name and on behalf by its Vice President, and does hereby constitute the said Robert F. Dolan its true and lawful attorney-in-fact to execute, acknowledge and deliver these presents as the act and deed of the THE PRUDENTIAL INSURANCE COMPANY OF AMERICA.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

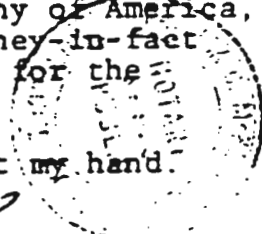
By: Robert F. Dolan  
Robert F. Dolan  
Vice President

Joseph W. Spreuis  
Joseph W. Spreuis  
Secretary



STATE OF MARYLAND :  
COUNTY OF MONTGOMERY: ss:

ON THIS 19th day of March, 1981, before me, the undersigned officer, personally appeared Robert F. Dolan, Vice President of The Prudential Insurance Company of America, and does hereby acknowledge that he is the attorney-in-fact duly appointed to execute the within Declaration for the purposes therein contained.



IN WITNESS WHEREOF, I have hereunto set my hand.

*[Signature]*  
\_\_\_\_\_  
Notary Public,  
Patrick C. McKeever

My commission expires  
July 1, 1982

THIS IS TO CERTIFY that the within instrument was prepared by the undersigned, an attorney in good standing of the Bar of the Court of Appeals of Maryland.

*[Signature]*  
\_\_\_\_\_  
Patrick C. McKeever

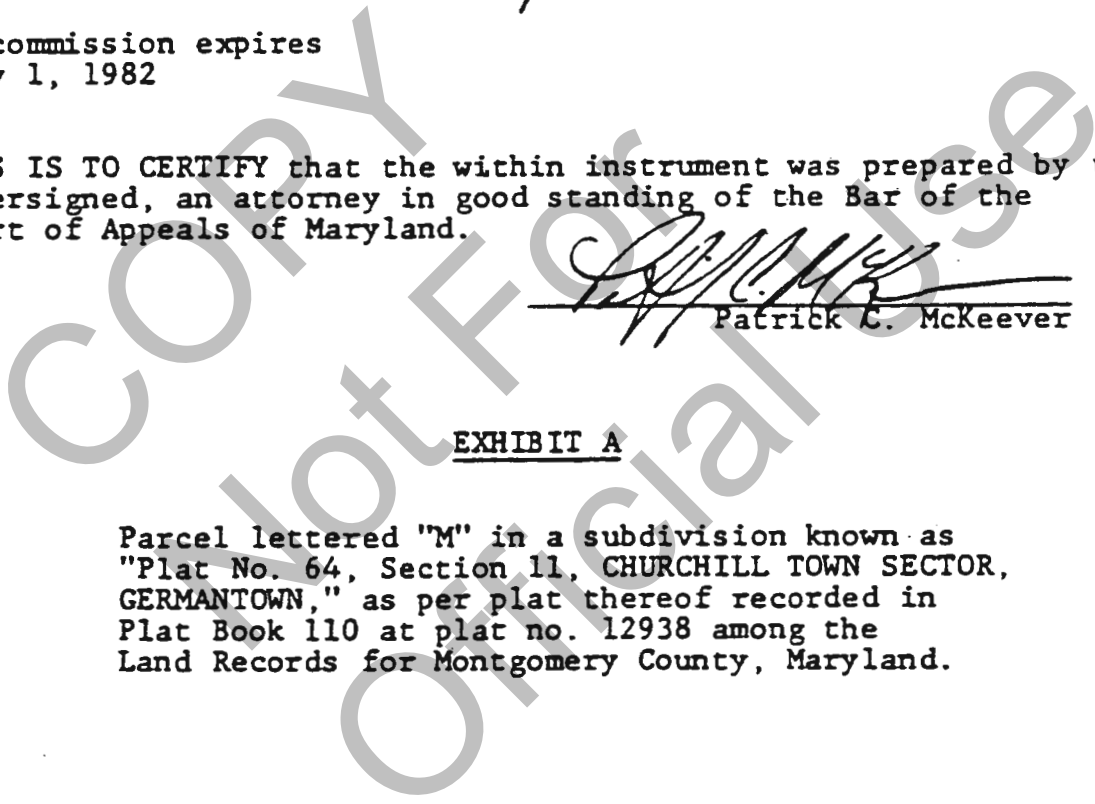
EXHIBIT A

Parcel lettered "M" in a subdivision known as "Plat No. 64, Section 11, CHURCHILL TOWN SECTOR, GERMANTOWN," as per plat thereof recorded in Plat Book 110 at plat no. 12938 among the Land Records for Montgomery County, Maryland.

INSTRUMENT RECEIPT  
#35556 C213 R01 T15:20

CHECK 52 00

HILARIO M. SMITH  
CLERK-TREASURER COURT  
MONTGOMERY COUNTY MD.  
RECORDING 279-8391  
LICENSING 279-1889  
MAR 20 81



CLERK'S OFFICE  
Pargal, Robert E. Esq. L.L.M.

2 1 1737747 and 1988456

AMENDATORY DECLARATION

This Amendatory Declaration, is made and declared by the PRUDENTIAL INSURANCE COMPANY OF AMERICA, a Corporation organized and existing under the laws of the State of New Jersey, hereinafter called "Grantor," as of this 30<sup>th</sup> day of ~~September~~, 1981:

WITNESSETH:

MISC. 18.00  
CHECK 18.00  
#55630 C216 R01 T15:  
OCT 1

WHEREAS, Grantor has heretofore executed, acknowledged and caused to be recorded a certain Declaration of Covenants for the Waters Landing Association, being dated March 19, 1981 and recorded March 20, 1981 in Liber 5672 at folio 692, among the Land Records for Montgomery County, Maryland, and

WHEREAS, Grantor has submitted said Declaration of Covenants, together with the By-Laws and the Articles of Incorporation of Waters Landing Association to the Department of Housing and Urban Development for the review and approval of that agency, and

WHEREAS, upon examination of such documents, the Department of Housing and Urban Development has required certain amendments to those documents as a condition precedent to their approval thereof, and

WHEREAS, pursuant to the provisions of Article VIII, Section 3 of said Declaration, Grantor has reserved unto itself the right to amend said Declaration, without the vote of the members thereof, provided such amendment is accomplished solely for the purpose of causing said Declaration to conform to the requirements of the Veterans

18.00

Administration, the Federal Housing Administration, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and does not adversely effect the property rights of any member, and

WHEREAS, the amendments required by the Department of Housing and Urban Development, (the Federal Housing Administration) do not adversely affect the property rights of any member.

NOW, THEREFORE, in consideration of the premises and pursuant to the power and authority duly reserved unto it, Grantor hereby declares that the Declaration aforesaid shall be deemed amended in the following regards:

1. Article II, Section 2 is hereby amended by adding thereto a concluding sub-paragraph to read as follows:

No additions or annexations shall be made of land beyond the scope of the land depicted in the Master Plan submitted to the Federal Housing Administration, except upon approval by a majority of the Class A members. No additions or annexations as aforesaid shall be made except upon approval by the Federal Housing Administration.

2. Article II, Section 2 is hereby amended by striking from the second line of the said Section the last two words thereof, to wit, "may be" and inserting in lieu thereof the words "shall be".

3. Article IV, Section 1(a) is hereby amended by adding the following provision to said sub-paragraph (a):

Provided, however, that no such borrowing shall be accomplished until and unless two-thirds of each class of members shall have assented thereto.

Article IV is further amended by adding thereto a new Section to be designated Section 2 captioned "Delegation of Right of Use - Any member of the Association may delegate his rights to the use and enjoyment of the common areas and community facilities to the members of his family who reside permanently with him and to his tenants, contract purchasers and guests, all subject to such reasonable rules and regulations which the Association may adopt and uniformly apply and enforce".

4. Article V Section 2 is hereby amended by adding thereto, at the end of the second line thereof, the following: "as the section shall have been assessed".

Article V Section 3 is amended by adding thereto the following:

The Foundation Assessments derive from a Declaration recorded in Liber 4590 at folio 607 among the Land Records for Montgomery County, Maryland, which Declaration provides that the maximum annual assessment for the Foundation shall be the sum of \$36.00 per annum subject to increase at the rate of 5% per annum plus the amount by which any ad valorem real estate taxes and casualty and other insurance premiums and utility charges payable by the Foundation have increased over amounts payable for the same or similar items for the previous year. Foundation Assessments may be increased above such levels only upon assent of two-thirds of the membership.

Article V, Section 6 is hereby amended in the second paragraph at the tenth line thereof, by striking therefrom the following phrase: "of not less than twenty percent (20%) of the sum claimed".

Article V is hereby amended by adding thereto a new Section numbered 13 to read as follows:

Section 13. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment shall be Five Hundred dollars (\$500.00 ) per lot.

(a) From and after January 1 of the year immediately following the conveyance of the first lot to Owner, the maximum annual assessment may be increased each year not more than Five Percent (5%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased above five percent (5%) by a vote of a majority of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

5. Article VIII is amended by striking therefrom the following: Beginning in the Ninth line of Section 1 of said Article, the following phrase is stricken in its entirety: "three (3) years in advance of the effective date of such change." And, in addition, beginning in the twelfth line of Section 1 of said Article, commencing with the word "Grantor," the remainder of said Section is stricken in its entirety.

7. Except as hereinabove modified and amended, the Grantor does hereby ratify and confirm the terms and conditions of the Declaration aforesaid.

IN WITNESS WHEREOF, the Prudential Insurance Company of America has caused these presents to be executed in its name and on its behalf by its Vice President, John C. Hoffman, and

does hereby constitute the said John C. Hoffman its true and lawful Attorney in fact to execute, acknowledge and deliver these presents as the act in deed of the Prudential Insurance Company of America.

Attest:

Joseph W. Sprouls  
Assistant Secretary  
Joseph W. Sprouls

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By John C. Hoffman  
John C. Hoffman, Vice President

STATE OF MARYLAND

ss:

COUNTY OF MONTGOMERY

I HEREBY CERTIFY that before me, a Notary Public in and for the State and County aforesaid, personally appeared John C. Hoffman, Vice President, Prudential Insurance Company of America, and acknowledged that he is the Attorney in Fact duly appointed to execute the within Declaration for the purposes therein contained and that he did so execute the same.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal this 30<sup>th</sup> day of Sept., 1981.

Patrick C. McKeever  
Patrick C. McKeever



My Commission Expires:

7/1/82

I HEREBY CERTIFY that the within instrument was prepared by the undersigned, a member in good standing of the Bar of the Court of Appeals of Maryland.

Patrick C. McKeever  
Patrick C. McKeever

INSTRUMENT RECEIPT  
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MISC. 18.00  
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HOWARD M. SMITH  
CLERK CIRCUIT COURT  
MONTGOMERY COUNTY MD.  
RECORDING 279-8391  
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**BY-LAWS**  
**OF**  
**WATERS LANDING ASSOCIATION, INC.**

**ARTICLE I**

**Name and Location**

**Section 1. Name and Location.** The name of this Association is as follows:

**WATERS LANDING ASSOCIATION, INC.**

Its principal office and mailing address is initially located at:

**ARTICLE II**

**Definitions**

**Section 1. Declarant.** "Declarant", as used herein means: The Prudential Insurance Company of America, a corporation organized and existing under the laws of the State of New Jersey.

**Section 2. The Project.** The "project", as used herein, means that certain community being developed by the Declarant in Montgomery County, Maryland known as "Churchill".

**Section 3. Declaration.** "Declaration", as used herein, means that certain Declaration made by the Declarant on the        day of        , 198        , which Declaration was recorded on the        day of        , 198        , in Liber        at folio        , among the Land Records for Montgomery County, Maryland.

**Section 4. Mortgagee.** "Mortgagee", as used herein, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the lots. "Mortgage", as used herein, shall include deed of trust. "First Mortgage", as used herein, shall mean a mortgage with priority over other mortgages. As used in these By-Laws, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in these By-Laws, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, mutual savings banks, credit unions, trusts, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any State or municipal government. As used in these By-Laws, the term "holder" or "mortgagee" shall include the parties secured by any deed of trust or any beneficiary thereof.

**Section 5. Other Definitions.** Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration.

## ARTICLE III

### Membership

**Section 1. Membership.** The Association shall have two classes of voting memberships which shall be known as "Class A" and "Class B":

(A) Every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any Lot or Living Unit which is part of the premises described in Article II of the Declaration, or which otherwise becomes subject by the covenants set forth in the Declaration to assessment by the Association, shall be a Class A member of the Association; provided, however, that any such person group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a Class A member solely on account of such interest. Each Class A member shall be entitled to one (1) vote for each lot in which such member holds the interest required for Class A membership.

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

- (i) thirty (30) days following the date on which the total authorized, issued and outstanding Class A memberships equal the total authorized, issued and outstanding Class B memberships multiplied by three (3); or
- (ii) on January 1, 1998; or
- (iii) upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of any of the Class B memberships as provided for in this Article, the Declarant shall thereafter remain a Class A member of the Association as to each and every lot in which the Declarant then holds the interest otherwise required for such Class A membership. In the event additional property is annexed to the property described in Article II of the Declaration subsequent to the date specified in Section 1(b)(i) or Section 1(b)(ii) of this Article, then the Declarant shall be a Class B member as to each lot which it owns in such annexed property subject to the limitations set forth in this Article.

The members of the Association shall have no preemptive rights, as such members, to acquire any memberships of this Association that may at any time be issued by the Association except as may be specifically provided in this Article.

**Section 2. Liquidation Rights.** In the event of any voluntary or involuntary dissolution of the Association each Class A member of the Association shall be entitled to receive out of the assets of the Association available for distribution to the members an amount equal to that proportion of such assets which the number of Class A memberships held by such member bears to the total number of Class A memberships of the Association then issued and outstanding.



## ARTICLE IV

### Meeting of Members

**Section 1. Place of Meeting.** Meetings of the memberships shall be held at the principal office or place of business of the Association or at such other suitable place within the State of Maryland which is reasonably convenient to the membership and as may from time to time be designated by the Board of Directors.

**Section 2. Annual Meetings.** The first annual meeting of the members of the Association shall be held at such time and place as may be designated by the Board of Directors; provided, however, that the first annual meeting of members shall be held within one (1) year from the date of the filing of the Articles of Incorporation of the Association. Thereafter, the annual meetings of the members shall be held on the third of each succeeding year. At such meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Article V of these By-Laws. The members may, also transact such other business as may properly come before them.

**Section 3. Special Meetings.** It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by at least twenty percent (20%) of each class of the then members, having been presented to the Secretary; provided, however, that no special meetings shall be called, except upon resolution of the Board of Directors, prior to the first annual meeting of members as hereinabove provided for. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

**Section 4. Notice of Meetings.** It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each member of record, at his address as it appears on the membership books of the Association or, if no such address appears, at his last known place of address, at least ten (10) but not more than ninety (90) days prior to such meeting. Notice by either such method shall be considered as notice served. Attendance by a member at any meeting of the members shall be a waiver of notice by him of the time, place and purpose thereof. Notice of any annual or special meeting of the members of the Association may also be waived by any member either prior to, at or after any such meeting.

**Section 5. Roster of Membership.** The Board of Directors of the Association shall maintain a current roster of the names and addresses of each member to which written notice of meetings of the members of the Association shall be delivered or mailed. Each unit owner shall furnish the Board of Directors with his name and current mailing address.

**Section 6. Quorum.** The presence, either in person or by proxy, of members representing at least fifty-one percent (51%) of the total votes of record, shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members. If the number of members at a meeting drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

**Section 7. Adjourned Meetings.** If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

**Section 8. Voting.** At every meeting of the members, each Class A member shall have the right to cast one (1) vote for each Class A membership which he owns on each question. Each of the Class B members shall have the right to cast three (3) votes for each Class B membership which he owns on each question. The vote of the members representing fifty-one percent (51%) of the total votes of the membership present at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or of the Articles of Incorporation, or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of the owners present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the members are unable to agree on the manner in which the votes for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. In the event any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the President or any Vice President of such corporation and attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary of the Association, prior to or during the meeting. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be and, unless any objection or protest by any other such trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, or who is shown on the books or management accounts of the Association to be more than sixty (60) days' delinquent in any payment due the Association.

Whenever in these By-Laws any action is required to be taken by a specified percentage of "each class of the then members" of the Association, then such action shall be required to be taken separately by the specified percentage of the votes of the then outstanding Class A members of the Association and the specified percentage of the votes of the then outstanding Class B members of the Association. Whenever in these By-Laws any action is required to be taken by a specified percentage of the votes of "both classes of the then members" of the Association or by a specified percentage of the "then members" of the Association, then such action shall be required to be taken by a specified percentage of the votes of the then outstanding cumulative membership of the Association.

**Section 9. Proxies.** A member may appoint any other member or the Declarant or the Management Agent as his proxy. In no case may any member (except the Declarant or the Management Agent) cast more than one (1) vote by proxy in addition to his own vote. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors before the appointed time of each meeting. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the member; provided, however, that no proxy shall be effective for a period in excess of one hundred eighty (180) days unless granted to a mortgagee or lessee of the lot to which the votes are appurtenant.

**Section 10. Rights of Mortgagees.** Any institutional mortgagee of any lot who desires notice of the annual and special meetings of the members shall notify the Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the members should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the members to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the members and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the members upon request made in writing to the Secretary.

**Section 11. Order of Business.** The order of business at all regularly scheduled meetings of the members shall be as follows:

- (a) Roll call and certificate of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and disposal of minutes of preceding meeting, if any.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Unfinished business.
- (g) New business.
- (h) Election or appointment of inspectors of election.
- (i) Election of directors.
- (j) Adjournment.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

**Section 12. Rules of Order and Procedure.** The rules of order and all other matters of procedure at all annual and special meetings of the members shall be determined by the Chairman of such meeting.

**Section 13. Inspectors of Election.** The Board of Directors may, in advance of any annual or special meeting of the members appoint an uneven number of one or more inspectors of election to act at the meeting and at any adjournment thereof. In the event inspectors are not so appointed, the Chairman of any annual or special meeting of members shall appoint such inspectors of election. Each inspector so appointed, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector of election at such meeting. The oath so taken shall be filed with the Secretary of the Association. No officer or Director of the Association, and no candidate for Director of the Association, shall act as an inspector of election at any meeting of the members if one of the purposes of such meeting is to elect Directors.

## ARTICLE V

### Directors

**Section 1. Number and Qualifications.** The affairs of the Association, shall be governed by the Board of Directors composed of an uneven number of at least three (3) natural persons and not more than nine (9) natural persons, a majority of whom (after the lapse of all of the Class B memberships as provided in Article III of these By-Laws) shall be members of the Association.

From and after the annual meeting of members which next follows the date on which the total authorized, issued and outstanding Class A memberships held by persons other than the Declarant equal 500, at least one-third (1/3) of the Directors shall be selected from and by the Class A members.

Prior to the lapse of all of the Class B memberships as provided in Article III of these By-Laws, the number of Directors shall be determined, from time to time, by a vote of the initial Directors hereinafter named. Thereafter, the number of Directors shall be determined by a vote of the members at the annual meeting of members and the number of Directors may be changed by a vote of the members at any subsequent annual or special meeting of the members; provided, however, that (a) the limitations of this Section shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

**Section 2. Initial Directors.** The initial Directors shall be selected by the Declarant and need not be members of the Association. The names of the Directors who shall act as such from the date upon which the Declaration is recorded among the Land Records for Montgomery County, Maryland, until the first annual meeting of the members or until such time as their successors are duly chosen and qualified are as follows:

**Section 3. Powers and Duties.** The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Declaration or these By-Laws directed to be exercised and done by the members. The powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

To provide for the

(a) care, upkeep and surveillance of the common areas and community facilities and services in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(b) establishment, collection, use and expenditure of assessments and carrying charges from the members and for the assessment, filing and enforcement of liens therefor in a manner consistent with law and the provisions of these By-Laws and the Declaration to include the Foundation Assessments and Area Assessments; and

(c) designation, hiring and dismissal of the personnel necessary for the good working order and proper care of the common areas and community facilities and to provide services for the project in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(d) promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the common areas and community facilities as are designated to prevent unreasonable interference with the use of the common areas and community facilities by the members and others, all of which shall be consistent with law and the provisions of these By-Laws and the Declaration; and

(e) authorization, in their discretion, of the payment of patronage refunds from residual receipts when and as reflected in the annual report; and

(f) to enter into agreements whereby the Association acquires leaseholds, memberships and other possessory or use interests in real or personal property for the purpose of promoting the enjoyment, recreation or welfare of the members and to declare expenses incurred in connection therewith to be common expenses of the Association; and

(g) to purchase insurance upon the common areas and community facilities in the manner provided for in these By-Laws; and

(h) to repair, restore or reconstruct all or any part of the common areas and community facilities after any casualty loss in a manner consistent with law and the provisions of these By-Laws and to otherwise improve the common areas and community facilities; and

(i) to lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common areas and community facilities; and

(j) to purchase lots and to lease, mortgage or convey the same, subject to the provisions of these By-Laws and the Declaration; and

(k) to appoint the members of the Architectural and Environmental Control Committee provided for in the Declaration and to appoint the members of such other committees as the Board of Directors may from time to time designate.

(l) to promote and encourage community activities and protect and to foster Neighborhood and Community undertakings which tend to strengthen and develop the solidarity and vitality of the Community as a whole.

**Section 4. Management Agent.** The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. The Association shall not undertake "self-management" or otherwise fail to employ a management agent or manager without the prior written approval of all of the institutional holders of all first mortgages on the lots. Any management agreement entered into by the Association shall provide, *inter alia*, that such agreement may be terminated for cause by either party upon thirty (30) days' written notice thereof to the other party. The term of any such management agreement shall not exceed one year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

**Section 5. Election and Term of Office.** The term of the Directors named herein shall expire when their successors have been elected at the first annual meeting of members and are duly qualified. The election of Directors shall be by secret written ballot, unless balloting is dispensed with by the unanimous consent of the members present at any meeting, in person or by proxy. There shall be no cumulative voting. At the first annual meeting of the members, the term of office of the Director receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the Director receiving the second greatest number of votes shall be fixed for two (2) years and the term of office of the other Director or Directors shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. In the alternative, the membership may, by resolution duly made and adopted at the first annual meeting of members, or at any subsequent annual meeting, resolve to fix the term for each Director elected at any such meeting at one (1) year. Directors shall hold office until their successors have been elected and hold their first regular meeting.

**Section 6. Vacancies.** Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting to serve out the unexpired portion of the term; provided, however, that until the lapse of all of the Class B memberships as provided in Article III of these By-Laws the Declarant shall appoint Directors to fill vacancies created in the Board of Directors.

**Section 7. Removal of Directors.** At an annual meeting of members, or at any special meeting duly called for such purpose (but only after the lapse of all of the Class B memberships as provided in Article III of these By-Laws) any Director may be removed with or without cause by the affirmative vote of the majority of the votes of the members present and voting, in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who is a Class A member of the Association who becomes more than sixty (60) days' delinquent in payment of any assessments or carrying charges due the Association may be terminated by resolution of the remaining Directors and the remaining Directors shall appoint his successor as provided in this Article.

**Section 8. Compensation.** Except upon resolution of two-thirds (2/3) of each class of the then members of the Association, no compensation shall be paid to Directors for their services as Directors. After the first annual meeting of the members, no remuneration shall be paid to any Director who is also a member for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have also been adopted by the Board of Directors before such services are undertaken. Directors may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Directors.

**Section 9. Organization Meeting.** The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting provided a majority of the whole Board of Directors shall be present at such first meeting.

**Section 10. Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting.

**Section 11. Special Meetings.** Special meetings of the Board of Directors may be called by the President on three (3) days' notice of each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-half (1/2) of the Directors.

**Section 12. Waiver of Notice.** Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

**Section 13. Quorum.** At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at any meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

**Section 14. Action Without Meeting.** Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

**Section 15. Rights of Mortgagees.** Any institutional mortgagee of any lot who desires notice of the regular or special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the members of the Board of Directors. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

**Section 16. Fidelity Bonds.** The Board of Directors shall require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty in accordance with the requirements of Article VII of these By-Laws. The premiums on such bonds or insurance shall be paid by the Association.

## ARTICLE VI

### Officers

**Section 1. Designation.** The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. Prior to the lapse of all of the Class B memberships as provided in Article III of these By-Laws, the officers of the Association need not be members of the Association. Thereafter, except for the President, the officers of the Association need not be members of the Association. The Board of Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

**Section 2. Election of Officers.** The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

**Section 3. Removal of Officers.** Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

**Section 4. President.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation.

**Section 5. Vice President.** The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also assist the President generally and shall perform such other duties as shall from time to time be delegated to him by the Board of Directors.

**Section 6. Secretary.** The Secretary shall keep or cause to be kept the minutes of all meetings of the Board of Directors and the minutes of all the meetings of the members of the Association. The Secretary shall not give notice of all annual and special meetings of the members of the Association in conformity with the requirements of these By-Laws. The Secretary shall have custody of the seal of the Association, if any. The Secretary shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct and he shall, in general, perform all of the duties incident to the office of Secretary.

**Section 7. Treasurer.** The Treasurer shall have responsibility for funds and securities of the Association and shall be responsible for keeping or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for causing the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

## ARTICLE VII

### Neighborhood Governance

**Section 1. Area Council.** The Members of each Neighborhood shall elect a "Neighborhood Council", to be comprised of not fewer than three (3) nor more than seven (7) persons residing in the Area and holding membership in the Association. Such persons shall be elected for a term of one year (1) year, or such other term or staggered terms as the majority of persons in the Area shall determine by their vote. The Neighborhood Council shall elect a chairman, a vice chairman and a secretary from it's members. The chairman shall be chief executive for the Area Council and shall preside at all meetings of the Council. The Vice Chairman shall take the place of the Chairman whenever the Chairman shall be absent or unable to vote. The Secretary shall keep minutes of all meetings of the Neighborhood Council.

**Section 2. Scope and Purpose of Neighborhood Council.** The Neighborhood Council shall have as its purposes the identification of the concensus of needs and wishes of Members in the Neighborhood with respect to the maintenance and oiperation of Common Facilities and Neighborhopod Facilities, the establishment of an annual budget for the operation of Area Facilities, to assist and cooperate with the Board of Directors and its Officers in the management and operation of the Area and the Association, cooperation with other Areas in the selection of representatives to the Architectural and Environmental Review Committee and cooperation with other Neighborhoods in the identification and encouragement of persons able to and interested in serving as Association Officers and Directors.

**Section 3. Neighborhood Budget.** The Neighborhood Council shall adopt an Neighborhood Budget on an annual basis, following the initial budget determined by the Board of Directors. Such budget shall reflect the cost of operating and maintaining the Neighborhood Facilities, as determined by the Neighborhood's Supplementary Declaration. The Council shall recommend the budget adopted to the Board of Directors which, in turn, shall determine the Neighborhood Assessments upon the basis of such budget.



**Section 4. By Laws & Regulations.** The Members in each Area may adopt By Laws and promulgate regulations from time to time, provided they are not inconsistent with these By Laws, the Declaration or the Supplementary Declaration.

**Section 5. Limitation of Power and Authority.** The Neighborhood Council shall not be deemed to have any of the powers or authority of the Board of Directors; it shall not have, of itself, the power or authority to create assessments; nor shall it have the capacity and authority to be sued or to sue.

## ARTICLE VIII

### Insurance

**Section 1. Insurance.** The Board of Directors of the Association shall obtain and maintain, to the extent reasonably available, at least the following:

(a) casualty or physical damage insurance in an amount equal to the full replacement value (i.e., 100% "replacement cost" exclusive of land, foundation and excavation) of the common areas and community facilities to include Area Facilities, provided, however, that the premiums therefor, or a portion of the premium if insured by a single contract, shall be included in the appropriate Area Assessment, (including all building service equipment and the like) with an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its equivalent, an "Increased Cost of Construction Endorsement" or its equivalent and a "Contingent Liability from Operation of Building Laws Endorsement" or its equivalent, without deduction or allowance for depreciation, as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage, such coverage to afford protection against at least:

- (i) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and
- (ii) such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, boiler and machinery explosion or damage, and such other insurance as the Board of Directors may from time to time determine; and

(b) A comprehensive policy of public liability insurance with a "Severability of Interest Endorsement" or its equivalent in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less than One Million and \* \* \* No/100 Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, water damage liability, legal liability, hired automobile liability, non-owned automobile liability, liability for property of others and, if applicable, elevator collision, garage keeper's liability, host liquor liability, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership and use of the common areas and community facilities or any portion thereof.

(c) workmen's compensation insurance to the extent necessary to comply with any applicable law; and

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

(e) such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these By-Laws, as are or shall hereafter be considered appropriate by the Board of Directors. The Board of Directors shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers and Directors of the Association, trustees and volunteers for the Association and such employees and agents of the Association who handle or are responsible for the handling of funds of the Association. Such fidelity coverage shall meet at least the following requirements:

- (i) all such fidelity bonds and policies of insurance shall name the Association as obligee or named insured, as the circumstances may require; and
- (ii) all such fidelity bonds and policies of insurance shall be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating budget of the Association, including reserves; and
- (iii) all such fidelity bonds and policies of insurance shall contain waivers of any defense based upon the exclusion of volunteers and other persons who serve without compensation from any definition of "employee" or similar expression; and
- (iv) all such fidelity bonds and insurance shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all obligees and insureds named thereon and to any mortgagee of any lot who requests such notice in writing.

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

(a) all policies shall be written or reinsured with a company or companies licensed to do business in Maryland and holding a rating placing it in the upper thirty (30) percentile or better in the current edition of Best's Insurance Guide.

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

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

(d) such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the building, whether or not within the control or knowledge of the Board of Directors and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any members of the Association, or any of their respective agents, employees, tenants, mortgagees or invitees or by reason of any act of neglect or negligence on the part of any of them.

(e) all policies shall provide that such policies may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insureds named thereon, including any mortgagee of any lot who requests such notice in writing.

(f) all policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors or when in conflict with the provisions of these By-Laws or the provisions of the Declaration.

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

## ARTICLE IX

### Casualty Damage - Reconstruction or Repair

**Section 1. Use of Insurance Proceeds.** In the event of damage or destruction to the common areas and community facilities by fire or other casualty, the same shall be promptly repaired, replaced or reconstructed in substantial conformity with the original plans and specifications for the common areas and community facilities with the proceeds of insurance available for that purpose, if any. The Association shall not use the proceeds of casualty insurance received as a result of damage or destruction of the common areas and community facilities for purposes other than the repair, replacement or reconstruction of the common areas and community facilities without the prior written consent and approval of the holders of all first mortgages of record on the lots.

**Section 2. Proceeds Insufficient.** In the event that the proceeds of insurance are not sufficient to repair damage or destruction of the common areas and community facilities caused by fire or other casualty, or in the event such damage or destruction is caused by any casualty not insured against, then and in either of those events, upon resolution of the Board of Directors, the repair, replacement or reconstruction of the damage shall be accomplished promptly by the Association at its common expense.

## ARTICLE X

### Fiscal Management

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

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

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

(a) "Current Operations" which shall involve the control of actual expenses of the Association, including reasonable allowances for necessary contingencies and working capital funds in relation to the assessments and expenses hereinelsewhere provided for, and

(b) "Reserves for Deferred Maintenance" which shall involve the control of monthly funding and maintenance of such deferred maintenance costs and reserves as are approved by the Board of Directors from time to time; and

(c) "Reserves for Replacement" which shall involve the control of such reserves for replacement as are provided for in these By-Laws and as may from time to time be approved by the Board of Directors; and

(d) "Other Reserves" which shall involve the control over funding and charges against any other reserve funds which may from time to time be approved by the Board of Directors; and

(e) "Investments" which shall involve the control over investment of reserve funds and such other funds as may be deemed suitable for investment on a temporary basis by the Board of Directors; and

(f) "Betterments" which shall involve the control over funds to be used for the purpose of defraying the cost of any construction or reconstruction, unanticipated repair or replacement of the common areas and community facilities and for expenditures for additional capital improvements or personal property made or acquired by the Association with the approval of the Board of Directors.

**Section 4. Auditing.** At the close of each fiscal year, the books and records of the Association shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Association shall furnish the members and any mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Association, within ninety (90) days following the end of each fiscal year.

**Section 5. Inspection of Books.** The book and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the members and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any lot and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice.

**Section 6. Execution of Corporate Documents.** With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or a Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time so authorized by the Board of Directors.

**Section 7. Seal.** The Board of Directors may provide a suitable corporate seal containing the name of the Association, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

## ARTICLE XI

### Amendment

**Section 1. Amendments.** Subject to the other limitations set forth in these By-Laws, these By-Laws may be amended by the affirmative vote of members representing two-thirds (2/3) of then members of record at any meeting of the members duly called for such purpose in accordance with the provisions and requirements of these By-Laws.

**Section 2. Proposal of Amendments.** Amendments to these By-Laws may be proposed by the Board of Directors of the Association or by petition signed by at least twenty-five percent (25%) of the total votes of the members, which petition shall be delivered to the Secretary. A description of any proposed amendment shall accompany the notice of any annual or special meeting of the members at which such proposed amendment is to be considered and voted upon.

**Section 3. Amendments by Declarant.** Notwithstanding the foregoing, these By-Laws may be amended by the Declarant, without the vote of the members, provided such amendment is accomplished solely for the purpose of causing these By-Laws to conform to the requirements of VA, FHA, FNMA or FHLMC and does not adversely affect the property rights of any Member.

## ARTICLE XII

### Mortgages - Notice - Other Rights of Mortgagees - FHA/VA

**Section 1. Notice to Board of Directors.** Any owner of any lot in the project who mortgages such lot shall promptly notify the Board of Directors of the name and address of his mortgagee and, if requested so to do, shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain a suitable roster pertaining to such mortgages.

**Section 2. Consents.** Any other provision of these By-Laws or of the Declaration to the contrary notwithstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of the holders of all first mortgages of record on the lots:

(a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the common areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate the Declaration; or

(c) modify or amend any material or substantive provision of the Declaration or these By-Laws.

**Section 3. Casualty Losses.** In the event of substantial damage or destruction to any part of the common areas and community facilities, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the holders of all first mortgages of record on the lots. No provision of these By-Laws shall entitle any member of the Association to any priority over the holder of any first mortgage of record on his lot with respect to the distribution to such member of any insurance proceeds.

**Section 4. Condemnation or Eminent Domain.** In the event any portion of the common areas or community facilities is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the holders of all first mortgages of record on the lots. No provision of these By-Laws shall entitle any member of the Association to any priority over the holder of any first mortgage of record on his lot with respect to the distribution to such member of the proceeds of any condemnation award or settlement.

**Section 5. FHA/VA.** Provided that any lot in the project is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration or guaranteed by the Veterans Administration and, provided, further, that there are then Class B memberships of the Association outstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent and approval of the Federal Housing Administration and the Veterans Administration, as the circumstances may require:

(a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the common areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section; or

(b) abandon or terminate the Declaration; or

(c) modify or amend any provision of the Declaration or these By-Laws.

## ARTICLE XIII

### Interpretation - Miscellaneous

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

**Section 2. Notices.** Unless another type of notice is hereinelsewhere specifically provided for, any and all notices called for in these By-Laws shall be given in writing.

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

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

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

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

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Official Use

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ARTICLES OF INCORPORATION

FOR

WATERS LANDING ASSOCIATION, INC.

THIS IS TO CERTIFY:

That I, Patrick C. McKeever, whose post office address is 342 Hungerford Court, Rockville, Maryland 20850, being at least twenty-one (21) years of age, do hereby declare myself as incorporator with the intention of forming a corporation under and by virtue of the General Laws of the State of Maryland, and for such purposes do hereby make, execute and adopt the following Articles of Incorporation:

ARTICLE I. The name of this Corporation shall be:

WATERS LANDING ASSOCIATION, INC. I

ARTICLE II. The period of existence and duration of the life of this Corporation shall be perpetual.

ARTICLE III. The principal office for the transaction of business of this Corporation shall be initially located in the County of Montgomery, State of Maryland, at:

5454 Wisconsin Avenue, Suite 1105  
Chevy Chase, Maryland 20015

The following named person shall be designated as the statutory resident agent of this Corporation and said resident agent is a citizen and actual resident of the State of Maryland:

Eugene I. Siegel  
5454 Wisconsin Avenue, Suite 1105  
Chevy Chase, Maryland 20015

ARTICLE IV. The general purpose for which this Corporation is formed, and business or objects to be carried on and promoted by it, are as follows:

(a) To organize and operate a corporation, no part of the net earnings of which is to inure to the benefit of any member or other individual;

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(b) To acquire and to own and to provide for the maintenance and management of certain open spaces and other community and recreational facilities located within a community being developed by The Prudential Insurance Company of America, a corporation organized and existing under the laws of the State of New Jersey, (hereinafter known as the "Grantor") known as "Waters Landing" (hereinafter known as the "project") in Montgomery County, Maryland, and to provide management services for the residential properties located therein.

For the general purposes aforesaid, and limited to those purposes this Corporation shall have the following powers:

(a) To construct, improve and maintain, operate and to buy, own, sell, convey, assign, mortgage, lease or manage any real estate and any personal property necessary or incident to the furtherance of the business of this Corporation;

(b) To borrow money and issue evidence of indebtedness in furtherance of any or all of the objects of its business, to secure the same by mortgage, deed of trust, pledge, or other lien, upon consent of two-thirds of the membership;

(c) To enter into any kind of activity, and to perform and carry out contracts of any kind necessary to, or in conjunction with, or incidental to the accomplishment of the non-profit purposes of the Corporation;

(d) To make patronage refunds to members as provided for in the By-Laws of the Corporation; and

(d) Insofar as permitted by law, to do any other thing that, in the judgment of the Board of Directors, will promote the business of the Corporation or the common benefit of its members.

The foregoing enumeration of specific powers shall not be deemed to limit or restrict in any manner the general powers of this Corporation, and the enjoyment of the exercise thereof, as conferred by the General Laws of the State of Maryland.

ARTICLE V. This Corporation shall be without capital stock and will not be operated for profit. This Corporation does not contemplate the distribution of gains, profits or dividends to any of its members. The members of this Corporation shall not be personally liable for the debts, liabilities or obligations of this Corporation.

ARTICLE VI. The Corporation shall have two classes of voting membership which shall be known as "Class A" and "Class B":

(a) Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any dwelling unit which is or becomes subject by covenants of record to assessment by this Corporation shall be a "Class A" member of this Corporation, provided, however, that any such person, group of persons, corporation, trust or other legal entity, or any combination thereof, who holds such interest merely as security for the performance of an obligation shall not be a member solely on account thereof. Each Class A member shall be entitled to one (1) vote for each dwelling unit in which such member holds the record interest required for Class A membership.

(b) The Class B member shall be the Grantor, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof. The Class B member or members shall have one Class B membership for each lot in which such member holds the interest otherwise required for Class A membership. Each Class B member shall be entitled to three (3) votes for each lot in which such member holds the interest otherwise required for Class A membership. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

(i) thirty (30) days following the date on which the total authorized, issued and outstanding Class A memberships equal the total authorized, issued and outstanding Class B memberships multiplied by three (3); or

(ii) on January 1, 1998; or

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

ARTICLE VII. In the event any Class A member sells, assigns, or otherwise transfers of record the fee interest in any dwelling unit in which he holds the interest required for Class A membership, such member shall, at the same time, assign the Class A membership appurtenant to said dwelling unit to the transferee of the dwelling unit and deliver it to him for transfer on the books of the Corporation. The foregoing requirement shall not obtain in the event a dwelling unit is transferred as aforesaid merely as security for the performance of an obligation.

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Except as provided in this Article, Class A membership shall not be transferable and, in any event, no transfer of any Class A membership shall be made upon the books of the Corporation within ten (10) days next preceding the annual meeting of the members.

ARTICLE VIII. The number of Directors of this Corporation shall not be less than five nor more than nine and the names and post office addresses of the Directors who shall act as such until the first annual meeting, or until such time as their successors are duly chosen and qualified are:

<u>NAME</u>	<u>ADDRESS</u>
Ronald O'Neill	1030 - 15th Street, N.W. Washington, D.C.
Brian McGregor	11120 New Hampshire Avenue, Suite 208 Silver Spring, Maryland 20904
Jack Starr	7979 Old Georgetown Road, Suite 805 Bethesda, Maryland
Ainsley Wallace	5454 Wisconsin Avenue Chevy Chase, Maryland 20015
Edward Riise	c/o 1030 -15th Street, N.W. Washington, D.C.

The qualifications, powers, duties and tenure of the office of Director and the manner by which directors are to be chosen shall be prescribed and set forth in the By-Laws of the Corporation. Officers of this Corporation shall be elected and shall serve as provided for in said By-Laws.

ARTICLE IX. The Corporation shall indemnify every officer and director of the Corporation against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Corporation) to which he may be made a part by reason of being or having been an officer or director of the Corporation whether or not such person is an officer or director at the time such expenses are incurred.

The officers and directors of the Corporation shall not be liable to the members of the Corporation for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Corporation shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Corporation and the Corporation shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Corporation, or former officer or director of the Corporation may be entitled.

The directors shall exercise their powers and duties in good faith and with a view to the interests of the Corporation and the project. No contract or other transaction between the Corporation and one or more of its directors, or between the Corporation and any corporation, firm or association (including the Grantor) in which one or more of the directors of this Corporation are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such director or directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any, of the conditions specified in any of the following paragraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Corporation at the time it is authorized, ratified, approved or executed.

Common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committees thereof which authorizes, approves or ratifies any

contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such corporation, or not so interested.

ARTICLE X. This Corporation reserves the right to amend, alter or repeal any provision contained in these Articles in the manner now or hereafter prescribed by statute for the amendment of Articles of Incorporation. Such amendment shall be accomplished upon the affirmative vote of Ninety Percent of members of all classes.

ARTICLE XI. In the event of dissolution of the Corporation, the assets of the Corporation, both real and personal, shall be dedicated to an appropriate public agency to be devoted to purposes as nearly as practicable to the same as those to which they were required to be devoted by the Corporation. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by this Corporation. This Corporation shall not be dissolved without the prior written consent of at least two-thirds (2/3rds) of each class of members.

ARTICLE XII. In the event this Corporation (1) is consolidated with another corporation, or (2) is merged into another corporation, or (3) sells, leases, exchanges or otherwise transfers all or substantially all of its property and assets, nor member of this Corporation shall be entitled to demand or receive payment of any amount for his membership of or from this Corporation or the consolidated corporation, the corporation surviving the merger or the transferee (each of which is hereafter in this Article referred to as the "successor") provided, however, that the successor:

(a) Shall be a corporation organized under and by virtue of the General Laws of the State of Maryland; and

(b) Shall be without capital stock and shall not be operated for profit; and

(c) Shall be organized for the same general purposes as specified in Article IV of these Articles of Incorporation.

ARTICLE XIII. So long as there is any Class B membership of the Corporation outstanding and any mortgage or deed of

trust secured by any Lot which is a part of The Property, or any loan, bond, note, or other obligatory writing secured thereby, is then insured by the Federal Housing Administration or guaranteed by the Veterans Administration, the following actions shall require the prior written approval of the Federal Housing Administration and/or the Veterans Administration:

(a) Any merger or consolidation of this Corporation with another or any sale, lease, exchange or other transfer of all or substantially all of the assets of this Corporation to another; and

(b) Any sale, transfer, mortgage, assignment or dedication of any of the Common Areas or Community Facilities; and

(c) Any amendment of these Articles of Incorporation or the dissolution of this Corporation.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation this 24<sup>th</sup> day of March, 1980.

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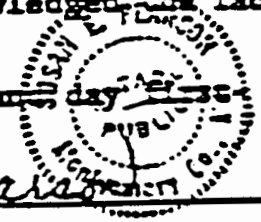
  
Patrick C. McKeever (SEAL)

STATE OF MARYLAND : ss:  
COUNTY OF MONTGOMERY:

BE IT REMEMBERED, that on this 24<sup>th</sup> day of March, 1980, personally appeared before me, a Notary Public in and for the state and county aforesaid, Patrick C. McKeever, party of the foregoing Articles of Incorporation, known personally to me as such, and I have first made known to him the contents of said Articles of Incorporation, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed, and he acknowledged the facts stated to be true as set forth.

GIVEN under my hand and Notarial Seal the year and day above written.

  
Susan E. Pearson  
Notary Public



My commission expires  
July 1, 1982

AMENDED ARTICLES OF INCORPORATION  
OF  
WATERS LANDING ASSOCIATION, INC.

approved and received for record by the State Department of Assessments and Taxation  
of Maryland October 16, 1981 at 8:30 o'clock A.M. as in conformity  
with law and ordered recorded. EFFECTIVE DATE: August 4, 1981 at 3:00 PM

Recorded in Liber 2522, folio 00513, one of the Charter Records of the State  
Department of Assessments and Taxation of Maryland.

Bonus tax paid \$ \_\_\_\_\_ Recording fee paid \$ 24.00 Special Fee paid \$ \_\_\_\_\_

To the clerk of the Circuit Court of Montgomery County

IT IS HEREBY CERTIFIED, that the within instrument, together with all indorsements thereon, has  
been received, approved and recorded by the State Department of Assessments and Taxation of Maryland.

AS WITNESS my hand and seal of the said Department at Baltimore.

*[Handwritten Signature]*



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ARTICLES OF INCORPORATION  
OF  
WATERS LANDING ASSOCIATION, INC.

approved and received for record by the State Department of Assessments and Taxation  
of Maryland August 4, 1981 at 3:00 o'clock P M. as in conformity  
with law and ordered recorded.

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Recorded in Liber 2515, folio 1734, one of the Charter Records of the State  
Department of Assessments and Taxation of Maryland.

Bonus tax paid \$ 20.00 Recording fee paid \$ 24.00 Special Fee paid \$ \_\_\_\_\_

To the clerk of the Circuit Court of Montgomery County

IT IS HEREBY CERTIFIED, that the within instrument, together with all indorsements thereon, has  
been received, approved and recorded by the State Department of Assessments and Taxation of Maryland.

AS WITNESS my hand and seal of the said Department at Baltimore.

J. Edwin Mueller





AMENDED ARTICLES OF INCORPORATION  
FOR  
WATERS LANDING ASSOCIATION, INC.

THIS IS TO CERTIFY:

That I, Patrick C. McKeever, whose post office address is 342 Hungerford Court, Rockville, Maryland 20850, being at least twenty-one (21) years of age, do hereby declare myself as incorporator with the intention of forming a corporation under and by virtue of the General Laws of the State of Maryland, and for such purposes do hereby make, execute and adopt the following Amended Articles of Incorporation:

ARTICLE I. The name of the Corporation shall be:

WATERS LANDING ASSOCIATION, INC. }

ARTICLE II. The period of existence and duration of the life of this Corporation shall be perpetual.

ARTICLE III. The principal office for the transaction of business of this Corporation shall be initially located in the County of Montgomery, State of Maryland, at:

5454 Wisconsin Avenue, Suite 1105  
Chevy Chase, Maryland 20015

The following named person shall be designated as the statutory resident agent of this Corporation and said resident agent is a citizen and actual resident of the State of Maryland:

Eugene I. Siegel  
5454 Wisconsin Avenue, Suite 1105  
Chevy Chase, Maryland 20015

ARTICLE IV. The general purpose for which this Corporation is formed, and business or objects to be carried on and promoted by it, are as follows:

(a) To organize and operate a corporation, no part of the net earnings of which is to inure to the benefit of any member or other individual;

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MONTGOMERY COUNTY, MD

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(b) To acquire and to own and to provide for the maintenance and management of certain open spaces and other community and recreational facilities located within a community being developed by The Prudential Insurance Company of America, a corporation organized and existing under the laws of the State of New Jersey, (hereinafter known as the "Grantor") known as "Waters Landing" (hereinafter known as the "project") in Montgomery County, Maryland, and to provide management services for the residential properties located therein.

For the general purposes aforesaid, and limited to those purposes this Corporation shall have the following powers:

(a) To construct, improve and maintain, operate and to buy, own, sell, convey, assign, mortgage, lease or manage any real estate and any personal property necessary or incident to the furtherance of the business of this Corporation;

(b) To borrow money and issue evidence of indebtedness in furtherance of any or all of the objects of its business, to secure the same by mortgage, deed of trust, pledge, or other lien, upon consent of two-thirds of the membership;

(c) To enter into any kind of activity, and to perform and carry out contracts of any kind necessary to, or in conjunction with, or incidental to the accomplishment of the non-profit purposes of the Corporation;

(d) To make patronage refunds to members as provided for in the By-Laws of the Corporation; and

(d) Insofar as permitted by law, to do any other thing that, in the judgment of the Board of Directors, will promote the business of the Corporation or the common benefit of its members.

The foregoing enumeration of specific powers shall not be deemed to limit or restrict in any manner the general powers of this Corporation, and the enjoyment of the exercise thereof, as conferred by the General Laws of the State of Maryland.

ARTICLE V. This Corporation shall be without capital stock and will not be operated for profit. This Corporation does not contemplate the distribution of gains, profits or dividends to any of its members. The members of this Corporation shall not be personally liable for the debts, liabilities or obligations of this Corporation.

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ARTICLE VI. The Corporation shall have two classes of voting membership which shall be known as "Class A" and "Class B":

(a) Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any dwelling unit which is or becomes subject by covenants of record to assessment by this Corporation shall be a "Class A" member of this Corporation, provided, however, that any such person, group of persons, corporation, trust or other legal entity, or any combination thereof, who holds such interest merely as security for the performance of an obligation shall not be a member solely on account thereof. Each Class A member shall be entitled to one (1) vote for each dwelling unit in which such member holds the record interest required for Class A membership.

(b) The Class B member shall be the Grantor, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof. The Class B member or members shall have one Class B membership for each lot in which such member holds the interest otherwise required for Class A membership. Each Class B member shall be entitled to three (3) votes for each lot in which such member holds the interest otherwise required for Class A membership. Each Class B membership shall lapse and become a nullity on the first to happen of the following event-

(i) thirty (30) days following the date on which the total authorized, issued and outstanding Class A memberships equal the total authorized, issued and outstanding Class B memberships multiplied by three (3); or

(ii) on January 1, 1998; or

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

ARTICLE VII. In the event any Class A member sells, assigns, or otherwise transfers of record the fee interest in any dwelling unit in which he holds the interest required for Class A membership, such member shall, at the same time, assign the Class A membership appurtenant to said dwelling unit to the transferee of the dwelling unit and deliver it to him for transfer on the books of the Corporation. The foregoing requirement shall not obtain in the event a dwelling unit is transferred as aforesaid merely as security for the performance of an obligation.

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Except as provided in this Article, Class A membership shall not be transferable and, in any event, no transfer of any Class A membership shall be made upon the books of the Corporation within ten (10) days next preceding the annual meeting of the members.

ARTICLE VIII. The number of Directors of this Corporation shall not be less than five nor more than nine and the names and post office addresses of the Directors who shall act as such until the first annual meeting, or until such time as their successors are duly chosen and qualified are:

<u>NAME</u>	<u>ADDRESS</u>
Ronald O'Neill	1030 - 15th Street, N.W. Washington, D.C.
Brian McGregor	11120 New Hampshire Avenue, Suite 208 Silver Spring, Maryland 20904
Jack Starr	7979 Old Georgetown Road, Suite 805 Bethesda, Maryland
Ainsley Wallace	5454 Wisconsin Avenue Chevy Chase, Maryland 20015
Edward Riise	c/o 1030 -15th Street, N.W. Washington, D.C.

The qualifications, powers, duties and tenure of the office of Director and the manner by which directors are to be chosen shall be prescribed and set forth in the By-Laws of the Corporation. Officers of this Corporation shall be elected and shall serve as provided for in said By-Laws.

ARTICLE IX. The Corporation shall indemnify every officer and director of the Corporation against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Corporation) to which he may be made a part by reason of being or having been an officer or director of the Corporation whether or not such person is an officer or director at the time such expenses are incurred.

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The officers and directors of the Corporation shall not be liable to the members of the Corporation for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Corporation shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Corporation and the Corporation shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Corporation, or former officer or director of the Corporation may be entitled.

The directors shall exercise their powers and duties in good faith and with a view to the interests of the Corporation and the project. No contract or other transaction between the Corporation and one or more of its directors, or between the Corporation and any corporation, firm or association (including the Grantor) in which one or more of the directors of this Corporation are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such director or directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any, of the conditions specified in any of the following paragraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Corporation at the time it is authorized, ratified, approved or executed.

Common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committees thereof which authorizes, approves or ratifies any

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contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such corporation, or not so interested.

ARTICLE X. This Corporation reserves the right to amend, alter or repeal any provision contained in these Articles in the manner now or hereafter prescribed by statute for the amendment of Articles of Incorporation. Such amendment shall be accomplished upon the affirmative vote of Two-thirds (2/3) of members of all classes.

ARTICLE XI. In the event of dissolution of the Corporation, the assets of the Corporation, both real and personal, shall be dedicated to an appropriate public agency to be devoted to purposes as nearly as practicable to the same as those to which they were required to be devoted by the Corporation. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by this Corporation. This Corporation shall not be dissolved without the prior written consent of at least two-thirds (2/3rds) of each class of members.

ARTICLE XII. In the event this Corporation (1) is consolidated with another corporation, or (2) is merged into another corporation, or (3) sells, leases, exchanges or otherwise transfers all or substantially all of its property and assets, nor member of this Corporation shall be entitled to demand or receive payment of any amount for his membership of or from this Corporation or the consolidated corporation, the corporation surviving the merger or the transferee (each of which is hereafter in this Article referred to as the "successor") provided, however, that the successor:

(a) Shall be a corporation organized under and by virtue of the General Laws of the State of Maryland; and

(b) Shall be without capital stock and shall not be operated for profit; and

(c) Shall be organized for the same general purposes as specified in Article IV of these Articles of Incorporation.

ARTICLE XIII. So long as there is any Class B membership of the Corporation outstanding and any mortgage or deed of