

COLONIAL CHARLES
COMMUNITY CONSTITUTION

*(Declaration of Covenants, Conditions,
Easements and Restrictions)*

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NOTICE: NO CHANGE, ADDITION, MODIFICATION OR ALTERATION TO THE EXTERIOR OF ANY LIVING UNIT IS PERMITTED UNLESS THE DESIGN REVIEW PROCEDURES SET FORTH IN ARTICLE 7 OF THIS COMMUNITY CONSTITUTION ARE FOLLOWED. ANY HOMEOWNER DESIRING TO MAKE SUCH AN ALTERATION MUST FIRST SUBMIT AN APPLICATION FOR APPROVAL AND OBTAIN PERMISSION FROM THE APPROPRIATE DESIGN REVIEW ENTITY PURSUANT TO SECTION 7.4 HEREIN.

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EXHIBITS

"A" - Description of Property Subject to Right of Annexation

APPENDICES

- One Definitions of Significant Terms Utilized in the Governing Documents
- Two The Community Founder's Reserved Rights and Obligations

**COLONIAL CHARLES
COMMUNITY CONSTITUTION**

***(Declaration of Covenants, Conditions,
Easements and Restrictions)***

CHARLES RETREAT, LLC, a Virginia limited liability company, hereinafter referred to as "Community Founder", hereby affirms, adopts and subscribes to the purposes and provisions of this Community Constitution and declares that the covenants, conditions, restrictions, and easements contained herein, as well as any subsequent covenants, conditions, restrictions, easements, and Community Codes which are promulgated or adopted in accordance with, or which become a part of, the Governing Documents shall be binding upon and applicable to all real property subjected to this Community Constitution by one or more Declarations of Annexation as provided herein. The Community Founder intends by the recordation of this Community Constitution to create a general plan and scheme of development for a community known as Colonial Charles ("Colonial Charles"). The Community Constitution provides a framework for an orderly and reasonable development and operation of Colonial Charles. The Governing Documents for Colonial Charles provide various rights and privileges to the Community Founder to permit it to achieve its development goals, including implementation of the Community Plan, in a reasonable manner. The Community Constitution also confers powers and authority to Colonial Charles Community Association, Inc., a Maryland non-stock corporation comprised of all Owners within Colonial Charles, to permit the reasonable administration and operation of the Association and to permit the Association to maintain and preserve the Community Areas.

**ARTICLE 1
PREAMBLE**

WHEREAS, as of the date of recordation of this Community Constitution, the Community Founder is the owner of certain real property in the County of Charles, State of Maryland, which is more particularly described on the legal description attached hereto and made part hereof as Exhibit "A"; and

WHEREAS, the Community Founder desires to provide for the preservation and enhancement of property values within the Community; and

WHEREAS, the Community Founder desires to adopt and implement a common scheme of development intended to provide for and maintain a high quality of life for the Owners within the Community; and

WHEREAS, the Community Founder desires to develop the Community as an age qualified residential community oriented towards the needs and interests of persons fifty-five (55) years of age and older; and

WHEREAS, it is the intention of the Community Founder to provide opportunities to the Owners within the Community to enjoy a community environment that enriches the lives of persons fifty-five years of age and older, that fosters neighborhood congeniality and that

engenders an overall spirit that establishes the Community as a rewarding place to live and grow;
and

WHEREAS, the Community Founder believes that for the Community to offer unique opportunities to its Owners, its Owners must necessarily make special efforts to contribute to the well-being of the Community; and

WHEREAS, the Community Founder intends to develop the Property in a manner that combines business and social objectives; and

WHEREAS, to accomplish these objectives the Community Founder believes that it is in the best interests of the Community for the Community Founder to maintain a significant and influential role in the implementation of the Community Plan and the Community Founder has therefore retained numerous rights and will exercise significant control and influence over the Property until the development process has been completed.

NOW, THEREFORE, in consideration of the foregoing, the provisions of which are a substantive part of this Community Constitution, and other good and valuable consideration, the Community Founder hereby declares that, upon recordation of one or more Declarations of Annexation in accordance with this Community Constitution, all or any portion of the real property described on Exhibit "A" hereto and any other real property annexed within the jurisdiction of the Association in accordance with Article 2 and Appendix Two hereof, shall thereafter be held, conveyed, hypothecated, encumbered, sold, leased, rented, used, occupied and improved subject to the covenants, conditions, restrictions and easements set forth in the Governing Documents, as modified and amended from time to time, all of which shall run with the real property subjected to the Governing Documents and which shall be binding on all parties having any right, title or interest in all or any portion of the Community, their respective heirs, personal representatives, successors, transferees and assigns, as well as occupants, guests and invitees, and shall inure to the benefit of each Owner thereof.

ARTICLE 2
PLAN OF DEVELOPMENT

Section 2.1. Property to be Subjected to the Governing Documents. The real property which shall be held, conveyed, hypothecated, encumbered, sold, leased, rented, used, occupied and improved subject to the Governing Documents shall be as described in one or more Declarations of Annexation recorded among the Land Records of Charles County, Maryland. As set forth more fully in Appendix Two hereof, all or any portion of the real property described on Exhibit "A" hereto, as well as any real property shown on the Development Plan and any real property contiguous to or in the vicinity of the Community, may be annexed within the jurisdiction of the Association unilaterally by the Community Founder, regardless of the ownership of such real property at the time of annexation. This Community Constitution, each Declaration of Annexation, the Bylaws, the Articles of Incorporation and the Community Codes together establish a general plan of development for Colonial Charles and this general plan of development may be modified or amended from time to time by supplemental or additional covenants, restrictions, rules, or easements applicable to all or portions of the Annexable

Property at the time such property is annexed within the jurisdiction of the Association. Such supplemental and additional covenants, restrictions, rules, or guidelines may be more or less restrictive than the provisions of this Community Constitution.

Section 2.2. Annexations. The real property described on Exhibit "A" hereto, any real property shown on the Development Plan and any real property contiguous to or in the vicinity of the Community, may be annexed within the jurisdiction of the Association by or with the consent of the Community Founder and the record owner of the property to be annexed, without the consent of the Class A Members of the Association or any other party, for a period of twenty (20) years from the date of the recordation of this Community Constitution. The Community Founder may transfer its right to annex the Annexable Property in accordance with Section 16.4 of this Community Constitution. Nothing in this Community Constitution shall be construed to require the Community Founder, or any successor or assign of the Community Founder, to annex or develop any portion of the Property and the Community Founder reserves the right to utilize or develop any portion of the Annexable Property for any lawful purpose.

The Association shall also have the right to annex any real property to this Community Constitution. Annexations by the Association shall require the consent of the owner of the property to be annexed, the consent of a majority of the Members of the Association, and the consent of the Community Founder, provided the Community Founder owns, or has the right to purchase, any portion of the Property or the Annexable Property.

Section 2.3. Deannexation. So long as the Community Founder owns, or has the right to purchase, any portion of the Property or the Annexable Property, the Community Founder may unilaterally amend this Community Constitution in order to remove (deannex) any portion of the Property from the force and effect of this Community Constitution and the other Governing Documents, provided that such deannexation does not have an actual substantial and material adverse impact on the remaining portion of the Property. Upon the recordation of an amendment to withdraw any portion of the Property, such deannexed property shall no longer be subject to the provisions of the Governing Documents except for (i) any easements, rights, reservations, exemptions, powers or privileges reserved to the Community Founder pursuant to the Governing Documents which affect the deannexed property and (ii) any other easements, rights, reservations, exemptions, powers or privileges which are expressly reserved to the Community Founder in the instrument effectuating such deannexation. Such deannexation shall be made by recording a written instrument among the Land Records of Charles County, Maryland (the "Land Records"), withdrawing the effect of the covenants, conditions, restrictions and easements of the Governing Documents from the deannexed property.

Section 2.4. Community Property. The Community Property shall be annexed within the Association by the Community Founder in accordance with all County approvals, including any preliminary subdivision plans, site development plans or final subdivision plats, as amended, and as approved by the County, and shall otherwise be in accordance with the Development Plan, and in accordance with Article 2, Section 2.2 hereof. The Community Founder reserves the right to seek an amendment to any regulatory approval for the purpose of modifying the location and amount of real property comprising the Community Property, and for the purpose of modifying the improvements to be constructed on such Community Property, including, but not

limited to, an amendment whereby such improvements are no longer required to be constructed, which amendment shall be reviewed by the County in accordance with applicable law. Such amendment shall be effective only if approved by the County. All real property (and any improvements thereon) conveyed by the Community Founder to the Association shall be accepted by the Association and shall be maintained by the Association in accordance with the Governing Documents.

Section 2.5. Housing for Older Persons; Age Restriction.

(a) For purposes of this Section 2.5, the following terms shall have the meanings set forth below:

(i) "Age Qualified Resident" shall mean an Owner or occupant of a Living Unit who is fifty-five (55) years of age or older (or such other age as may be required by the Fair Housing Acts, as defined below);

(ii) "Qualifying Resident" shall mean an Owner or occupant of a Living Unit who is at least fifty (50) years of age or older and who meets one of the following requirements:

(A) was residing with the Age Qualified Resident in the Living Unit prior to the death or incapacity of the Age Qualified Resident;

(B) was residing with the Age Qualified Resident in the Living Unit prior to the placement of the Age Qualified Resident in a facility for the care of the elderly or the disabled; or

(C) was the spouse of the Age Qualified Resident and was residing with the Age Qualified Resident in the Living Unit prior to the dissolution of the marriage with the Age Qualified Resident.

(b) The Community is intended to constitute housing intended and operated for occupancy by persons fifty-five (55) years of age or older, to the extent required by the Fair Housing Act, 42 U.S.C. Sec. 3601, *et seq.*, and the Maryland Fair Housing Law, Md. Code Ann., Art. 49B, Sec. 20(1), *et seq.*, as such laws are amended from time to time (collectively, the "Fair Housing Acts"). Occupancy of all Living Units shall be in accordance with the Fair Housing Acts at all times.

Unless otherwise prohibited by the Fair Housing Acts, persons twenty-one (21) years of age or older (a "Permitted Resident") may occupy a Living Unit with an Age Qualified Resident or a Qualifying Resident, without Board approval, only so long as the Age Qualified Resident or Qualifying Resident at all times resides in the Living Unit with such Permitted Resident. A Permitted Resident will only be permitted to reside with a Qualifying Resident if the Permitted Resident was residing in the Living Unit with the Age Qualified Resident on either (i) the death or incapacity of the Age Qualified Resident, (ii) placement of the Age Qualified Resident in a facility for the care of the elderly or the disabled, or (iii) the dissolution of the marriage of the Age Qualified Resident (i.e., no new individuals age twenty-

one (21) to fifty-four (54) can move into a Living Unit after the death, divorce or incapacity of the Age Qualified Resident).

(c) No Living Unit may be occupied by any person under the age of twenty one (21) years.

(d) Nothing contained in this Section 2.5 shall be deemed to prohibit the visitation by persons not otherwise permitted to occupy a Living Unit (including persons under the age of twenty-one) who are the family members or guests of the Owner or occupant of a Living Unit, provided that such visitation shall not be for more than thirty (30) days in any six (6)-month period.

(e) Each contract of sale or lease agreement for a Living Unit must include a certification from the purchaser or lessee that the Living Unit will be occupied by an Age Qualified Resident, and identify the names and birth date of each resident. Each Owner, Age Qualified Resident, or Qualifying Resident of a Living Unit shall furnish to the Board, upon request, the names and ages of all occupants of the Living Unit, along with such affidavits and other documents as the Board may request to verify the age of such occupants.

(f) The Board shall adopt, publish and enforce such policies and procedures and rules and regulations as are deemed necessary by the Board in order to demonstrate an intent to maintain the status of the Community as housing for older persons under the Fair Housing Acts. Such policies and procedures shall provide for verification of the age of the occupants by reliable surveys and affidavits on an annual basis.

(g) The requirements contained in this Section 2.5 are intended to comply with the familial status exemption provisions of the Fair Housing Acts and any regulations issued thereunder as well as the laws and regulations of Charles County. Notwithstanding any other provision of this Community Constitution to the contrary, the Community Founder, so long as the Community Founder owns any Living Unit, and thereafter the Board, may amend the provisions of this Section 2.5 to the extent necessary or appropriate, without the approval of the Members, in order to comply with the exemption requirements under the Fair Housing Acts or any regulations promulgated thereunder, and/or the applicable laws and regulations of Charles County.

(i) A Living Unit without an Age Qualified Resident may continue to be occupied by a Qualifying Resident and Permitted Residents (a "Qualifying Household") as long as the number of Qualifying Households does not exceed 20% of the total occupied Living Units within the Community.

(k) The Association shall have the power and authority to enforce this Section 2.5 in any legal manner available, and the Board shall take such action as the Board deems necessary and appropriate to monitor compliance and enforce this Section 2.5, in order to preserve its ability to enforce this Section 2.5 and the Community's eligibility for exemption from the Fair Housing Acts. Such action may include, without limitation, conducting a census of the occupants of the Living Units, requiring copies of birth certificates or other proof of age for

each occupant of the Living Unit to be provided to the Board on a periodic basis, and taking action to evict the occupants of any Living Unit which is not in compliance with the requirements and restrictions of this Section 2.5. The Board is required to enforce this Section 2.5, and shall not elect to waive its enforcement rights and obligations hereunder. EACH OWNER HEREBY APPOINTS THE ASSOCIATION AS ITS ATTORNEY-IN-FACT FOR THE PURPOSE OF TAKING LEGAL ACTION TO DISPOSSESS, EVICT, OR OTHERWISE REMOVE THE OCCUPANT OF HIS OR HER UNIT AS NECESSARY TO ENFORCE COMPLIANCE WITH THIS SECTION 2.5. Each Owner shall fully and truthfully respond to any and all requests by the Association for information regarding the occupancy of his or her Living Unit that, in the judgment of the Board, are reasonably necessary to monitor compliance with this Section 2.5.

(l) Each Owner shall be responsible for ensuring compliance of its Living Unit with the requirements and restrictions of this Section 2.5 and the rules of the Association adopted hereunder by itself and by its tenants and other occupants of its Living Unit. EACH OWNER, BY ACCEPTANCE OF TITLE TO A LIVING UNIT, AGREES TO INDEMNIFY, DEFEND, AND HOLD THE ASSOCIATION HARMLESS FROM ANY AND ALL CLAIMS, LOSSES, DAMAGES, AND CAUSES OF ACTION THAT MAY ARISE FROM FAILURE OF SUCH OWNER'S LIVING UNIT TO SO COMPLY.

(m) The Commissioners of Charles County, Maryland are hereby designated as third-party beneficiaries of the covenants set forth in this Section 2.5 based upon their agreement to exempt the Community from the obligation to be subject to an impact fee for school capacity, and they shall have the right, but not the obligation, to enforce this Section 2.5 by any means available at law or in equity.

Section 2.6. Disclaimer of Implied Covenants. Nothing contained in this Community Constitution and nothing which may be represented to a purchaser by real estate brokers or salespersons shall be deemed to create any implied covenants, servitudes or restrictions with respect to the use of any Property or any part of the Annexable Property.

ARTICLE 3 **PROPERTY RIGHTS**

Section 3.1. Owner's Easements of Enjoyment. Every Owner shall have a non-exclusive right and easement of use, access and enjoyment in and to the Community Property, including an easement for the use and enjoyment of the private streets, roadways, parking areas, trails and walkways within the Community Property. All amenities and facilities constructed or contained within the Community Property shall be for the exclusive use of the Owners. Each Owner's right to use and enjoy the Community Property shall extend to members of the Owner's family, lessees and invitees, subject to applicable Community Codes. Any Owner who leases his/her Living Unit shall be deemed to have assigned his/her right to utilize the Community Property to the lessee of the Living Unit. The Owner's easement of enjoyment shall be appurtenant to and shall pass with the title to every Living Unit, subject to:

- (a) the rights and obligations set forth in the Governing Documents, as amended from time to time, and any other covenants and easements relating to the Community Property;
- (b) any covenants, conditions, easements, restrictions or reserved rights contained in any deed conveying Community Property to the Association;
- (c) the right of the Association to charge reasonable admission or other fees for the use of the Community Property or any facilities situated upon the Community Property;
- (d) the right of the Association to suspend an Owner's right to use the Community Property and/or any facilities situated thereon (i) for any period during which any assessment against such Owner's Living Unit remains delinquent, and (ii) for a period not to exceed thirty (30) days for each infraction of the Governing Documents, or in the case of a continuing violation of the Governing Documents, until the continuing violation is cured, provided that such Owner is given reasonable notice of the violation and an opportunity for a hearing in accordance with the Governing Documents;
- (e) the right of the Association to dedicate or transfer all or any part of the Community Property to any public agency, authority, or utility for such purposes as are consistent with the purposes of the Governing Documents and subject to such approval requirements as may be set forth in the Governing Documents;
- (f) the right of the Association to limit the number of guests of Owners that may utilize the Community Property and any facilities situated thereon;
- (g) the right of the Association to establish Community Codes pertaining to the use of the Community Property and any facilities situated thereon including, without limitation, the right of the Association to designate portions of the Community Property as Exclusive Community Property;
- (h) the rights of the Association, the Community Founder, utility companies and Owners with respect to the easements established by or created pursuant to the Governing Documents;
- (i) the right of the Association, in accordance with the Governing Documents, to borrow money for the purpose of improving the Community Property and any facilities situated thereon in a manner designed to promote the enjoyment and welfare of the Owners and in aid thereof to mortgage any of the Community Property and facilities situated thereon;
- (j) the right of designated Owners to the exclusive use of any portions of the Community Property designated as Exclusive Community Property;
- (k) the rights of the Community Founder to grant easements, to utilize reserved rights and easements, and to otherwise utilize the Community Property as it deems appropriate in connection with the development of the Community;

(l) the right of the Association to grant easements, licenses or other rights over, under or through the Community Property to Owners, and to utility companies or other persons or entities, for such consideration and on such terms and conditions as the Association may from time to time consider appropriate; and

(m) such other rights of the Association as are not inconsistent with the Governing Documents.

Section 3.2. Limitations. Any other provision of this Community Constitution to the contrary notwithstanding, the Association shall have no right to suspend the right of any Owner to use any private streets, roadways, or parking areas within the Community Property for both vehicular and pedestrian ingress and egress to and from such Owner's Living Unit and for parking; provided, however, that the Association shall have the right to designate the use of parking spaces within the Community Property.

ARTICLE 4 THE ASSOCIATION AND ITS MEMBERS

Section 4.1. Purpose and Role of the Association. The Association shall be responsible for the management, operation and control of the Community Areas. The Association is empowered to enforce the Governing Documents. The Association shall exercise its responsibilities in accordance with the Governing Documents.

Section 4.2. Membership in the Association. Every Owner shall be a Member of the Association. With the exception of the Community Founder, no Owner, whether one (1) or more persons or entities, shall have more than one (1) membership for each Living Unit owned. However, all Owners shall be subject to the Governing Documents. Membership in the Association shall be appurtenant to and may not be severed from ownership of any Living Unit. Membership rights and obligations are more fully described in the Bylaws.

Section 4.3. Voting Rights. The Association shall have two (2) classes of voting membership.

Class A. With the exception of the Community Founder and the Participating Builders (until expiration of the Class B memberships as provided below), every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is an Owner of any Living Unit which has been annexed into the Community 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, or any combination thereof, 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. Ownership of a Living Unit shall entitle each Owner holding the interest required for Class A membership to cast one (1) vote; provided, however, that if more than one (1) person or entity are the Owners of a Living Unit, the vote for such Living Unit shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association, but in no event shall more than one (1) vote be cast with respect to any Living Unit. Any Owner that leases a Living Unit may, in the lease or other written

instrument, assign the voting right appurtenant to such Living Unit to the Owner's lessee, provided that a copy of such instrument is furnished to the Association. Notwithstanding anything herein to the contrary, the Community Founder shall be a Class A Member with respect to any Living Unit owned by the Community Founder and occupied for residential purposes.

Class B. There shall initially be one thousand four hundred thirteen (1,413) Class B memberships in the Association. This number shall be increased by three (3) memberships for each Living Unit which is annexed within the jurisdiction of the Association in accordance with Article 2 of this Community Constitution in excess of four hundred seventy one (471) and shall be decreased by three (3) memberships for each Living Unit conveyed to a Class A Member (excluding any Living Unit conveyed to a Participating Builder; the Community Founder shall retain the Class B membership and voting rights of Living Units owned by Participating Builders). The Class B Member shall be the Community Founder, 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 in writing from the Community Founder. The Class B Member shall be entitled to one (1) vote for each Class B 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 votes of the Class A Members equals the number of Class B memberships;

(ii) fifteen (15) years from the date of recordation of this Community Constitution; provided, however, that if the Community Founder is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Community Founder's control, then the aforesaid fifteen (15) year period shall be extended by a period of time equal to the length of the delays or an additional three (3) years, whichever is less; or

(iii) when in its discretion the Class B member elects to relinquish its Class B memberships.

Upon the lapse or surrender of any of the Class B memberships as provided for in this Article, the Community Founder shall thereafter remain a Class A Member of the Association as to each and every Living Unit from time to time subject to the terms and provisions of this Community Constitution in which the Community Founder then holds the interest otherwise required for Class A membership. The Community Founder shall continue to retain all other rights reserved to the Community Founder in the Governing Documents, notwithstanding the lapse or surrender of the Class B Memberships.

ARTICLE 5

COVENANT FOR ASSESSMENTS

Section 5.1. Creation of Lien and Personal Obligation for Assessments. Except as Assessments of the Community Founder and Participating Builders are limited herein, each

Owner of a Living Unit, by acceptance of a deed therefor, whether or not expressly stated in such deed, shall be deemed to covenant and agree to pay the Association all Annual Assessments, Special Assessments and Local Area Assessments as may be levied by the Association in accordance with the Governing Documents. Each Assessment, together with interest, costs, late fees and reasonable attorneys' fees and other legal and collection costs, shall be a charge on the Living Unit (including all improvements thereon), and shall be a continuing lien upon the property against which each such Assessment is made, provided the requirements of the Maryland Contract Lien Act, if applicable, have been fulfilled. Each Assessment, together with interest, costs, late fees and reasonable attorneys' fees and other legal and collection costs shall also be the personal obligation of the Owner of the Living Unit at the time the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to a prior Owner's successors in title unless expressly assumed by such successors, however any lien established prior to the transfer of any Living Unit shall continue until paid and satisfied in full. No Owner shall be exempt from liability for Assessments by abandonment of such Owner's Living Unit or by the abandonment of such Owner's right to the use and enjoyment of the Community Property, or by any other means. No Owner shall be entitled to any diminution, abatement or set-off of Assessments for any alleged failure of the Association to perform its duties or for any reduction in services or benefits by the Association.

Section 5.2. Purpose of Assessments. Assessments levied by the Association may be used to promote the recreation, health, safety and welfare of the Owners within the Community and for any lawful purpose relating to the proper conduct of Association activities, including, without limitation, the following:

(a) improvement, maintenance, repair, and replacement of the Community Areas including some or all of the rights-of-way, driveways, entry strips, signs, entrance features, trails, sidewalks, swimming pool, tennis courts, street lights, ponds, lakes, clubhouse facilities, or improvements located within the Community, or which are appurtenant to and serve or benefit the Community;

(b) improvement, maintenance, repair and replacement of all storm water management facilities (including, without limitation, ponds, basins, storm drainage pipes, inlets, oil grit separators, drainage areas, and underground facilities, if any) located within the Community, or which are designed to benefit or serve any portion of the Community, or which are otherwise required or intended to be maintained by the Association pursuant to any easement, agreement or the direction of any governmental or quasi-governmental authority or agency;

(c) payment of charges or expenses accruing with respect to off-site facilities that serve or benefit the Community, which the Association elects to maintain or which are otherwise required or intended to be maintained by the Association pursuant to any easement, agreement or the direction of any governmental authority or agency;

(d) payment of all taxes, charges and assessments levied against the Community Property and any facilities situated thereon;

(e) payment for services provided to the Association for the benefit of the Community Property, any facilities situated thereon, as well as for the Living Units and/or Owners, to the extent the Association agrees to provide such services;

(f) payment of management fees, utility charges and operating expenses relating to the Community Areas and any facilities situated thereon;

(g) payment of insurance premiums for liability and property insurance on the Community Areas and any facilities situated thereon, for directors and officers liability insurance, and for such other insurance as the Association may obtain with respect to its officers and directors or the Community Property, any facilities situated thereon and/or the Living Units within the Community;

(h) funding all reserves established by the Association, including, without limitation, general operating reserves and reserves for replacements and/or contingencies;

(i) payment of all other costs and expenses incurred by the Association in the proper conduct of its activities or as may be deemed by the Board of Directors to be in any reasonable way related to the well being of the Community and the Owners.

Section 5.3. Adoption of Common Expense Budget. At least ninety (90) days before the beginning of each fiscal year, the Board of Directors shall make a reasonable effort to prepare a budget setting forth the estimated Common Expenses during the coming year, including a reasonable amount to establish a reserve fund in accordance with this Article 5.

The Association is hereby authorized to levy Annual Assessments against all Living Units subject to assessment to fund the Common Expenses. The Annual Assessment shall be set at a level which is reasonably expected to produce revenue for the Association equal to the total budgeted Common Expenses, including reserves. Either the Community Founder or the Association may, but shall not be required to, increase or decrease the Annual Assessment otherwise applicable to specific Living Units to such amount as the Community Founder or Board of Directors deems to be appropriate in relation to the scope or level of services, benefits or voting rights available or anticipated to be utilized by Members within such Living Units as well as the cost to the Association of providing such services and benefits.

So long as the Community Founder retains the Community Founder's Rights and Obligations as set forth in Appendix Two, the Community Founder may, but shall not be obligated to, reduce the Annual Assessment for any fiscal year by payment of a subsidy in the form of a contribution, an advance against future assessments due from the Community Founder, or a loan, (or a combination of each) in the Community Founder's sole discretion. Any such subsidy and the form thereof shall be set forth as a separate line item in the budget. The payment of a subsidy in any year shall not obligate the Community Founder to continue payment of a subsidy in any other year. Except for the payment of any subsidy which the Community Founder voluntarily elects to provide, the Community Founder shall be exempt from the payment of all Assessments. In the event of a loan to the Association, the costs of repaying the loan shall be Common Expenses.

In addition to the Community Founder's right to pay to the Association a subsidy as described in the preceding paragraph, any Participating Builder may, in its sole discretion, pay to the Association a subsidy in the form of a contribution. Furthermore, if the Community Founder (so long as the Community Founder retains the Community Founder's Rights and Obligations as set forth in Appendix Two) and the Association consent, a Participating Builder may pay to the Association a subsidy in the form of an advance against future assessments due from the Participating Builder or a loan (or a combination of each). Any such subsidy and the form thereof shall be set forth as a separate line item in the budget. In the event of a loan to the Association, the costs of repaying the loan shall be Common Expenses. Notwithstanding anything contained in this paragraph, no Participating Builder may reduce, or compel the Association or the Community Founder to reduce, the Annual Assessment for any fiscal year in exchange for the payment of a subsidy by the Participating Builder. The payment of a subsidy in any year shall not obligate the Participating Builder to continue payment of a subsidy in any other year.

The Board of Directors shall make a reasonable effort to send a copy of the budget and a notice of the amount of the Annual Assessment for the following year to each Owner at least thirty (30) days prior to the beginning of the fiscal year for which it is to be effective. The budget and Assessments shall become effective unless a special meeting of the Association is held and at such special meeting the budget and Assessments are disapproved by Members representing at least a majority of the total votes in the Association. There shall be no obligation to call a special meeting of the Association for the purpose of considering the budget except on petition of the Members as provided for special meetings in the Bylaws.

If the proposed budget and Annual Assessment is disapproved or if the Board of Directors fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

Section 5.4. Adoption of Local Area Budgets. In addition to the budget for Common Expenses set forth in Section 5.3 above, at least ninety (90) days before the beginning of each fiscal year, the Board of Directors shall, if Local Area Expenses are anticipated for the coming year, make a reasonable effort to prepare a separate budget covering the estimated Local Area Expenses for each Local Area on whose behalf Local Area Expenses are anticipated to be incurred during the coming year. The Board of Directors shall be entitled to establish a budget and Local Area Assessments for a Local Area if it determines that additional services, benefits or facilities are being provided to such Local Areas. In addition, a Local Area Committee may request that additional services, benefits or facilities be provided by the Association, and in such case, any additional anticipated costs may be added to the budget for Local Area Expenses. Such budget shall include a reserve fund for repair and replacement of any capital items maintained within the Local Area which are intended to be utilized primarily by Members within the Local Area.

The Association may levy Local Area Assessments equally against all Living Units within the Local Area which are subject to Assessments; provided, if so specified in the Declaration of Annexation applicable to such Local Area or if so directed by the Local Area

Committee, any portion of the Local Area Assessment intended for exterior maintenance of structures, landscaping of individual Living Units, insurance on structures, or any other expenses intended to benefit particular Living Units, may be levied on each of the benefited Living Units based upon the anticipated costs to be incurred for such benefited Living Units.

The Board of Directors shall make a reasonable effort to send a copy of the budget for the Local Area and notice of the amount of the Local Area Assessment for the coming year to each Owner of a Living Unit in the Local Area at least thirty (30) days prior to the beginning of the fiscal year. Such budget and Assessment shall become effective unless disapproved by a majority of the Owners of Living Units in the Local Area to which the Local Area Assessment applies.

If the proposed budget and Assessment for any Local Area is disapproved or if the Board of Directors fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

Section 5.5. Special Assessments. In addition to the Annual and Local Area Assessments authorized by this Article, the Association may levy in any assessment year a Special Assessment or Special Assessments, applicable in that year only, for the purpose of defraying any unbudgeted expenses or any expenses in excess of those contained in the budget, or for such other purposes as the Board of Directors may consider appropriate in its discretion; provided, however, that any such Special Assessment which exceeds fifteen percent (15%) of the annual budget for the current year shall have the prior consent of Members (if the Special Assessment is to fund a Common Expense) or Owners (if the Special Assessment is to fund a Local Area Expense) representing at least fifty-one percent (51%) of the total votes allocated to Living Units which will be subject to the Special Assessment, and the consent of the Community Founder, during the Community Founder's Rights and Obligations Period. A Special Assessment may be levied against all Members if it relates to Common Expenses or against the Living Units within a Local Area if it relates to Local Area Expenses. The Association may also levy a Special Assessment against any Owner to reimburse the Association for costs incurred in bringing the Owner and/or such Owner's Living Unit into compliance with the Governing Documents; provided, that such Special Assessment may only be levied upon the affirmative vote of the Board of Directors, after notice and an opportunity for a hearing has been provided to the Owner.

Section 5.6. Commencement and Applicability of Assessments. Assessments shall commence as to each Living Unit which has been annexed to the Community pursuant to a Declaration of Annexation on the first day of the month following (a) the date upon which the Declaration of Annexation has been recorded against such Living Unit or (b) the date upon which the Board of Directors adopts a budget and determines to levy Assessments; subject, however, to (i) the exemption of the Community Founder from the payment of Assessments as provided in Section 5.3, and (ii) the flat-rate Assessment applicable to Participating Builders under the circumstances described in Section 5.7. Annual Assessments and annual Local Area Assessments shall be adjusted based upon the number of months remaining in the fiscal year in which the Assessments commence. No Living Unit, including Living Units owned by the

Community Founder or Participating Builders, shall be subject to any Assessment by the Association prior to annexation.

Section 5.7. Assessments Applicable to Participating Builders. Each Participating Builder shall be subject to a single Assessment of Seven Hundred Fifty Dollars (\$750.00) per Living Unit owned by such Participating Builder (the "Builder Assessment"), unless otherwise agreed to by the Community Founder. The Builder Assessment shall be payable upon the later to occur of (i) conveyance of such Living Units from the Community Founder to the Participating Builder or (ii) annexation of the Living Units into the Community by a Declaration of Annexation. The Builder Assessment shall be in lieu of all other Assessments levied by the Association against such Living Units during the period in which such Living Units are owned by the Participating Builder (up to a maximum of eighteen [18] months after conveyance of such Living Units from the Community Founder to the Participating Builder); provided, however, that (i) each Participating Builder shall pay full Assessments for any Living Units owned by the Participating Builder upon which a Living Unit has been completed and occupied, (ii) the grantees of each Participating Builder shall be liable for the Initial Contribution and all subsequent Assessments applicable to Living Units (it being understood that Builder Assessments shall not be in lieu of Assessments due by owners other than Participating Builders), and (iii) full Assessments shall in all events commence no later than eighteen (18) months after conveyance of such Living Units from the Community Founder to the Participating Builder.

For purposes of calculating the number of Living Units within a condominium structure to be subject to the Builder Assessment, the number of condominium units approved for the parcel being conveyed from the Community Founder to the Participating Builder shall be utilized. If more or less Living Units are actually constructed, then the Assessments shall be adjusted upon completion of construction, based upon the actual number of Living Units constructed.

Section 5.8. Exempt Property. No portion of the Community Property or the facilities situated thereon shall be subject to assessment of any kind by the Association.

Section 5.9. Initial Contribution. Except for the Community Founder and Participating Builders, each Owner of a Living Unit, by acceptance of a Deed therefore, shall be deemed to covenant and agree to pay to the Association an "Initial Contribution" in the amount of One Thousand Five Hundred Dollars (\$1,500.00) to assist with the funding of the operation of the Association. The "Initial Contribution" shall be payable by the initial non-Community Founder, non-Participating Builder purchaser of each Living Unit (the "Initial Purchaser") upon settlement on such Living Unit. The Initial Contribution shall be in addition to other Assessments and shall not be considered an advance payment of Assessments.

Either the Community Founder or, if the Community Founder Consents, a Participating Builder may pay in advance, on behalf of a future Owner(s), all or part of the Initial Contribution applicable to one or more Living Units. In that event, the initial non-Community Founder, non-Participating Builder purchaser of a Living Unit shall reimburse the Community Founder or Participating Builder, as the case may be, upon settlement on said Living Unit.

Section 5.10. Reserves. The Association shall establish and maintain a reasonable reserve fund for the repair and replacement of the Community Areas and the Exclusive Community Property and any facilities situated thereon. Such reserve fund may also be established for the repair and replacement of any property, improvements or facilities otherwise required or intended to be maintained by the Association pursuant to any easement, agreement or the direction of any governmental authority or agency. The Board of Directors shall set the required reserve fund contribution in an amount sufficient to meet the projected reserve needs of the Association. The reserve fund contribution shall be included as part of the Association's annual budget, and shall be payable as part of the (i) Annual Assessment applicable to all Living Units (except as otherwise provided with respect to Living Units owned by the Community Founder and Participating Builders) to the extent such reserve fund will be utilized to replace assets which are determined by the Board of Directors to benefit substantially all Owners, and (ii) Local Area Assessments to the extent such reserve fund will be utilized to replace assets which are determined by the Board of Directors to primarily benefit the Owners of the Living Units subject to such Local Area Assessment. The Association may establish such other reserve funds as the Board of Directors may from time to time consider necessary or desirable, including, without limitation, a general operating reserve. The proportional interest of an Owner in any reserve fund established by the Association shall be considered an appurtenance of such Owner's Living Unit and shall not be separately withdrawn, assigned, transferred or otherwise separated from the Living Unit to which it appertains, and shall be deemed to be transferred with such Living Unit.

Section 5.11. Community Enhancement Fee. Each Owner who takes title to a Living Unit after the conveyance to the Initial Purchaser, by acceptance of a Deed therefore, shall be deemed to covenant and agree to pay to the Association a "Community Enhancement Fee" in the amount of Five Hundred Dollars (\$500.00), which shall be deposited into, and become a part of, a community enhancement fund for the purpose of enhancing Community Property. The Community Enhancement Fee shall be in addition to other Assessments and shall not be considered an advance payment of Assessments. The Association may increase or decrease the amount of the Community Enhancement Fee imposed on such subsequent conveyances of Living Units, provided that the Community Founder consents to such adjustment (so long as the Community Founder retains the Community Founder's Rights and Obligations as set forth in Appendix Two).

ARTICLE 6

REMEDIES OF ASSOCIATION FOR NON-PAYMENT OF ASSESSMENTS

Section 6.1. Non-Payment of Assessments. Any Assessment levied by the Association pursuant to the Governing Documents which is not paid within ten (10) days after the due date established for such Assessment by the Board of Directors, may, upon resolution of the Board, bear interest from the due date until paid at the rate of interest established by the Board, not to exceed the maximum, if any, rate of interest permitted under the laws of the State of Maryland. The Board of Directors may also impose a reasonable late fee, subject to applicable law, against any Owner (and such Owner's Living Unit) for failure to pay any Assessment within ten (10) days after the due date for such Assessment. The Association may bring an action at law against the Owner personally obligated to pay the delinquent Assessment, and/or establish and foreclose

the lien against such Owner's Living Unit in the manner now or hereafter provided under the Maryland Contract Lien Act, or as may otherwise be provided under applicable law.

Section 6.2. Assessment Certificate. The Association shall, upon demand of any Owner, issue such Owner a written certificate signed by an officer of the Association setting forth whether the Assessments applicable to such Owner's Living Unit have been paid, and if not paid, the amount of the delinquent Assessments. A properly executed certificate of the Association regarding the status of Assessments on a Living Unit shall be binding on the Association as of the date of issuance. If not prohibited by applicable law, the Association may charge a reasonable fee for the issuance of each such certificate.

Section 6.3. Acceleration of Installments. Upon default in the payment of any Assessment, the entire balance of all unpaid Assessments for the remainder of the fiscal year may, at the Board's discretion, be accelerated and declared due and payable in full, in the same manner as the delinquent portion of such Assessment.

Section 6.4. Priority of Lien. The lien for Assessments under the Governing Documents shall be subordinate to the lien of any first mortgage or deed of trust recorded against a Living Unit. The sale or transfer of any Living Unit shall not affect the Assessment lien; provided, however, that the sale or transfer of any Living Unit pursuant to mortgage or deed of trust foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to installments which became due prior to such sale or transfer. No sale or transfer of a Living Unit shall exempt such Living Unit or the Owner thereof from liability for any Assessments thereafter coming due or from the lien thereof. No amendment to this Section shall affect the rights of the holder of any first mortgage on a Living Unit (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.

ARTICLE 7

DESIGN REVIEW AND ARCHITECTURAL CONTROL

Section 7.1. Architectural Control. No construction or development activities, including, without limitation, staking, clearing, excavation, grading or other site work, shall be commenced or maintained on any Living Unit or the Community Property, no building, structure or other improvement of any kind, including, without limitation, fences, walls, mailboxes and decks, shall be commenced, erected or maintained within the Property, and no exterior addition, change or alteration of any nature to the Living Units or other existing improvements within the Property, including, without limitation, changes in color, changes or additions to driveway or walkway surfaces and landscaping modifications (including, without limitation, the removal of trees and shrubs planted by the Community Founder or Participating Builders) (hereinafter, individually and collectively referred to as "Improvements"), shall be made until and unless the requirements of this Article 7 have been fulfilled.

Section 7.2. Initial Construction. To the extent the Community Founder has reserved rights of architectural review, approval or control over all or any portion of the Community pursuant to any contract, deed, covenant or other agreement, then the provisions of such other

contract, deed, covenant or other agreement shall control and supersede any other matter otherwise within the scope of this Article 7, and the approval by the Community Founder pursuant to such other contract, deed, covenant or other agreement of any other matter otherwise within the scope of this Article 7 shall be deemed full and complete compliance with this Article 7. To the extent the Community Founder has expressly assigned in writing any or all of its reserved rights pursuant to this Article 7 to the Design Review Committee, then any such assigned rights shall be exercisable by the Design Review Committee, as set forth herein.

Section 7.3. Design Review.

(a) Design Review by the Community Founder. Each Owner, by a deed or other instrument conveying an interest in any portion of the Property, acknowledges that, as the Community Founder and initial owner of the Property, the Community Founder has a significant and substantial interest in ensuring that the improvements within the Property enhance the Community and do not adversely impact the ability of the Community Founder to market, sell, or lease any portion of the Property. Each Owner, by acceptance of a deed or other instrument conveying an interest in any portion of the Property, agrees that no Improvements shall be commenced within a Living Unit unless and until the Community Founder has given its prior written approval for such Improvements, which approval may be granted or withheld in the sole discretion of the Community Founder. In reviewing and acting upon any request for an approval, the Community Founder shall be acting in its own interest and shall owe no duty to any other Person, including, without limitation, the Association or any of its Members.

The rights reserved to the Community Founder pursuant to this Article 7 shall be applicable for the duration of the Community Founder's Rights and Obligations Period, unless earlier assigned or terminated by a written instrument executed by the Community Founder.

(b) Design Review Committee. The Community Founder may, but shall not be obligated to, assign all or a portion of its reserved rights under this Article 7 to a design review committee appointed by the Board of Directors (the "Design Review Committee"), subject to (i) the right of the Community Founder to revoke such assignment at any time and thereafter resume jurisdiction over the matters previously assigned within a Living Unit and (ii) the right of the Community Founder to veto any decision of the Design Review Committee which the Community Founder believes, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as the Community Founder has retained any rights under this Article 7, the authority of the Design Review Committee shall be limited to such matters as are specifically assigned to it by the Community Founder. Unless and until such time as the Community Founder assigns all or a portion of its reserved rights, neither the Design Review Committee nor the Association shall have any authority over design matters and upon any such assignment, the Design Review Committee shall accept and exercise the authority so assigned strictly in accordance with this Article 7 and in accordance with any such assignment.

Upon expiration or termination of the rights of the Community Founder under this Article 7, the Association, through its Design Review Committee, shall assume responsibility for design matters hereunder and the Association, through the Design Review Committee, shall be

entitled to exercise all those powers previously reserved to the Community Founder pursuant to this Article 7.

The Design Review Committee, if and when appointed, shall consist of at least three (3), but no more than five (5), members who shall serve and may be removed and replaced in the discretion of the Board of Directors. The members of the Design Review Committee need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board of Directors.

The Community Founder and thereafter the Design Review Committee may establish and charge reasonable fees for review of applications hereunder. In addition, the Community Founder or the Design Review Committee may retain architects, engineers or other design professionals to assist in the review of any application and the Community Founder or the Design Review Committee may require reimbursement by the applicant of fees charged by any architect, engineers or other design professionals.

Section 7.4. Design Review Guidelines and Procedures.

(a) Design Guidelines. The Community Founder, or to the extent that the Design Review Committee has jurisdiction hereunder, the Design Review Committee (the entity having jurisdiction at any particular time is referred to in this Article 7 as the "design review entity") may, but shall not be required to, establish Design Guidelines to provide guidance to Owners and Participating Builders regarding matters deemed to be of relevance or importance to the design review entity in considering applications for design approval. The Design Guidelines shall not be the exclusive basis for decisions hereunder and compliance with the Design Guidelines shall not guarantee approval of an application. The Design Guidelines may contain general provisions applicable to all of the Community, as well as specific provisions which vary from one portion of the Community to another, depending upon the location, type of construction or use, and unique characteristics of the property. Any Design Guidelines promulgated by the Design Review Committee shall not take effect unless and until adopted by the Board pursuant to the procedures established in Article 10 for adopting Community Codes.

Any Design Guidelines adopted pursuant to this Article 7 shall be subject to modification and amendment from time to time in the sole discretion of the design review entity, subject to approval of such amendment or modification by the Board. Modifications and amendments to the Design Guidelines shall not apply to or require modifications to or removal of Improvements previously approved once such Improvements have commenced. There shall be no limitation on the scope of modifications or amendments to the Design Guidelines.

The design review entity shall make copies of the Design Guidelines available to Owners and Participating Builders and may charge a reasonable fee to cover the costs of providing the Design Guidelines.

(b) Procedures. Prior to commencing any Improvements for which review and approval is required under this Article, an application for approval ("Application") of such

Improvements shall be submitted to the design review entity in such form as may be required by the design review entity or by the Design Guidelines. Requirements for the content of the Application shall be set forth in the Design Review Guidelines or established by the Board pursuant to one or more Community Codes. The design review entity may also require the submission of such additional information as it deems necessary to consider any application.

In reviewing an Application, the design review entity may consider (but shall not be restricted to consideration of) visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, location in relation to surrounding structures and plant life, compliance with the general intent of the Design Guidelines and architectural merit. In many instances, decisions will be based solely on aesthetic considerations and each applicant acknowledges that determinations as to such matters may be highly subjective and opinions may vary as to the desirability and/or attractiveness of particular Improvements.

Procedures for review and disposition of Applications by the design review entity shall be set forth in one or more Community Codes adopted pursuant to this Community Constitution.

Within three (3) business days after the Design Review Committee has approved any application relating to proposed Improvements within the scope of matters delegated to the Design Review Committee by the Community Founder, the Design Review Committee shall give written notice to the Community Founder of such action, together with such other information as the Community Founder may require. The Community Founder shall have ten (10) days after receipt of such notice to veto any such action, in its sole discretion, by written notice to the Design Review Committee and/or the applicant.

If construction does not commence on any Improvements for which approval has been granted within six (6) months of such approval (or such other period as may be specified in the notice of approval), such approval shall be deemed withdrawn, and it shall be necessary for the applicant to re-submit the Application for reconsideration and approval in accordance with such Design Guidelines as are then in effect. All Improvements shall be completed within one (1) year of commencement or such other period as may be specified in the notice of approval, unless completion is delayed due to causes beyond the reasonable control of the Community Founder, as determined in the sole discretion of the design review entity.

Section 7.5. Non-Precedential Nature of Approvals. Each applicant acknowledges that the composition of the Design Review Committee will change from time to time and that decisions regarding aesthetic matters and interpretation and application of the Design Guidelines may vary from time to time. In addition, each applicant acknowledges that it may not always be possible to identify objectionable features of proposed Improvements until the Improvements are completed, in which case it may be unreasonable to require changes to the Improvements previously approved, but the design review entity may refuse to approve similar Improvements in the future. Approval of Improvements for any particular applicant or Living Unit shall not be deemed a waiver of the right to withhold approval as to any similar Improvements subsequently submitted for approval.

Section 7.6. Waivers and Variances. The design review entity may, in its sole discretion, but shall not be required to, authorize waivers or variances from compliance with any of the provisions of the Design Guidelines when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations, architectural merit, or other reasonable considerations warrant such a waiver or variance. Such variances shall be granted only if and when, in the reasonable judgment of the design review entity, unique circumstances exist, and no applicant shall have any right to demand or obtain a waiver or variance. No waiver or variance may (i) be effective unless in writing, (ii) be contrary to this Community Constitution, (iii) estop the design review entity from denying a waiver or variance in other circumstances or (iv) be inconsistent with the goals or objectives of the Community Founder.

Section 7.7. Limited Scope of Approval. The standards and procedures established by this Article 7 are intended to provide a mechanism for maintaining and enhancing the overall aesthetics of the Community. Neither the Community Founder nor the Design Review Committee shall bear any responsibility for ensuring structural integrity or soundness or compliance with building codes and other governmental approvals or requirements, or ensuring that any Improvements are located so as to avoid impairing views from or other negative impact on other Living Units. No representation is made by the Community Founder with respect to the quality, size, value or design of future Improvements. Neither the Community Founder, the Association, the Board, the Design Review Committee, nor any member of any of the foregoing shall be liable for soil conditions, drainage problems or other site work, nor for defects or errors in any plans or specifications submitted as part of an Application, nor for any structural or other defects in Improvements constructed according to an approved Application, nor for any injury, damages, or loss arising out of the manner, design or quality of any approved Improvements.

Section 7.8. Enforcement. Any Improvements constructed in violation of this Article 7 or in a manner inconsistent with the approved Application shall be deemed to be nonconforming. Upon written request from the Community Founder, the Board of Directors or the Design Review Committee, the defaulting Owner shall, at their own cost and expense, promptly remove any nonconforming Improvement and restore the property to substantially the same condition as existed prior to the nonconforming Improvements. Should an Owner fail to remove and restore as required, the Community Founder, the Board of Directors or the Design Review Committee, or their designees shall have the right to enter the Living Unit, remove the violation and restore the Living Unit to substantially the same condition as previously existed and any such action shall not be deemed a trespass. Upon demand, the Owner shall promptly reimburse all costs incurred by any of the foregoing in exercising its rights under this Section 7.8.

The Community Founder and the Association, acting separately or jointly, may preclude any contractor, subcontractor, agent, employee or other invitee of any Owner who fails to comply with the terms and provisions of this Article 7 and the Design Guidelines from continuing or performing any further activities in the Community, subject to the notice and hearing procedures contained in the Bylaws. Neither the Community Founder, the Association, nor their officers, directors or agents shall be held liable to any Person for exercising the rights granted by this Article 7.

In the event that the Association fails to take enforcement action within thirty (30) days after receipt of a written demand from the Community Founder identifying the violator and/or specifying the nature of the violation, then the Association shall reimburse the Community Founder for all costs reasonably incurred by the Community Founder in taking enforcement action with respect to such violation, but only to the extent the Community Founder prevails in such action.

ARTICLE 8
COVENANTS COMMITTEE

Section 8.1. Purpose and Powers of the Covenants Committee. The Community Founder (during the Community Founder's Rights and Obligations Period) or the Board of Directors, as applicable, shall have the right to appoint a Covenants Committee in accordance with this Article 8. In the event that the Community Founder or Board of Directors shall fail to appoint a Covenants Committee, the Board of Directors shall have all powers and duties of the Covenants Committee and shall otherwise exercise and discharge the Covenants Committee's duties under the Governing Documents. The purpose of the Covenants Committee shall be to ensure compliance with the Governing Documents and to foster harmony within the Community through reasoned and impartial adjudication of disputes within the Community as they arise. To this end, the principle powers of the Covenants Committee shall be as follows:

- (a) To make reasonable efforts to resolve conflicts relating to the Governing Documents between and among Owners on an informal and amicable basis.
- (b) To investigate and render decisions on alleged violations of the Governing Documents.
- (c) Upon petition of any Owner or upon its own initiative, to issue cease and desist requests to any Owner whose actions are deemed to be inconsistent with the provisions of the Governing Documents or otherwise detrimental to the Community.
- (d) To provide interpretations of the Governing Documents when requested to do so by a member of the Board of Directors or on its own initiative.
- (e) To impose reasonable fines for violations of the Governing Documents, subject to the approval of the Board of Directors.
- (f) To propose Community Codes for hearing alleged violations of the Governing Documents, for adoption by the Board of Directors, which shall incorporate reasonable concepts of due process and fundamental fairness. Such Community Codes, and amendments thereto, may also be proposed and approved by the Board of Directors acting alone, without action by the Covenants Committee. No such Community Codes shall be construed as a waiver of any provision or requirement of the Governing Documents.
- (g) Such additional powers as may be granted by the Board of Directors to enable the Covenants Committee to fulfill its duties under the Governing Documents.

Section 8.2. Selection of Covenants Committee. The Covenants Committee shall consist of not less than three (3) nor more than seven (7) persons. For so long as the Community Founder's Rights and Obligations are in effect, the Community Founder may appoint a majority of the members of the Covenants Committee, and the balance of the committee shall be appointed by the Board of Directors. Members of the Covenants Committee appointed by the Community Founder shall serve at the pleasure of and may be removed, without cause, by the Community Founder. Members of the Covenants Committee appointed by the Board of Directors shall serve at the pleasure of and may be removed, without cause, by the Board. Upon expiration of the Community Founder's Rights and Obligations Period, or earlier upon written notice from the Community Founder to the Association, the number, qualifications, tenure, and manner by which members of the Covenants Committee are to be chosen shall be as determined from time to time by the Board of Directors, in the Board's sole discretion. Covenants Committee members need not be Owners. In the event that the Community Founder and/or the Board of Directors shall have failed to appoint a Covenants Committee, or in the event of the Covenants Committee's absence, resignation or inability or refusal to act, the Board of Directors shall have the power and authority of the Covenants Committee and shall otherwise exercise and discharge the Covenants Committee's duties under the Governing Documents.

Section 8.3. Appeal. Subject to such procedures as may be established by the Board of Directors, any Owner may appeal an adverse Covenants Committee decision to the Board of Directors. The Board of Directors may uphold, modify or reverse the decision of the Covenants Committee.

Section 8.4. Jurisdiction of Covenants Committee. Any provision hereof to the contrary notwithstanding, the Covenants Committee shall have no jurisdiction over the Community Founder. The Board of Directors may from time to time, in its sole discretion, restrict the jurisdiction or authority of the Covenants Committee, either generally or on a case-by-case basis.

ARTICLE 9 LOCAL AREA COMMITTEES

Section 9.1. Function of Local Area Committees. Owners may serve on any Local Area Committees, established in accordance with this Article or pursuant to any Community Codes adopted by the Board of Directors. Local Area Committees shall serve in an advisory capacity with respect to issues and matters that relate to Local Areas.

Section 9.2. Establishment of Local Area Committees. The Board of Directors may, by adoption of a Community Code, designate the Local Areas within the Community to be served by a Local Area Committee. Designation of Local Area Committees shall be based on such factors as are deemed appropriate by the Board of Directors, including, without limitation, the location and proximity of the Living Units to be represented, any special features or amenities within or serving the Local Area to be represented, any special services provided to or requested by the Owners within the Local Area to be represented, and the input of interested Owners.

Section 9.3. Local Area Committee Operations. Each Local Area Committee, established by the Board of Directors, shall be responsible for establishing the procedures applicable to its activities, provided that the right of all Owners within the Local Area to meaningful participation in the Local Area Committee shall not be abridged. Local Area Committees shall provide all Owners within the Local Area and the Board of Directors with reasonable prior notice of all Local Area Committee meetings and all such meetings shall be open to all Owners. Each Local Area Committee shall designate one of its members as spokesperson for purposes of all meetings of the Board of Directors.

Section 9.4. Local Area Committee Authority. Local Area Committees shall generally be provided with a reasonable prior opportunity to comment, either in person or in writing, on proposed actions by the Board of Directors. Local Area Committees may serve as an advisory committee to the Board of Directors with respect to issues and matters of particular concern to the Owners of the Local Area, including, but not limited to, the amount of the Assessments and the manner of the maintenance and repair of the Living Units and Community Areas within the Local Area. The recommendations of a Local Area Committee shall not be binding on the Board of Directors.

Section 9.5. Further Local Area Committee Provisions. The Board of Directors may adopt Community Codes further defining the authority of Local Area Committees, as well as Community Codes establishing further rules and procedures to be followed by the Local Area Committees in connection with the exercise of such authority.

ARTICLE 10 COMMUNITY CODES

Section 10.1. Objectives and Goals. By the creation and recordation of this Community Constitution and the Development Plan, the Community Founder intends to create a planned community with the goals of enhancing the quality of life of Owners, protecting the aesthetics and environment within the Community, and promoting a sense of community among Owners. To serve these goals, the Community Founder recognizes that the changes in circumstances, conditions, needs, and desires within the Community will require the modification and amendment of the Community Codes from time to time.

Every provision of the Governing Documents, including the Community Codes, shall apply to all Owners, tenants, occupants, guests and invitees of any Living Unit. All Owners who lease their Living Units shall include a notice provision in the lease informing the tenant and all occupants that the Living Unit and Community Property are subject to the Governing Documents and the Community Codes. However, the failure to include such a provision in the lease shall not relieve any Person of responsibility for complying with the Governing Documents.

Section 10.2. Promulgation of Community Codes. Initial Community Codes shall be promulgated by the Community Founder and provided to prospective purchasers of Living Units within the Community, in accordance with the Maryland Homeowners Association Act and/or such other applicable laws. Community Codes shall have the same force and effect and binding nature against the Property as the covenants, conditions, easements and restrictions contained

within this Community Constitution. Consequently, the Property and the Owners are not only subject to the provisions of the Community Constitution, but shall also be subject to the Community Codes, as promulgated in accordance with this Article 10. Subject to the terms of this Article 10, Community Codes may be established, modified, repealed or amended as follows:

(a) Subject to the terms of this Article 10, and in accordance with its duty to exercise reasonable judgment on behalf of the Association and its Members, the Community Founder (during the Community Founder's Rights and Obligations Period) or the Board of Directors, as applicable, may establish, modify, cancel, limit, create exceptions to, or expand Community Codes. The Community Founder, or the Board of Directors, as applicable, shall make a good faith effort to provide each Member with at least thirty (30) days prior notice of a proposed Community Code. The Community Founder or the Board of Directors, as applicable, may provide the notice of the proposed Community Code in a community newsletter, electronic bulletin board, by electronic mail, or by other means which the Community Founder or Board of Directors, as applicable, determines will be reasonably effective in providing such notice to a majority of Members. Members shall have a reasonable opportunity to express their views on proposed Community Codes at a Board meeting or other forum prior to action on the proposed Community Code.

(b) Any Community Codes adopted by the Community Founder or the Board, as applicable, shall become effective thirty (30) days thereafter unless within such thirty (30) day period the proposed Community Code is disapproved at a meeting called for such purpose by a majority of all Members. At any such meeting, Members may vote by proxy, and proxies may be filed by facsimile or other electronic means so long as they meet the requirements of Maryland law. The Board shall have no obligation to call a meeting to consider disapproval except upon the petition of Members as required by the Bylaws for special meetings.

Section 10.3. Owners' Acknowledgment and Notice to Purchasers. All Owners of Living Units are given notice that use of their Living Units is subject to all Community Codes as they may be modified from time to time in accordance with this Article 10. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her property may be impacted by the Community Codes and that the Community Codes may change from time to time.

Section 10.4. Community Code Limitations. Except as may be specifically set forth in this Community Constitution, as amended, neither the Community Founder nor the Board may adopt any Community Code in violation of the following provisions:

(a) Activities Within Living Unit. No Community Code shall unreasonably interfere with activities within the interior confines of Living Units, except that the Association may restrict or prohibit the following:

(i) activities not normally associated with residential or home office use;

- Owners;
- (ii) activities that create monetary costs for the Association or other
- other Living Units;
- (iii) activities that create a danger to the health or safety of occupants of
- (iv) activities that generate excessive noise or traffic;
- Unit; and
- (v) activities that create unsightly conditions visible outside the Living
- (vi) activities that create an unreasonable source of annoyance.

(b) Animals. The Association may adopt Community Codes regarding pets designed to minimize damage and disturbance to other Owners, including reasonable provisions requiring damage deposits, waste removal, leash controls, noise controls, pet occupancy limits based on the size of the Living Unit, the facilities within Living Unit and the potential impact on the Community Areas. Nothing shall prevent the Association from requiring removal of any animal that presents an actual or realistic threat to the health or safety of Owners or occupants of Living Units or from requiring abatement of any nuisance or unreasonable source of annoyance caused by any animal.

(c) Allocation of Expenses and Usage Rights. The initial allocation of expenses and rights to use Community Property among the Owners shall not be unreasonably and materially changed to the detriment of any Owner over that Owner's written objection to the Association. Nothing shall prevent the Association from altering the availability or use of Community Property, from adopting rules or Community Codes for use of Community Property, or from denying use privileges to those who abuse the Community Property, violate the Governing Documents, or fail to pay Assessments.

(d) Alienation. No Community Code shall prohibit outright the leasing or transfer of any Living Unit, or require consent of the Association for transfer of any Living Unit.

(e) Altering Existing Uses or Rights. Any Community Code which would (1) require Owners to dispose of personal property which is properly maintained in or on the Living Unit or (2) require a material alteration of a use permitted prior to the effective date of such Community Code shall not apply to an Owner without his or her written consent unless the Community Code was in effect at the time the Owner acquired his or her interest in the Living Unit.

(f) Reasonable Rights to Complete the Development Plan. No Community Code or action by the Association shall impede the Community Founder's development rights within the Property.

ARTICLE 11
DECLARATION OF EASEMENTS AND RIGHTS

Section 11.1. Declaration of Easements and Rights. In addition to the reserved rights and easements set forth in Appendix Two of this Community Constitution, the following easements and rights are hereby declared or reserved:

(a) The Community Founder reserves the right to grant easements, both temporary and permanent, to all public authorities (including, but not limited to, all State and County governmental authorities and agencies) and utility companies over any part of the Property.

(b) Each Living Unit within the Community is hereby declared to have an easement, not exceeding three feet (3') in width, over the adjoining Living Units and Community Property for the purpose of accommodating any encroachment due to engineering or other errors in original construction, settlement or shifting of the original construction within a Living Unit, roof overhangs, gutters, architectural or other appendages which are part of the original construction, draining of rainwater from roofs, or any other similar cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful and knowing conduct of said Owner or Owners.

(c) There is hereby reserved unto the Community Founder [and to such other party(ies) as the Community Founder may specifically, and in writing, assign such rights], for the benefit of the Annexable Property, a blanket easement upon, across and under the Property for vehicular and pedestrian ingress and egress, curb cuts, slope, or grading easements, as well as for the installation, replacement, repair and maintenance of all utilities, including, but not limited to, water, sewer, drainage, storm water detention and/or siltation, gas, cable television, telephones, and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Property from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles, pipes, lines and other equipment within the Property, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Property, including any improvements constructed thereon, and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress within the Property. There is further reserved unto the Community Founder the right to erect entry features, promotional and sales displays and other similar items within the Property provided they do not unreasonably and materially interfere with the use, operation and enjoyment of Living Units within the Property. There is further reserved unto the Community Founder the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection. Further, without limiting the generality of the foregoing, the Community Founder reserves the right to unilaterally execute and record such additional easements and agreements as may be necessary to give effect to the foregoing easements and other rights, which additional

easements and other agreements need not be consented to or joined in by any party having an interest in the Property; provided, however, that if requested by the Community Founder, any party having an interest in the Property shall promptly join in and execute such confirmatory easements and other agreements. Each Living Unit shall further be subject to a public pedestrian access easement over and upon any sidewalk, alley or pathway (or the replacement thereof) constructed within the Living Unit by the Community Founder, which sidewalk or pathway is reasonably deemed to be for the use of the Community.

(d) There is hereby further reserved for the benefit of the Annexable Property a right of any owner (or such owner's guests, invitees, licensees or other parties entitled to occupy any dwelling unit within the Annexable Property) of any dwelling unit within the Annexable Property to use any recreational or other similar facilities that may, from time to time, be located within the Community; provided, however, as a condition precedent to the exercise of such rights, the election to allow the use of such facility(ies) is specifically made by the Community Founder pursuant to a written instrument recorded among the Land Records of Charles County, Maryland. If the rights contemplated by the provisions above are elected, then the parties benefiting from such rights shall be obligated to pay their pro-rata share of the cost of maintaining, operating and repairing such facilities, which share shall be computed by multiplying the total of such bona-fide costs times a fraction, the numerator of which shall be the number of completed dwelling units owned by the party from whom such contribution is sought and the denominator shall be the total number of completed dwelling units entitled to use such facilities. The computation contemplated by the immediately preceding sentence shall be made at each time a contribution for such costs is sought. It is the intention of this Section 11.1(d) to permit reasonable rights of use over the Property for the benefit of the Annexable Property in the event any portion of the Annexable Property is not annexed into the Community. Upon any such annexation, the provision of this Section 11.1(d) shall no longer be applicable because the right of use will otherwise be established by this Community Constitution.

(e) An easement is hereby reserved to the Community Founder to enter and utilize the Property during the period of construction and sales within the Community, and to maintain such facilities and perform such operations as in the sole opinion of the Community Founder may be reasonably required, convenient or incidental to the construction and sale of residences, including, without limitation, business offices, sales and/or rental offices, storage areas, construction yards, signs, displays, and model units.

(f) The Community Founder reserves the right to enter any portion of the Community for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Community or the improvements thereon. There is further reserved unto the Community Founder and its agent(s) a non-exclusive easement over, across and through all of the Community Property for the purpose of access, the storage of building supplies, materials and equipment and, without any limitation, for any and all purposes reasonably related to the completion of the development, construction or repair of the Community.

(g) For a period of twenty (20) years from the date of conveyance of the first Living Unit, the Community Founder reserves a blanket easement and right on, over and under

the Property to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance; provided, however, that the Community Founder shall have no obligation to exercise such right. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary, following which the Community Founder shall restore the affected property to its original condition as near as practicable. The Community Founder shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Community Founder an emergency exists which precludes such notice. There is further reserved unto the Community Founder the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection.

(h) The rights and duties with respect to sanitary sewer and water, electricity, gas, cable television, master television antenna systems, security and surveillance systems, telephone lines, and similar utilities (individually and collectively, "Systems") shall be governed by the following:

(i) Whenever Systems are or have been installed within the Community, the Owner of any Living Unit and the Association shall have the right, and are hereby granted an easement to the extent necessary therefor, to enter upon or have a utility or repair company enter upon any portion of the Community in which said Systems lie, to repair, replace and generally maintain said installations. Such easement shall include, without limitation, the right to enter upon any portion of the Community, including private streets, for the installation, replacement, repair, and maintenance of water and sewer lines.

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

(iii) Each Living Unit (other than a condominium unit) which is attached to another Living Unit, is hereby subject to an easement upon and across such other attached Living Unit for the drainage and discharge of water from any storm drain or downspout situated on the other attached Living Unit and the Owner of such Living Unit may not alter or obstruct such drainage or flow of water to the detriment of the other Living Unit or the Community Property.

(i) The Community Founder and Association shall have an easement to enter any portion of the Community for the performance of their respective duties hereunder; provided that such easement shall not entitle entry within the interior portion of any dwelling located within the Community, and provided further such easement in no way interferes with the development related activities of the Community Founder.

(j) A mutual right and easement for the Systems is hereby established for the benefit of all Owners, such that no Owner shall take any action which would in any way interfere

with the Systems being provided to other Owners within the Community. If a Living Unit contains any utility pipes, ducts, conduits, wires, or other Systems which are for the benefit, in whole or in part, of other Owners within the Community, then the Owner of such Living Unit shall promptly, at such Owner's expense, repair any damage to such Systems caused by the Owner.

(k) Each Living Unit (other than a condominium unit) shall be subject to a non-exclusive easement and right of passage for the benefit of any adjacent attached Living Unit (the "Benefited Living Unit") to the extent reasonably necessary to permit the Owner of the Benefited Living Unit (the "Benefited Owner") access to the exterior of any adjacent Living Unit for purposes of inspecting, maintaining, repairing, replacing and otherwise caring for the exterior of the Benefited Living Unit; provided, however, that the Benefited Owner shall take reasonable steps to minimize any damage to an adjacent Living Unit and that the Benefited Owner shall restore as nearly as possible to its original condition any adjacent Living Unit damaged or altered as a result of the exercise of this easement. The Benefited Owner's exercise of its rights hereunder shall be at reasonable times and shall not unreasonably interfere with any Owner's use and enjoyment of its adjacent Living Unit. The Benefited Owner shall indemnify and save harmless any Owner of an adjacent Living Unit from any loss or damage that such Owner may sustain, including reasonable attorneys' fees, as a result of entry by the Benefited Owner on the adjacent Living Unit.

(l) Beginning on the date that this Community Constitution is recorded among the Land Records, and continuing thereafter until the fifth (5th) anniversary of the expiration of the Community Founder's Rights and Obligations Period (the "Community Founders Marketing Period"), the Community Founder shall have the right to utilize the Community clubhouse and any facilities appurtenant thereto (the "Clubhouse"), free of charge, for purposes of sales and marketing both the Community and any other community or development now or hereafter being developed, solely or jointly, by the Community Founder or any of its affiliates. The Community Founder's rights under this Section 11.1 (l) shall include the right of the Community Founder, and any of its affiliates, to maintain and operate, free of charge, a sales/rental office and model home(s) within the Clubhouse. During the Community Founder's Marketing Period, the Community Founder and its affiliates, and their respective employees, agents, guests, customers, invitees and licensees, shall have an easement on, over, across and through the Community Property for purpose of ingress and egress to and from the Clubhouse.

Section 11.2. Association Easements. The Board of Directors of the Association shall have the right to grant easements, rights-of-way, licenses and similar interests over any part of the Community Property for any lawful purpose which the Board, in its sole discretion, determines to be in the best interests of the Association, provided that during the Community Founder's Rights and Obligations Period, the prior consent of the Community Founder is obtained.

ARTICLE 12
MAINTENANCE OF LIVING UNITS AND COMMUNITY AREAS

Section 12.1. Living Unit Maintenance. Except as otherwise specifically provided in the Governing Documents, each Owner of a Living Unit within the Community shall keep such Living Unit, and all landscaping and improvements therein or thereon, as well as any areas such as right-of-ways adjacent to the Living Unit, in good order and repair and free of debris, including but not limited to the painting (and other appropriate external care) of all buildings and other improvements located within such Living Unit, all in a manner and with such frequency as is consistent with good property management. In the event an Owner of any Living Unit shall fail to maintain such Owner's Living Unit and the improvements situated thereon, the Board of Directors or its agent shall have the right to enter upon said Living Unit to repair, maintain and restore the Living Unit and the exterior of the dwellings and any other improvements erected thereon. The Association shall also have the right to enter Living Units to correct drainage. Except in the case of an emergency, the Board of Directors shall provide an Owner at least fifteen (15) days written notice prior to entering a Living Unit for the purposes set forth in this Section. Notice shall be deemed to be given when mailed by regular or certified mail to the address of the Owner as it appears in the records of the Association. All costs related to such correction, repair, maintenance or restoration shall be collectible by the Association in the same manner as Assessments and may become a lien upon such Living Unit, provided the requirements of the Maryland Contract Lien Act have been satisfied. Such lien may be enforced in the same manner as the lien for any other Assessment under the Governing Documents.

Section 12.2. Association Maintenance. The Association shall maintain, repair, replace, and keep in good order (i) the Community Areas and any improvements, landscaping and facilities (including recreational facilities) situated thereon, (ii) any storm water management facilities (including recreational facilities), without limitation, ponds, basins, storm drainage pipes, inlets, oil grit separators, drainage areas and underground facilities, if any) located within the Community or designed to benefit or serve any portion of the Community, which the Association elects to maintain, repair or replace or which are otherwise required or intended to be maintained by the Association pursuant to any easement, agreement or the direction of any governmental authority or agency, (iii) rights-of-way, sidewalks, trails, entry strips, signs and entrance features or improvements located within the Community, or which are appurtenant to and serve or benefit the Community, and (iv) and any other property, facilities or equipment appurtenant to and serving or benefiting the Community which the Association elects or is required to maintain, repair or replace. Such maintenance, repair and replacement shall be funded in the Governing Documents. The Association shall accept title to any real estate or personal property (including, but not limited to, storm water management facilities) offered to the Association by the Declarant. The Association shall accept such property in its "as is" condition and shall have no approval or inspection rights with respect to such property.

Section 12.3. Living Unit Landscape and Exterior Maintenance. Either the Community Founder (pursuant to a Declaration of Annexation or Community Code) or the Board of Directors (pursuant to a duly adopted Community Code) may elect to assume maintenance responsibilities for the Lawn and Garden Areas, or other portions of some or all of the Living Units. Lawn and Garden Area maintenance may include, without limitation, responsibility for

mowing, fertilizing, trimming, pruning and/or otherwise maintaining all or any portion of the grass, shrubs, bushes, trees, and other planted materials, and any replacements thereof, as may be located within all or a portion of the Living Units. The Community Founder or the Board of Directors, as the case may be, may also elect to assume exterior maintenance responsibilities for some or all of the dwellings and improvements within the Living Units. Such exterior maintenance may include (i) maintenance and repair of the exterior walls, exterior surfaces and exterior fixtures of the dwellings within the Living Units (including, without limitation, the painting of such exterior walls and surfaces, and the painting of the exterior doors of the dwellings); (ii) maintenance, repair and replacement of the roofs of the dwellings within the Living Units; (iii) maintenance, repair and replacement of any fences within the Living Units (including, without limitation, the painting of such fences); (iv) removal of snow and ice from the sidewalks, lead walkways and driveways within the Living Units; and (v) cleaning of the rain gutters attached to the dwellings within the Living Units. Any landscape or exterior maintenance by the Association shall be with such frequency and in conformity with reasonable standards as may be established by the Board of Directors from time to time. In the event the Association assumes such maintenance responsibilities, all costs relating to the same shall generally be assessed only against the Owners of Living Units that receive such maintenance services. The Community Founder or Board of Directors may also elect to provide these maintenance services to all Living Units within a Local Area, in which case the costs associated with the same may be declared to be Local Area Expenses.

An Owner may request that the Association refrain from performing all or a part of the maintenance services described above. Such a request shall be made to the Association at least ninety (90) days prior to the date the Owner desires the Association to refrain from such maintenance, or such other time period as the Association may prescribe. The Association shall not unreasonably withhold approval of such request, provided the Owner has demonstrated to the satisfaction of the Association his or her intention to maintain the landscaping or exterior of the dwellings and improvements within the Living Units, as the case may be, in a manner and with such frequency as is acceptable to the Association. In the event an Owner elects to maintain the landscaping or exterior of the dwellings and improvements situated on his or her Living Unit pursuant to the terms hereof, such Owner shall not be entitled to any reimbursement from the Association or reduction in Assessments levied against such Living Unit, unless the Association elects to do so. However, the Association reserves the absolute discretion to refrain from providing such reimbursement.

ARTICLE 13
PARTY WALLS, PARTY FENCES,
JOINT DRIVEWAYS AND SHARED IMPROVEMENTS

The rights and obligations of the Owners with respect to party walls, party fences, joint driveways, and similar shared improvements constructed as part of the original construction within the Community shall be governed by the following:

Section 13.1. General Rules of Law to Apply. Each improvement which is constructed within Living Units as a part of the original construction and any part of which is placed on the dividing line between separate Living Units shall constitute a "Shared Improvement". With

respect to such Shared Improvement, each of the adjoining Owners shall assume the burdens of and be subject to an easement for that portion of the Shared Improvement on such Owner's Living Unit, and shall be entitled to the benefits of this Article 13. To the extent not inconsistent herewith, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions, shall apply to Shared Improvements and their adjoining Owners.

Section 13.2. Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty. All Owners who make use of or benefit by any Shared Improvement on a regular basis shall share the cost of the reasonable repair and maintenance of such Shared Improvement, in equal proportions, unless otherwise agreed by such Owners. If a Shared Improvement is damaged or destroyed by fire or other casualty or by some cause other than the act of one (1) of the adjoining Owners (including ordinary wear and tear and deterioration from lapse of time), then, in such event, all such adjoining Owners benefiting from the Shared Improvement shall proceed forthwith to rebuild or repair such Shared Improvement to its original condition or the condition which existed immediately prior to the damage, unless otherwise agreed by such Owners. The costs associated with rebuilding or repairing a Shared Improvement pursuant to this Section 13.2 shall be shared equally among all adjoining Owners benefiting from the Shared Improvement, unless otherwise agreed by such Owners.

Section 13.3. Repairs of Damage Caused by One Owner and/or Resident. If any such Shared Improvement is damaged or destroyed through the act of one adjoining Owner and/or resident, so as to deprive the other adjoining Owner and/or resident of the full use and enjoyment of such Shared Improvement, then the Owner and/or resident responsible for such damage shall proceed forthwith to rebuild or repair such Shared Improvement to its original condition or the condition which existed immediately prior to the damage, without cost to the adjoining Owner and/or resident.

Section 13.4. Changes to Shared Improvements. In addition to meeting the other requirements of this Community Constitution, and of any building code, zoning ordinance or similar governmental regulations or ordinances, any Owner proposing to modify, make additions to or rebuild a Living Unit in any manner which requires the extension or other alteration of any Shared Improvement, shall first obtain the written consent of the adjoining Owner. Such consent shall not be unreasonably withheld, delayed or denied.

Section 13.5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 13.6. Driveway Right of Passage. With respect to any private driveway within and shared by the Owners of two (2) or more Living Units, there shall be a perpetual and non-exclusive easement and right of passage on, through, over, under and across such driveway reserved to and for the benefit of the Owners of the Living Units upon which the joint driveway has been built or installed. This easement shall also be reserved to and for the benefit of any Living Units which such joint driveway has reasonably been designed to serve or benefit, for

purposes of vehicular and pedestrian ingress and egress to and from such Living Units. No person shall in any way interfere with the free and unobstructed use thereof by said Owners.

Section 13.7. Dispute. In the event of a dispute between Owners with respect to the repair or rebuilding of a Shared Improvement or with respect to the sharing of the cost thereof, then, upon written request of one (1) of such Owners addressed to the Association, the matter may be submitted to its Board of Directors or Covenants Committee who may (but shall not be required to) decide the dispute, and the decision of such Board of Directors or Covenants Committee shall be final and conclusive upon the parties.

ARTICLE 14
CONSENTS AND APPROVALS

Section 14.1. Notices of Action. Any institutional holder, insurer, or guarantor of a first Mortgage who provides a written request to the Association stating its name and address and the street address of the Living Unit to which its Mortgage relates shall be deemed an "Eligible Mortgagee" and shall be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Living Unit on which there is a first Mortgage held, insured or guaranteed by such Eligible Mortgagee;

(b) Any delinquency in the payment of assessments or charges owed by a Living Unit subject to the Mortgage of such Eligible Mortgagee, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Governing Documents relating to such Living Unit or the Owner or occupant which is not cured within sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy required to be maintained by the Association; or

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees.

Section 14.2. Additional Mortgagee Provisions. If any portion of the Property is subject to a condominium regime, then the provisions of this Section 14.2 shall apply. Unless at least sixty-seven percent (67%) of the first Mortgagees and Members representing at least sixty-seven percent (67%) of the total votes in the Association consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Community Property which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Community Property shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner of a Living Unit (actions by the Board of Directors or provisions of any Declaration of Annexation subsequently recorded on any portion

of the Property regarding assessments for Local Areas or other similar changes shall not be subject to this provision where such action or subsequent Declaration of Annexation is otherwise authorized by this Declaration);

(c) By act or omission change, waive or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Living Units and the Community Property (the adoption or amendment of Design Guidelines and Community Codes shall not constitute a change, waiver or abandonment within the meaning of this provision);

(d) Fail to maintain insurance as required by the Governing Documents; or

(e) Use hazard insurance proceeds for any Community Property losses for other than the repair, replacement or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Community Property and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 14.3. Other Provisions for First Mortgagees. To the extent not inconsistent with Maryland law:

(a) Any restoration or repair of the Community Property after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Community Constitution and the original Development Plan, unless the approval is obtained of the Eligible Mortgagees on Living Units to which at least fifty-one percent (51%) of the votes of Living Units subject to Mortgages held by such Eligible Mortgagees are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Mortgagees on Living Units to which at least fifty-one percent (51%) of the votes of Living Units subject to Mortgages held by such Eligible Mortgagees are allocated.

(c) An election to terminate the Association under any other circumstances shall require the consent of Members representing at least sixty-seven percent (67%) of the Class A votes and of the Community Founder, so long as the Community Founder's Rights and Obligations Period exists, and the approval of the Eligible Mortgagees of Living Units to which at least sixty-seven percent (67%) of the votes of Living Units subject to a Mortgage held by an Eligible Mortgagee appertain.

Section 14.4. No Priority. No provision of this Community Constitution gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Living Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Community Property.

Section 14.5. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Living Unit.

Section 14.6. Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently modify any of its respective requirements which necessitate modifications to provisions of this Article 14 or make any such requirements less stringent, the Board of Directors, without approval of the Owners, may record an amendment to this Article 14 to reflect such changes.

Section 14.7. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board of Directors to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

Section 14.8. Rights of the Maryland-National Capital Park and Planning Commission. Any other provision of this Community Constitution to the contrary notwithstanding, neither the Owners nor the Board of Directors shall, by act or omission, take any of the following actions without the prior written consent of the Maryland-National Capital Park and Planning Commission (the "Commission"):

- (a) make any annexation or additions other than as provided in this Declaration or the Bylaws; or
- (b) abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Community Property; provided, however, that the granting of the rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Community Property by the Owners shall not require the consent of the Commission; or
- (c) abandon or terminate the Association; or
- (d) modify or amend any material or substantive provision of the Community Constitution, including, without limitation, the provisions of Section 2.5 of the Community Constitution relating to age restrictions within the Community;
- (e) merge or consolidate the Association with any other entity or sell, lease, exchange or otherwise transfer all or substantially all of the assets of the Association to any other entity; or
- (f) substantially modify the method of determining and collecting assessments as provided for in the Community Constitution.

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

Section 14.9. Construction of Article 14. Nothing contained in this Article 14 shall be construed to reduce the percentage vote that must otherwise be obtained under the Community Constitution for any of the acts set out in this Article 14.

ARTICLE 15

AMENDMENT OF COMMUNITY CONSTITUTION

Section 15.1. The Community Founder. Until fifteen (15) years after the recordation of this Community Constitution, or until such time as the Community Founder no longer owns any portion of the Annexable Property, whichever shall occur later, the Community Founder may unilaterally amend this Community Constitution to modify restrictions, change voting rights, alter assessment provisions or for any other purpose, provided the amendment has no materially adverse effect upon any significant property rights of any affected Owner. Thereafter, the Community Founder may unilaterally amend this Community Constitution at any time and from time to time if such amendment is necessary (i) to bring any provision of the Community Constitution into compliance with any applicable governmental statute, rule, regulation, or judicial determination which is in conflict therewith; (ii) to enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the Property; or (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of Mortgage loans, including, for example, the Federal National Mortgage Association, Federal Housing Administration, Veterans Administration, or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on Living Units; or (iv) to satisfy the requirements of any governmental or quasi-governmental agency. However, any such amendment shall not materially and adversely affect the title to any Living Unit unless the Owner shall consent thereto in writing.

Section 15.2. By Members. Except as otherwise set forth elsewhere in this Community Constitution, this Community Constitution may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing fifty-one percent (51%) of the total votes in the Association, and the consent of the Community Founder, so long as the Community Founder owns any portion of the Annexable Property. However, the percentage of votes necessary to amend a specific clause within the Community Constitution shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Notwithstanding the foregoing, the Board of Directors shall have the right, by a vote of two-thirds (2/3) of the members of the Board, to amend this Community Constitution for the purpose of incorporating within the Community Constitution any Community Code previously adopted, the Board determines that the enforceability of any such Community Code would be enhanced by such action. Any Community Code which is incorporated within this Community Constitution in accordance with the foregoing may thereafter be modified by the Board of Directors in the same manner described above.

Section 15.3. Validity and Effective Date of Amendments. Amendments to this Community Constitution shall become effective upon recordation in the Land Records of Charles County, Maryland, unless a later effective date is specified therein. Any procedural challenge to

an amendment must be made within thirty (30) days of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to automatically amend any provisions of this Community Constitution. Notwithstanding anything to the contrary herein, no amendment shall be made to this Community Constitution for a fixed term of sixty (60) years, the effect of which would cause the Community to cease to be occupied and operated in accordance with the Fair Housing Acts.

If an Owner consents to any amendment to this Community Constitution, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

**ARTICLE 16
GENERAL PROVISIONS**

Section 16.1. Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the Common Expense funds, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the Community Property, or from any pipe, drain, conduit or the like. The Association shall not be liable to any Owner for loss or damage, by theft or otherwise, of articles which may be stored within the Community Property. No diminution or abatement of Assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Community Property, or from any action taken by the Association.

Section 16.2. Enforcement. Unless otherwise limited, the Association, any Owner and any Mortgagee shall have the right to enforce, by any proceeding at law and/or in equity, all restrictions, conditions, covenants, reservations, easements, liens, charges or other obligations or terms now or hereafter imposed by the provisions of the Governing Documents. Failure by the Association, any Owner or by any Mortgagee to enforce any provision of the Governing Documents, shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the Governing Documents, cannot be adequately remedied by action at law or exclusively by recovery of damages. If the Association, or any Owner or Mortgagee, successfully brings an action to extinguish a violation or otherwise enforce the provisions of the Governing Documents, the costs of such action, including legal fees, shall become a binding, personal obligation of the Owner and/or resident committing or responsible for such violation, and such costs shall be collectible in the same manner as any other Assessment under the Governing Documents.

Section 16.3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 16.4. Successors of the Community Founder. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Community Founder hereunder,

or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Community Founder by instrument in writing, without notice to the Association.

Section 16.5. Taxes and Assessments. It is the intent of this Community Constitution that insofar as the interests of each Owner to use and enjoy the Community Property is an interest in real property appurtenant to each Living Unit, the value of the interest of each Owner in such Community Property shall be included in the assessment for each such Living Unit and as a result, any assessment directly against such Community Property should be of a nominal nature reflecting that the full value of the same should be included in the several assessments of the various Living Units.

Section 16.6. No Dedication to Public Use. Nothing herein shall be construed as a dedication to public use or as an acceptance for maintenance of any Community Property by any public or municipal agency, authority, or utility and no public or municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any of the Community Property.

Section 16.7. Incorporation by Reference on Resale. In the event any Owner sells or otherwise transfers any Living Unit, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this Community Constitution; however, the failure to do so shall not (i) affect the validity of any such deed, or (ii) the enforceability of the covenants, restrictions, servitudes, easements, charges and liens set forth in this Community Constitution.

Section 16.8. Community Founder Reserved Rights. No supplement or amendment to the Governing Documents may remove, revoke or modify any right, reservation or privilege of the Community Founder without the prior written consent of the Community Founder.

Section 16.9. Limitations. As long as the Community Founder is the Owner of any portion of the Community, the Association may not use its financial resources to defray the costs of opposing any lawful development activities of the Community Founder. Nothing in this Section shall be construed to limit the rights of Owners to act as individuals or in affiliation with other Owners or groups.

Section 16.10. Captions and Gender. The captions contained in this Community Constitution are for convenience only and are not a part of this Community Constitution and are not intended in any way to limit or enlarge the terms and provisions of this Community Constitution. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

Section 16.11. Definitions. Certain terms used in this Community Constitution are defined in Appendix One, which is attached hereto and incorporated herein by reference. When such terms are used herein, they shall have the meanings given to them in Appendix One unless specifically provided otherwise.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Community Constitution to be signed this 25th day of August, 2005.

WITNESS:

CHARLES RETREAT, LLC,
a Virginia limited liability company

By: SLENKER LAND CORPORATION,
a Virginia corporation, its Agent

Tom J. Howard

By: [Signature]
Name: RICHARD E. SAUNDERS
Title: VICE PRESIDENT

STATE OF Virginia
COUNTY OF Fairfax

*
* to wit:
*

I HEREBY CERTIFY that on the 25th day of August, 2005, before the subscriber, a Notary Public in and for the above jurisdiction, personally appeared Richard E. Saunder, known to me (or satisfactorily proven) to be the Vice President of Slenker Land Corporation, a Virginia corporation, Agent of Charles Retreat, LLC, a Virginia limited liability company, and that he, being authorized to do so, executed the foregoing and annexed instrument on behalf of such limited liability company for the purposes therein contained.

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

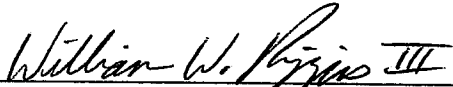
Dara Lynn Ryan
Notary Public

My Commission Expires: 3/31/09

[NOTARIAL SEAL]

CERTIFICATION

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



William W. Riggins, III

Description of Property Subject to Rights of Annexation

Parcels 2 through 5, inclusive as shown on the plat of subdivision entitled "Plat One, Altobelli Brothers Partnership, Parcels 2, 3, 4 & 5", prepared by ATCS, P.L.C., dated August 1, 2003 and recorded among the Land Records of Charles County, Maryland on November 26, 2003 in Liber No. 54 at Folio No. 568.

Revised Parcel 1 and Parcel 6 as shown on the plat of subdivision entitled "Plat One, Charles Retreat LLC, Parcels 1, 6.", prepared by ATCS, P.L.C., dated August 1, 2003 and recorded among the Land Records of Charles County, Maryland on November 26, 2003 in Liber No. 54 at Folio No. 570.

COLONIAL CHARLES
COMMUNITY ASSOCIATION, INC.
COMMUNITY CONSTITUTION
APPENDIX ONE

*Definitions of Significant Terms
Utilized in the Governing Documents*

Annexable Property refers to the real property described in Exhibit "A" attached hereto and incorporated by reference herein, as well as any other real property which is permitted to be annexed within the jurisdiction of the Association pursuant to the Community Constitution.

Annual Assessments refer to assessments levied against all Living Units within the Community which are subject to assessments to fund Common Expenses which are determined by the Board of Directors to be for the general benefit of all Living Units.

Assessments refer to all Annual Assessments, Special Assessments, Local Area Assessments and other fees and charges, including all installments thereof, as may be levied by the Association in accordance with the Governing Documents.

Articles of Incorporation or **Articles** refer to the Articles of Incorporation for Colonial Charles Community Association, Inc., as filed with the Maryland State Department of Assessments and Taxation.

Association refers to Colonial Charles Community Association, Inc., a Maryland nonstock corporation, its successors and assigns, the entity which holds title to the Community Property and the entity responsible for carrying out the objectives of the Governing Documents.

Board of Directors or **Board** refers to the governing body of the Association as more fully described in the Bylaws and Articles of Incorporation of the Association.

Bylaws refer to the Bylaws of Colonial Charles Community Association, Inc., as adopted by the Board of Directors, as amended from time to time.

Common Expenses refer to the actual and estimated expenses of operating the Association incurred for the general benefit of all Units, including any reasonable reserves, as determined by the Board of Directors in accordance with the Governing Documents.

Community and **Property** refer to all real property as may be annexed, from time to time, within the jurisdiction of the Association by the recordation of one or more Declarations of Annexation, in accordance with this Community Constitution.

Community Areas refer to the Community Property, together with those areas, if any, for which, pursuant to this Community Constitution, any Declaration of Annexation or any Community Code, the Association assumes maintenance or other responsibilities.

Community Codes refer to the rules, regulations, standards and guidelines as may be promulgated from time to time in accordance with the Community Constitution.

Community Founder shall refer to Charles Retreat, LLC, a Virginia limited liability company, its successors, transferees and assigns; provided, however, that no successor, transferee or assign of Charles Retreat, LLC shall acquire any of the Community Founder's Rights and Obligations unless all or some of the Community Founder's Rights and Obligations are specifically set forth and described in the instrument of succession, transfer or assignment.

Community Founder's Rights and Obligations refers to any and all privileges, powers, easements, exemptions, rights and duties reserved to the Community Founder in the Governing Documents, including in Appendix Two of this Community Constitution.

Community Plan refers to the Community Founder's plan for the development of the Property. Given its dynamic nature, the Community Plan is subject to change from time to time in the sole discretion of the Community Founder in order to address the changing needs of the Community, in response to changes in market conditions or for any other reason deemed necessary or desirable by the Community Founder.

Community Property refers to all real property owned or leased by the Association (including the improvements thereto) for the common use and enjoyment of the Owners. The Community Property must ultimately include all of the real property and facilities required by and depicted as such on any and all preliminary subdivision plans, final subdivision plats and site development plans, as amended, for the Property reviewed and approved by the County, as amended from time to time. The timing for the provision of Community Property is set forth in Section 2.4 of this Community Constitution. Community Property shall include Exclusive Community Property.

Declaration of Annexation refers to any instrument, including, without limitation, any supplementary declaration of covenants, conditions and restrictions, recorded by the Community Founder, which expressly extends the provisions of this Community Constitution to the real property described in Exhibit "A" of this Community Constitution or any other real property which is permitted by the Governing Documents to be annexed.

Design Guidelines refers to the architectural guidelines and procedures, if any, as adopted from time to time in accordance with this Community Constitution.

Development Plan refers to the Detailed Site Plan DSP-01049, as approved by the County on March 7, 2002, and certified on June 12, 2002, including all amendments, modifications and extensions thereof as may be made from time to time.

Exclusive Community Property refers to any portions of the Community Property intended for the exclusive use or primary benefit of more than one, but less than all, Living Units.

Governing Documents refer to the Community Constitution, the Articles of Incorporation, the Bylaws and the Community Codes, as the same may be amended from time to time.

Lawn and Garden Area refers to any portion of the front, side and rear yard areas of any Living Unit that contains grass, shrubs, bushes, trees or other planted material; provided, however, that any portion of a Living Unit which is not readily accessible to the Association, as determined by the Board of Directors in its sole discretion, shall not be considered part of the Lawn and Garden Area.

Living Unit refers to any portion of the Property, whether improved or unimproved, which contains or is intended to contain a dwelling designed for use and occupancy by a single household; provided however, that an accessory structure within a single lot containing living quarters in addition to the primary dwelling, the ownership of which is held by the same person, shall not be deemed a separate Living Unit. Each dwelling within a condominium regime or other multi-family structure shall be deemed to be a separate Living Unit. Living Units include, without limitation, single-family detached dwelling units, single-family attached townhouse dwelling units and condominium dwelling units.

Local Area refers to any areas which are designated by the Board of Directors to serve two or more, but less than all Living Units.

Local Area Assessments refer to any assessments imposed against Living Units benefited by Local Areas. Local Area Assessments shall be used to fund expenses related to Local Areas.

Local Area Committee refers to any committee comprised of the Owners or representatives of Owners served by a Local Area.

Local Area Expenses refer to actual and estimated expenses, including reserves, as determined by the Board of Directors, related to providing services, benefits or the operation of a Local Area.

Member refers to every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, that holds any class of membership in the Association pursuant to this Community Constitution.

Mortgage refers to a mortgage, deed of trust, a deed to secure debt or any other form of security instrument affecting title to a Living Unit.

Mortgagee refers to an institutional or governmental holder of a Mortgage.

Owner refers to the record title holder of any Living Unit, whether one or more Persons. The term Owner excludes those having an interest in a Living Unit merely as security for the performance of an obligation.

Participating Builder refers to a person or entity that acquires one or more Living Units from the Community Founder for the purpose of building a residential structure(s) for sale or lease to others.

Person shall refer to a natural person, a corporation, a partnership, a limited liability company, a trustee, or any other legal entity.

Special Assessments refer to assessments levied in accordance with Section 5.5 of the Community Constitution.

**COMMUNITY CONSTITUTION
APPENDIX TWO**

The Community Founder's Reserved Rights and Obligations

To secure the Community Founder's interests related to the development of the Property, including the pursuit and furtherance of the missions and goals of the Community established and modified from time to time by the Community Founder, the Community Founder shall have, in addition to the rights set forth elsewhere in the Community Constitution, the benefit of certain rights and be encumbered with certain obligations, as set forth herein.

§A-101 Duration of the Community Founder's Rights and Obligations

The rights and obligations reserved for the benefit of the Community Founder (the "Community Founder's Rights and Obligations") shall extend until the sooner to occur of the conveyance of all Living Units contained or to be contained within the Community to Owners other than the Community Founder or Participating Builders, or fifteen (15) years after the last filing of a Declaration of Annexation, except that some specific rights and obligations may expire by virtue of their being tied to the occurrence of certain events arising prior to conveyance of all Living Units. The Community Founder, however, may elect to voluntarily terminate all or any portion of the Community Founder's Rights and Obligations by expressing such election in writing to the Association. The term during which the Community Founder's Rights and Obligations may continue shall sometimes be referred to as the "Community Founder's Rights and Obligations Period." No amendment of this Appendix Two may be made without the concurrence of the Community Founder.

§A-102 Right to Complete Community Plan

(a) **Development Activities.** The Community Founder shall have the right to conduct all lawful activities required or related to the completion of the Community Plan, as such may be amended from time to time. The Association shall not, as an entity, take any position of opposition against provisions of the Community Plan in a public setting, except that such prohibition shall not apply if the Community Founder is seeking an amendment or modification to any existing regulatory approval which has an adverse and material impact on the affairs of the Association. Neither shall the Association utilize any of its material or financial resources to oppose the lawful development activities of the Community Founder. Given the evolving nature of the Community Plan, it will be necessary for the Community Founder to make changes and modifications to the Community Plan from time to time. The Community Founder shall have the right to modify the County-approved site plan for the Property and/or re-subdivide the Annexable Property such that the property previously designated as Community Property (but not yet conveyed to the Association) is re-designated as Living Units for sale by the Community Founder to homebuyers. This provision is not intended to diminish the right of any individual to express opinions nor of the Association to pursue claims arising out of any actual adverse and material breaches of agreements or representations by the Community Founder.

(b) Annexations. The Community Founder hereby declares that all of the Annexable Property shall be subject to the Community Founder's right to unilaterally subject such real property to the covenants, conditions, restrictions and easements set forth in this Community Constitution and to annex such real property within the jurisdiction of the Association pursuant to Article 2 hereof. For the duration of the Community Founder's Rights and Obligations Period, the Community Founder shall have the right to incrementally annex all or any portion of the Annexable Property within the jurisdiction of the Association by executing and recording one or more Declarations of Annexation, regardless of the ownership of the Annexable Property at the time of such annexation and without the need for the execution or filing of any such Declarations of Annexation by any other party. To the extent required by law, the Participating Builders and any other party who may own any part of the Annexable Property at the time of its annexation hereby irrevocably constitutes and appoints the Community Founder, and its successors, transferees and assigns, as its attorney-in-fact for the purpose of executing and filing all such Declarations of Annexation. The foregoing power of attorney is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to the Annexable Property and shall be binding upon the Participating Builders and any other party who may own any part of the Annexable Property at the time of its annexation.

§A-103 Amendments and Other Actions Affecting the Community Founder

(a) Governing Documents. The Association shall make no amendments to the Governing Documents that may adversely affect the Community Founder's interests, including the Community Founder's Rights and Obligations, without the Community Founder's prior written consent. No action may be taken by the Association that materially affects the Community Founder's interests without the Community Founder's concurrence. In these contexts, the Community Founder's interests are intended to include those of Participating Builders, because of their indispensable role in fulfilling the intent of the Community Plan.

(b) Easements. The Association shall take no action seeking to alter easements established in the Governing Documents by the Community Founder, nor to prevent establishment of easements necessary to complete the Community Plan.

§A-104 Association Related Rights and Obligations

(a) The Community Founder's Responsibilities for Affairs of Association. The Community Founder shall be exclusively responsible for conducting the affairs of the Association until at least one Owner other than the Community Founder has been elected to a seat on the Board of Directors.

(b) The Community Founder's Representation on Board of Directors. All members of the initial Board of Directors appointed by the Community Founder shall serve until replaced as provided herein. At or prior to the first annual meeting of the Association after twenty-five percent (25%) of the Living Units planned to be included within the Community have been initially occupied, at least one (1) member of the Board of Directors shall be elected by Owners other than the Community Founder to replace a Community Founder appointee. At or prior to the first annual meeting of the Association after sixty percent (60%) of the Living

Units planned to be included within the Community have been initially occupied, at least one (1) additional member of the Board of Directors shall be elected by the Owners other than the Community Founder to replace a Community Founder appointee. At or prior to the first annual meeting of the Association after lapse of all of the Class B memberships as provided for in the Articles of Incorporation and the Community Constitution, or, if sooner, at the first annual meeting of the Association after the expiration of fifteen (15) years following the date of the initial recordation of the Community Constitution, the Owners other than the Community Founder shall elect a majority of the members of the Board of Directors. The Community Founder's right to appoint members to the Board of Directors, not otherwise elected by the Owners other than the Community Founder, shall continue so long as the Community Founder's Rights and Obligations are in effect and the Community Founder shall have the right to designate which of its appointees shall be replaced by a member of the Board of Directors duly elected by the Owners. Except as expressly set forth in this Section, nothing herein shall otherwise be construed as limiting the Community Founder's right to vote as a Class A Member of the Association, after lapse of the Class B memberships, on any matter.

CLERK'S INDEX SHEET

(For the purpose of proper indexing only)

Grantor: Charles Retreat, LLC
8996 Burke Lake Road, Suite 303
Burke, Virginia 22015

Grantee: N/A

Consideration: N/A

Title Insurance Co.: N/A

Return to:

Linowes and Blocher LLP
7200 Wisconsin Avenue, Suite 800
Bethesda, Maryland 20814
Attention: William W. Riggins, III