

**DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR "HERITAGE SUBDIVISION"
AND "HERITAGE COMMUNITY HOMEOWNERS
ASSOCIATION, INC."**

*final
8/2/05*

THIS DECLARATION made this 2nd day of August, 2005, by Culver, Culver & Dunsten, LLC, a Maryland limited liability company, hereinafter referred to as "Declarant".

Witnesseth

WHEREAS, Declarant is the owner of certain property situate lying and being in the Salisbury Election District, City of Salisbury, Wicomico County, State of Maryland and located on the North side of and binding upon Pemberton Drive (County Road No. 301), which parcel has been subdivided into a sub-division known as "The Green at Heritage" as shown on Plat entitled "The Green at Heritage" Subdivision, prepared by Becker Morgan Group dated December, 2004, which said Plat has been recorded among the Land Records of Wicomico County, Maryland in Plat cabinet M.S.B. No. 14, Folio 748 and being part of the same land which was conveyed unto the said Culver, Culver & Dunsten, LLC by Deed dated August 31, 2000, and recorded among the aforesaid Land Records of Wicomico County, Maryland in M.S.B. Liber No. 1768, Folio 265 (hereinafter referred to as the "Property"); and

WHEREAS, Declarant intends to develop or cause to be developed on the Property, townhomes, and possibly other structures (including within its meaning, by way of illustration, but not limitation, duplexes, condominium units, apartment units, and single family houses as may be developed, used and defined as herein provided or as provided in subsequent amendments covering all or part of the Property), with appurtenant areas for parking and access and for open space; and

WHEREAS, Declarant desires to subject the Property and the improvements located or to be located thereon, to the covenants, conditions and restrictions set forth herein which are for the purpose of protecting the value and desirability of the Property and the improvements thereon and are for the purpose of distributing among the owners of the improvements the cost of maintaining and operating the common areas (as hereinafter defined), and any improvements constructed thereon; and

WHEREAS, Declarant desires to provide a flexible and reasonable procedure for the overall development of the Property and to establish a method for the administration, maintenance, preservation, use, and enjoyment of such Property as are now or may hereafter be subjected to this Declaration; and

WHEREAS, Declarant has caused or will cause a non-profit membership corporation known or to be known as Heritage Community Homeowners Association, Inc. (the "Association") to be formed in order to perform certain functions on behalf of

the owners of lots within the Property, including, but not limited to, the enforcement of the covenants, conditions and restrictions herein set forth, and for management of the common areas to be owned by the Association, and collection and disbursement of the assessments and charges hereinafter created.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following easements, covenants, conditions and restrictions, which are for the purpose of protecting the value and desirability, and enhancing the attractiveness of the Property, and which shall run with the Property and shall be binding upon all parties having any right, title or interest in the Property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner of the Property or any part thereof and their respective heirs, personal representatives, successors and assigns, and the Association.

Article I

Definitions

1.1 As used herein, the following words and terms are defined to mean as indicated:

1.2 "Architectural Committee." The Architectural Committee shall be composed of those three or more individuals so designated from time to time by (i) Declarant until all Lots have been conveyed to purchasers in the normal course of development and sale; and (ii) the Board of Directors after the Declarant has sold all Lots in the normal course of development and sale. Those individuals appointed shall not be required to be residents of the property.

1.3 "Association" shall mean and refer to Heritage Community Homeowners Association, Inc., a Maryland not for profit corporation, as formed or to be formed by Declarant.

1.4 "Board of Directors" or "Board" means the Board of Directors from time to time of the Association.

1.5 "Common Areas" means any real property owned or to be owned by the Association, including recreation areas, common space areas, parking areas, pools, parks, etc., as shown on the plats of the Property for the common use and enjoyment of owners. Such areas shall include, but not be limited to, those areas designated "Stormwater Management Ponds and Open Space", and all other like or similar parcels designated for community purposes.

1.6 "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association. Notwithstanding any of the above, said

expenses shall also include but are not limited to City, County and State property taxes on the common areas.

1.7 "Condominium Unit" shall mean and refer to a fee simple estate consisting of a three dimensional space identified as such in the condominium declaration and condominium plat for any condominium regime created on any part of the Property.

1.8. "Condominium Unit Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Condominium Unit situate on the Property, including contract sellers, but excluding those persons having such interest solely as security for the performance of an obligation.

1.9 "Declarant" means Culver, Culver & Dunsten, LLC and its successors and assigns to which it shall convey or otherwise transfer its right, title and interest to all or any part of the Property and in so doing expressly designates the transferee or transferees as a Declarant hereunder.

1.10 "Lot" means a lot or parcel of ground, including any structure located thereon, shown on the recorded Subdivision Plat of the Property, with the exception of the Common Areas and the beds and rights of way of any public road or street within the Property.

1.11 "Member" means all persons or entities who hold membership in the Association as provided in this Declaration hereafter.

1.12 "Mortgage" shall include a Deed of Trust as well as a Mortgage.

1.13 "Mortgagee" shall include a Beneficiary or Holder of Deed of Trust as well as a Mortgage.

1.14 "Mortgagor" shall include the Grantor/Trustor of a Deed of Trust as well as a Mortgage.

1.15 "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.16 "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

1.17 "Phase" shall mean and refer to separately designated, developed residential areas shown on plats recorded from time to time and may be comprised of various types of housing initially or any additional area by amendment made subject to this Declaration; for example, and by way of illustration and not limitation, duplexes, condominiums, fee simple townhomes, and single family detached houses.

1.18 "Property" shall mean that certain property described in Schedule A attached, and such additions thereto as may hereafter be brought within the jurisdiction of the Association and subjected to this Declaration as herein provided.

1.19 "Structure" means any thing or device the placement of which upon the Property (or any part thereof) may affect the appearance of the Property (or any part thereof) including, by way of illustration and not limitation, any building, trailer, garage, porch, shed, greenhouse, or bath house, coop or cage, covered or uncovered patio, swimming pool, clothesline, radio, television or other antenna, fence, sign, curbing, paving, wall, roadway, walkway, exterior light, landscape, hedge, trees, shrubbery, planting, signboard, poster, banner or any temporary or permanent living quarters (including any house trailer, mobile home or motor home), or any other temporary or permanent improvement made to the Property or any part thereof. "Structure" shall also mean (i) any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across the Property, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across the Property, and (ii) any change in the grade of the Property (or any part thereof) of more than six (6) inches from that existing at the time of first ownership by a Class A member hereunder.

Article II

Common Area Property Rights And Other Rights and Easements

2.1 *Grant of Lots.* Declarant shall hereafter hold, grant and convey the Property, and any parts thereof, including Lots and Common Areas, subject to the covenants, conditions and restrictions herein set forth, which are for the benefit of, binding upon and shall run with the land, and are for the benefit of Declarant, the Association and the Owners, their heirs, personal representatives, successors and assigns.

2.2 *Grant of Common Use.* Declarant covenants that it will convey to the Association the Common Areas, and the Association shall accept from Declarant the Common Areas and shall hold them subject to the provisions hereof.

2.3 *Owners Easements of Enjoyment.* Every Owner shall have a right and nonexclusive easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

2.3.1 The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas;

2.3.2 The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid.

2.3.3 The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by a majority of Members agreeing to such dedication or transfer has been recorded.

2.4 *Delegation of Use.* Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on a Lot.

2.5 *Structures.* Except as otherwise permitted by the provisions of this Declaration, no Structure shall be erected, placed or maintained on any Common Area except (i) structures designed exclusively for the common use of Owners, including, but not limited to, benches, chairs or other seating facilities, fences and walls, walkways, roadways, gatehouse, swimming pool, tennis court(s) and pumping station(s) and similar recreational facilities; and (ii) drainage, storm and utility systems. The Common Areas may be graded, planted with trees and shrubs and other plants placed and maintained thereon for the use, comfort and enjoyment of the Owners; for the establishment, retention or preservation of the natural growth or topography of the Common Areas; or for aesthetic reasons.

2.6 *Rules.* The Association shall have the right to prescribe reasonable rules and regulations governing the use of the Common Areas, which rules and regulations shall be applied equally to all Owners. The Association shall have the right to suspend use of the Common Areas by an Owner for a period of not less than Ten (10) days nor more than Sixty (60) days for an infraction of its published rules and regulations.

2.7 *Association Management.* The Association may in its sole discretion improve, develop, supervise, manage, operate, examine, inspect, care for, repair, replace, restore and maintain the Common Areas, including (by way of illustration, not limitation) streets, roadways, sidewalks and parking areas, and all trees, shrubbery and other plants and landscaping, together with any items of personal property placed or installed thereon, at the cost and expense of the Association.

2.8 *Implied Rights and Easements.* The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and any other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such rights or privileges, including, but not necessarily limited to, easements over, across, through and under a lot or lots, as may be necessary to maintain, construct or do any repairs to the common areas or lots, to cut grass on a lot, to trim shrubbery or trees on a lot, or to adjust, maintain or install lawn sprinklers on a lot.

Article III

Reserved Rights of Declarant

3.1 *Reserved Rights of Declarant.* The Association shall hold the Common Areas conveyed to it by Declarant subject to the following:

3.1.1 The reservation to Declarant, its successors and assigns of an easement over any road in the Common Areas, such easement for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve the Property and any part thereof, including any Lot.

3.1.2 The right of Declarant to store building supplies, construction equipment and other similar property on any Lot it owns and/or on the Common Areas.

3.2 *Grading.* Declarant further reserves unto itself, its successors and assigns the right at or after the time of grading of any street or any part thereof for any purpose, to enter upon any abutting Lot and grade a portion of such Lot adjacent to such street, provided such grading does not materially interfere with the use or occupancy of a residence built or to be built on such Lot, but said Declarant shall not be under any obligation or duty to do such grading or to maintain any slope.

3.3 *Sales and Construction Offices.* Declarant may construct, maintain and operate real estate sales and construction offices, model homes, displays, signs and special lighting on any part of the Common Areas, including the Gate House and Recreation Center, or on any Lot it owns and on or in any building or Structure now or hereafter erected thereon.

3.4 *Easement for Utilities.* Declarant, for itself, its successors and assigns, (including without limitation The City of Salisbury and utility companies) reserves an easement on, over and under the Common Areas for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve the Property and the Lots therein, including, but not limited to, the right to lay, install, construct, and maintain pipes, drains, mains, conduits, lines, meters and other facilities for water, fire sprinkler supply lines, storm sewer, sanitary sewer, gas, electric, telephone, cable television, and other public and private services or utilities deemed by Declarant necessary or advisable to provide service to any Lot, or in the area or on the area in which the same is located, together with the right and privilege of entering upon the Common Areas for such purposes and making openings and excavations thereon, which openings and excavations shall be restored in a reasonable period of time.

3.5 *Amendment of Plats.* No right shall be conferred upon any Owner or Member by the recording of any Plat relating to the development of the Property described herein to require the development of said Property in accordance with such Plat, Declarant expressly reserving unto itself the right to make such amendments to any such Plat or

Plats as shall be advisable in its best judgment and as shall be acceptable to public authorities having the right to approval thereof.

Article IV

Membership and Voting Rights

4.1 *Membership.* Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

4.2 *Voting.* The Association shall have two (2) classes of voting membership:

4.2.1 *Class A.* Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as the Owners among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

4.2.2 *Class B.* The Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease, subject to revival upon additional land being annexed to the Property pursuant to this Declaration, and be converted to Class A membership on the happening of the first to occur of the following events:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) December 31, 2033

4.2.3 Notwithstanding the general provisions set forth hereinabove, until such time as the Developer, i.e., Declarant, has sold ninety (90%) percent of the Lots that are subject to this Declaration, the Declarant shall have full control of all Association matters, unless the Declarant has renounced such rights and turned over partial or full control of the Association to the Association itself.

Article V

Covenant for Maintenance Assessments

5.1 *Creation for Lien and Personal Obligations of Assessments.* The Declarant, for each Lot, hereby covenants, and each owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association; (i) annual assessments or charges, (ii) special assessments for capital improvements, and (iii) additional assessments, all such assessments to be established and collected as hereinafter provided. The annual, special

and additional assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person(s) who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

5.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of Lots within the Property and for the improvement and maintenance of the Common Areas and as is otherwise consistent with the rights and responsibilities of the Association hereunder and for the benefit of the Members, including, but not necessarily limited to, the cost of maintaining the stormwater management system for the subdivision, maintenance of the entrance, signs, street lights, lawn sprinkler systems, snow and trash removal, grass cutting, lawn maintenance and to hire as an employee or independent contractor, a management company to carry out the Association's duties and obligations.

5.3 Computation of Assessment; Budget. It shall be the duty of the Board, at least thirty (30) days before the beginning of each fiscal year, to prepare a budget covering the estimated costs of operating the Association during the coming year and present same to the Association Membership. The Board shall cause a copy of the budget and the amount of the assessments to be levied against each Lot for the following year to be delivered to each Owner.

5.4 Reserve Fund. The annual assessments shall include an amount adequate to establish a reserve fund for replacement of capital improvements in the Common Areas. A proportionate amount of each assessment payment received by the Association applicable to the reserve fund shall be received and held by the Association in trust, and shall be held separate and apart from other Association funds. Such trust funds shall be retained by the Association and used only for capital improvements and/or replacement of Common Areas facilities of the Association upon the approval of a majority of Owners.

5.5 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Four Hundred Eighty Dollars (\$480.00) per lot.

5.5.1 From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each fiscal year of the Association not more than twenty percent (20%) above the annual assessment for the previous fiscal year without a vote of the membership.

5.5.2 From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above twenty percent (20%) of the annual assessment for the previous fiscal

year by a majority vote of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

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

5.6 *Special Assessments.* In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, and/or to meet any other deficit of the Association, provided that any such assessment shall have the assent of a majority of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

5.7 *Notice and Quorum for Any Action Authorized under Sections 5.5 and 5.6.* Written notice of any meeting called for the purpose of taking an action authorized under Sections 5.5 or 5.6 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

5.8 *Uniform Rate of Assessment.* Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis, or other periodic basis not more often than monthly, or less often than annually, as provided by the Board of Directors; provided, however, that any Class B Member(s) shall only be required to pay twenty-five percent (25%) of the assessment for each Lot owned by the Class B Member. Notwithstanding anything herein to the contrary, Lots owned by the Declarant on which there have not been residential structures built shall not be subject to assessment until such time that the residential structures are completed with customary certificates of occupancy having been issued.

5.9 *Additional Assessments.* Additional assessments may be fixed against any Lot only as provided for in this Declaration. Any such assessments shall be due as provided by the Board of Directors in making any such assessment.

5.10 *Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment of Assessments*

5.10.1 The annual assessments provided for herein shall commence, as to all Lots, on the first day of the month following the conveyance of the first Lot to an Owner or July 1, 2005, whichever is later. The first annual assessment shall be fixed by the Board

of Directors and shall be adjusted according to the number of months remaining in the fiscal year. Thereafter, the Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

5.10.2 If additional land is annexed to the Property as herein permitted, the annual assessments as to the Lots added to the Property by such annexation shall commence on the date that the land is annexed to the Property by recording of an amendment to this Declaration thus annexing such land to the Property, and shall be prorated for the remainder of that fiscal year.

5.11 *Effect of Nonpayment of Assessments; Remedies of the Association.* Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum, and shall be subject to a late charge of Fifteen Dollars (\$15.00) or one tenth of the assessment, whichever is greater, and the Board of Directors shall have the right to declare the entire balance of the annual assessment and accrued interest thereon to be immediately due and payable. In addition, the Owner shall be liable for all costs of collecting any such assessment, including reasonable attorney's fees and court costs. The Association may bring an action at law against the Owner personally obligated to pay the same and/or, without waiving any other right, may foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

5.12 *Maryland Contract Lien Act.* The Association may establish and enforce the lien for any assessment, annual, special or additional, granted herein pursuant to the Maryland Contract Lien Act. The lien is imposed upon the Lot against which such assessment is made. The lien may be established and enforced for damages, costs of collection, late charges permitted by law, and attorney's fees provided for herein or awarded by a court for breach of any of the covenants herein.

5.13 *Subordination of the Lien to Mortgages.* The lien of the assessments provided for herein shall be subordinate to the lien of any recorded first mortgage or deed of trust now or hereafter placed against a Lot, unless such lien for assessments hereunder has been duly recorded as such among the Land Records for Wicomico County aforesaid prior to the recording of such mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, any contract purchaser of a Lot shall be entitled, on written request to the Association, to a statement in writing from the Association setting forth the amount of any unpaid assessments against the Owner of the Lot due the Association and such purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments made by the Association against the Owner-Grantor or the Lot in excess of the amount set forth in such statement. The sale or transfer

of any Lot pursuant to foreclosure, or any proceeding in lieu thereof, of a mortgage senior in priority to the assessment lien, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from any lien therefor.

5.14 Exempt Property. All property dedicated to and accepted by a public authority and all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Maryland shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessment.

5.15 Initial Assessment. The first Class A Member of each Lot shall pay to the Association as an initial assessment a sum equal to two (2) times the initial monthly assessment applicable to the Lot. Such sum shall be payable within thirty (30) days after conveyance of the Lot to a Class A Member.

5.16 Association Deposit Accounts. All deposits shall be deposited in a FDIC insured interest-bearing account in the name of the Association. However, sums as necessary to meet current obligations may be maintained in a non interest-bearing checking account as long as the account is FDIC insured.

Article VI

Maintenance by Owner

The Owner of each Lot shall keep his Lot, and all improvements thereon, in good order and repair, including, but not limited to, keeping all sidewalks neat, clean, in good repair, and free of ice and snow, the painting (or other appropriate external care) of all buildings and Structures on the Lot, and maintaining the appearance of all window treatments, (and specially that such window treatments be white or off-white from their outside appearance), all in a manner and with such frequency as is consistent with good property management, maintenance and aesthetic appearance. If, in the opinion of the Architectural Committee, any Owner fails to perform the duties imposed hereunder, the Association, on affirmative action of a majority of the Board of Directors, after fifteen (15) days written notice to the Owner to remedy the condition in question, and upon failure of the Owner to remedy the condition, shall have the right (but not the obligation), through its agents and employees, to enter upon the Lot in question and to repair, maintain, repaint and restore the Lot and the improvements or Structures thereon, and the cost thereof shall be a binding, personal obligation of such Owner of the Lot, and as an additional assessment on the Lot.

Article VII

Architectural Review

7.1 Building Restrictions. No Structure shall be commenced, erected or maintained on any Lot nor shall the exterior appearance, including exterior appearance of interior window treatments, of any Structure on any Lot be changed or altered from the appearance thereof after completion by Declarant, nor shall the natural state of any area of any Lot be disturbed or altered after completion of construction of the improvements thereon by Declarant, and conveyance thereof to a Class A Member, nor shall any work be commenced or performed which may result in a change of the exterior appearance of any Structure, until the plans and specifications showing the nature, kind, shape, dimensions, materials, floor plans, color scheme, location, exterior plans and details, paving plans and location, landscaping details, proposed topographical changes, together with the estimated cost of said work and the Owner's proposed construction schedule, and together with a designation of the party or parties to perform the work have been submitted to and approved in writing by the Architectural Committee. In the event the Architectural Committee fails to approve or disapprove such design and location in writing within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

7.2 Committee Criteria. The Architectural Committee shall consider such plans and specifications for approval upon the basis of, among other things, the harmony of external design and location in relation to surrounding Structures and topography, the nature and durability of the materials, quality of workmanship, choice of colors and materials, grade elevations and/or drainage, the ability of the party or parties designated by the Owner to complete the work proposed in accordance with the plans and specifications submitted, including, without limiting the foregoing, such factors as background, experience, skill, quality of workmanship, financial ability, etc. In reviewing the plans, the Architectural Committee may also consider factors of public health and safety, the effect the proposed work will have on the use, enjoyment and value of surrounding properties, and/or the outlook or view of other neighboring properties and the suitability of the proposed improvements or alterations with the general aesthetic values of the surrounding area.

7.3 Disapproval of Plans. In any case where the Architectural Committee shall disapprove the plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement in writing of the grounds upon which such action was based. In any such case, the Architectural Committee shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal can be prepared and submitted for approval. However, the final decision of the Architectural Committee is binding.

7.4 Approval of Plans. The applicant shall submit for approval two sets of plans and specifications. Upon approval by the Architectural Committee, one copy of such plans and specifications shall be retained by the Committee, and the other bearing the approval of the Committee in writing shall be returned to the Declarant.

7.5 Nonapproved Structures. If any Structure shall be altered, erected, placed or maintained upon any Lot, or any new use commenced on any Lot, in violation of the provisions hereof, such Structure or new use shall be removed or discontinued, and such use shall be terminated so as to extinguish such violation. If within fifteen (15) days after notice from the Board of Directors of such violation, the Owner of the Lot upon which such violation exists shall not have taken reasonable steps towards the removal or termination of the same, the Association, through its agents and employees, shall have the right to enter upon the Lot and to take such steps as it deems necessary to extinguish such violation and the cost thereof shall be a binding, personal obligation of the Owner of the Lot, and as an additional assessment, on the Lot.

7.6 Examination Fee. The Architectural Committee may charge and collect a reasonable fee for the examination of the plans and specifications submitted for approval. Such payment shall be made at the time such plans and specifications are submitted, provided that such charge shall not exceed the amount chargeable by the appropriate governmental authority for an application for and processing of building permits for Structures on the Lot with regard to which such plans and specifications are submitted. Such fee shall be retained by the Association, and not by the Architectural Committee.

7.7 Committee Compensation. The members of the Architectural Committee shall serve without compensation unless specifically approved by the Members.

7.8 Declarant Exemption. The provisions of this Article Seven shall not apply to any Structures made by Declarant, or any other improvements made by Declarant on any Lot, or within the Property.

7.9 Architectural Committee Rules. The Architectural Committee to the extent of its functions hereunder and rights specifically provided herein, may adopt and promulgate reasonable rules and regulations regarding the administration, interpretation and enforcement of the provisions of Article Seven of this Declaration.

7.10 Conditional Approval. In granting any permit, authorization, or approval, as herein provided, the Architectural Committee may impose any appropriate conditions or limitations thereon as they shall deem advisable under the circumstances of each case.

Article VIII

Insurance and Casualty Losses

8.1 Insurance. The Association's Board of Directors, or its agents, shall have the authority to and shall obtain insurance for all insurable improvements on the Common

Area against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction for any such hazard.

The Board shall also obtain a public liability policy covering the Common Area, the Association, and its Members for all damage or injury caused by the negligence of the Association for any of its Members or agents. These insurance policies shall carry limits as determined to be reasonable by the Board of Directors.

Premiums for all insurance on the Common Area shall be common expenses of the Association. The policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

Cost of insurance coverage obtained by the Association for the Common Area shall be included in the Annual Assessment.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as Trustee for the respective benefited parties. Such insurance shall be governed by the provisions hereinafter set forth:

8.1.1 All policies shall be written with a company licensed to do business in Maryland.

8.1.2 All policies on the Common Area shall be for the benefit of the Lot Owners and their Mortgagees as their interests may appear.

8.1.3 Exclusive authority to adjust losses under policies in force on the Property obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

8.1.4 In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees; and the insurance carried by the Association shall be primary.

8.1.5 The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(a) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective tenants, servants, agents, and guests;

(b) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(c) that no policy may be cancelled, invalidated, or suspended on account of any one or more individual Owners;

(d) that no policy may be cancelled, invalidated, or suspended on account of the conduct of any director, officer or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or Mortgagee;

(e) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(f) that no policy may be cancelled or substantially modified without at least fifteen (15) days prior written notice to the Association.

In addition to any other insurance required by this Article, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the director's best business judgment, but may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least fifteen (15) days' prior written notice to the Association.

8.2 Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

8.2.1 If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction thereafter as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Area or, in the event no repair or reconstruction is made, after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgage(s), as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Lot and may be enforced by such Mortgagee.

8.2.2 If it is determined, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner as provided for excess proceeds in Article 8.2.1 hereof.

8.3 Damage and Construction.

8.3.1. Immediately after the damage or destruction by fire or other casualty to all or any part of the Property covered by insurance written in the name of the Association, the Board of Directors, or its agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Property. Repair or reconstruction means repairing or restoring the Property to substantially the same condition in which it existed prior to the fire or other casualty.

8.3.2 Any damage or destruction to the Common Area shall be repaired or reconstructed unless at least seventy-five (75%) percent of the total vote of the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. This provision is subject to the condition that any action not to repair or reconstruct may not violate any of the governmental original conditions or approval for the subdivision.

8.3.3 In the event that it should be determined by the Association in the manner described above that the damage or destruction of the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the Property shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition.

8.4 *Repair and Reconstruction.* If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners in proportion to the number of Lots owned by such Owners provided such levy does not exceed the hereinafter stated limit. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. The Board may not, however, without the vote or written assent of a majority of the Members, levy, for the costs described hereinabove, in any fiscal year special assessments which in the aggregate exceed then (10%) percent of the budgeted gross expenses of the Association for the fiscal year. If the funds available from insurance exceed the cost of repair, such excess shall be deposited to the benefit of the Association and used for such purposes as the Board of Directors of the Association shall determine.

Article IX

No Partition

There shall be no physical partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Property or any part thereof seek any such

judicial partition unless the Property has been removed from the provisions of this Declaration.

Article X

Condemnation

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of all Owners) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as Trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking at least seventy-five (75) percent of the Members of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefore. If such improvements are to be repaired or restored, the above provisions in Article VIII hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award of net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

Article XI

Land Use Covenants, Conditions, and Restrictions

11.1 *Residential Use.* Lots will be used for residential purposes only, except that Declarant may use any Lot as a model home and for sales, management and/or construction offices.

11.2 *Subdivision.* Without the prior written approval of the Architectural Committee, no Lot shall be subdivided.

11.3 *Motor Vehicles.* All boats, boat trailers, house trailers, trailers, trucks, recreational vehicles, campers, nonpassenger vehicles and the like shall be parked only in appropriate areas. No such vehicle may be kept in the open on any Lot. All parking shall be at the risk of the owner of the vehicle.

11.4 *Structures.* No Structure may be erected or maintained on any Lot in violation of Article VII above, requiring approval of the Architectural Committee. The exterior of all structures shall be maintained in a manner that is aesthetically pleasing, which shall be determined in the sole discretion of the Architectural Committee.

11.5 *Animals.* No animals may be kept, maintained or bred on any Lot, except that no more than three (3) domestic animals, including dogs, cats or similar domestic household pets, may be kept on a Lot, provided they are not kept, bred or maintained for any commercial purpose and provided further that they are kept in such a manner as to avoid becoming a nuisance to neighbors or adjoining property owners. No animal shall be permitted outside of the dwelling of an Owner unless the animal is under the control of a responsible person. No household pet shall be allowed to make an unreasonable amount of noise or otherwise to become a nuisance. Upon request of any Owner, the Board of Directors shall determine, in its sole discretion, whether for the purposes of this paragraph a particular animal shall be considered a "similar domestic household pet" or its actions have constituted a "nuisance", or it has been kept "under the control of a responsible person". Owners shall immediately clean all litter deposited on any Lot or Common Areas by their household pets. Within the Commons Areas, pets must be leashed; leashes may not exceed six feet in length. No pets may be maintained in outside kennels or chained outside without the prior consent of the Board of Directors.

11.6 *Parking Areas.* All motor vehicles shall be stored or parked only in appropriate areas on a Lot or the Common Areas. All such vehicles shall be in working order, properly registered and no repairs, except those of a very minor nature, shall be permitted to be done on any such vehicles on any of the Common Areas or on any Lot, unless such work is done within a fully enclosed garage on such Lot.

11.7 *Noises and Nuisances.* No nuisance shall be maintained, allowed or permitted on any part of any Lot or Common Area, and no use thereof shall be made or permitted which may be noxious or detrimental to health or which may become an annoyance or nuisance to the neighborhood. Between the hours of 11:00 p.m. and the following 8:00 a.m., no Owner or occupant on a Lot or in the Common Areas shall make any loud or unusual noises. Musical instruments, radios, televisions and record players, phonographs, and the like shall be used at all times only in such manner as not to unreasonably disturb persons on other Lots or in the Common Areas.

11.8 *Trash.* No lumber, metals, bulk materials, garbage, refuse or trash shall be kept, stored or allowed to accumulate on any Lot (other than in an approved Structure); no Lot shall be used or maintained as a dumping ground for any material; trash, garbage or other waste shall not be kept on any Lot except in sanitary containers. All equipment and containers for the storage or disposal of such material shall be kept in a good, clean and sanitary condition; during construction of any approved Structure on a Lot, the Owner shall keep the construction site free of unsightly accumulations of rubbish and scrap materials, and construction materials, trailers, shacks and the like employed in connection with such construction shall be kept in a neat and orderly manner. Trash or other refuse that is to be disposed of by being picked up and carried away on a regular and reoccurring basis, may be placed in the open in an approved container on any day that a pick-up is to be made, at such place on the Lot so as to provide access to persons making such pick-up. At all other times, such containers shall be stored in such a manner so that they cannot be seen from adjacent and surrounding property; the Architectural Committee, in its

discretion, may adopt and promulgate reasonable rules and regulations relating to the size, shape, color and type of containers permitted and the manner of storage of same on a Lot.

11.9 *Motor Vehicles.* No fuel driven motor vehicle may be driven or placed on the Common Areas, except in such part of the Common Areas, if any, specifically set aside for driving and for parking. Notwithstanding anything to the contrary herein, no tractors and/or trailers, semi-trucks, dump trucks or other large commercial vehicles may be parked within the Property, except for purposes of making deliveries or when being used by Declarant, or its assigns, for purposes of construction or sales. The Board of Directors of the Association may make such amendments to this provision as it deems appropriate.

11.10 *Model Home Use.* Anything contained in this Article to the contrary notwithstanding, any Lot may be used by Declarant, its successors and assigns, for model home purposes or for the maintenance of a real estate office. Declarant shall be entitled to conduct on any Lot all activities normally associated with and convenient to the development of the Property and the construction and sale, or resale, of the residences thereon.

11.11 *Lot Use.* No industry, business trade, occupancy, or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploitation, or otherwise, shall be conducted, maintained, or permitted on any part of the Lot unless permitted by current zoning ordinances. No "For Sale", "For Rent", "For Lease" signs or other window displays or advertising of any type will be maintained or permitted on any part of the Lot. No structure will be used or rented for transient, hotel, or motel purposes. However, the right is reserved by the Declarant to place "For Sale", "For Rent", or "For Lease" signs on any unsold or unoccupied structure.

11.12 *Signs, etc.* No Owner shall cause or permit anything to be hung, displayed, or exposed on any Lot, whether through or upon windows, doors or masonry, including, but not limited necessarily to, the following: laundry, clothing, rugs, signs, and radio or television antennas

11.13 *Satellite Dishes.* No Owner shall erect any satellite dishes within a Lot without the prior written consent of the Board of Directors.

11.14 *Unlawful Purpose.* No Lot or structure shall be used for any unlawful purpose, and no Owner shall do or permit any unlawful act within or upon his Lot.

11.15 *Fences.* No fences shall be allowed except with the prior written consent of the Board of Directors.

11.16 *Outside Storage Buildings.* No outside storage buildings shall be permitted without the prior written consent of the Board of Directors.

11.17 *Plantings.* The planting of plants, flowers, trees, shrubbery and crops of any type is prohibited anywhere on the Common Areas without prior written consent of the Board of Directors.

11.18 *Building Location.* All buildings or part thereof shall be constructed so as to comply with the minimum setback line as established on the Subdivision Plat. However, the Declarant may waive this requirement when construction has unintentionally been placed over the setback line if the Declarant files among the Land Records a waiver stating that such violation does not, in the opinion of the Declarant, adversely affect the value of the adjoining properties. However, in no instance may the Declarant reduce the setback requirement below the minimum standards imposed by City of Salisbury regulations and ordinances without the specific and prior approval of the City of Salisbury, State of Maryland. When the Declarant no longer owns any lots in the subdivision, its right to grant variances hereunder shall be assigned to the Association.

Article XII

Annexation

12.1 *Additional Property.* Additional residential Lots and Common Areas may be annexed to the Property with the consent of a two-thirds (2/3) of each class of Members.

12.2 *Annexation by Declarant.* Additional land within the area described in Exhibit B attached hereto and made a part hereof may be annexed to the Property and made residential Lots and Common Areas of the Property by Declarant without the consent of members within fifteen (15) years of the date this Declaration is recorded among the Land Records for Wicomico County aforesaid; provided, however, if at the application of Declarant the Veterans Administration or the Federal Housing Administration or any successor agency approves the Property or any part thereof or any Lot thereon for federally approved mortgage financing purposes, thereafter any annexation shall be made only if the Federal Housing Administration and/or the Veterans Administration determine that the annexation is in accord with the general plan theretofore approved by them.

12.3 *Recording.* Any annexation made to the Property hereunder shall be done and become effective upon recording of an Amendment to this Declaration by Declarant among the Land Records for Wicomico County aforesaid specifying the additional land to be annexed to the Property.

Article XIII

Party Walls and Roofs

13.1 *General Rules of Law to Apply.* Each wall which is built as a part of the original construction of the homes upon the lots and placed on the dividing line between the lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this

Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

13.2 *Sharing and Repair and Maintenance.* The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use.

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

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

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.

13.6 *Roofs.* Roofs shall not be considered common elements; and each Lot shall be considered to have its own and individual separate roof with each such Lot Owner being individually responsible for all repairs, replacements, and improvements thereto. However, each Lot shall be considered to have an easement over the adjoining property as may be reasonably necessary to install or repair a roof.

13.7 *Easements.* All adjoining Owners shall have easements as may be reasonably necessary to gain access to and from areas adjacent to common walls as may be required to properly maintain, repair, and replace such walls or roofs.

Article XIV

General Provisions

14.1 *Enforcement.* The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

14.2 *Severability.* Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

14.3 Amendment.

14.3.1 The covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first thirty (30) year period, by an instrument signed by no less than sixty percent (60%) of each class of members, and thereafter by an instrument signed by no less than seventy-five percent (75%) of each class of members. Any amendment must be recorded. In addition to the above, no amendment of a material nature of this Declaration may be made unless approved by at least fifty-one percent (51%) of the first mortgages of all Lots (based on one vote for each first mortgage owned). A change to any of the following shall be considered material: any amendment affecting assessments, any property right, the right of an owner to have, use or enjoy any easements or to use the Common Areas, or the vested right of any party secured by a mortgage or deed of trust.

14.3.2 No amendment may alter or affect any rights granted hereunder to Declarant without the prior written consent of Declarant.

14.3.3 Anything set forth in Article 14.3 above to the contrary notwithstanding, the Declarant shall have the absolute unilateral right, power and authority to amend, modify, revise or change any of the terms or provisions of this Declaration, all as from time to time amended or supplemented. This unilateral right, power and authority of the Declarant may be exercised during the first five (5) years after the date the Declaration is recorded, or until the Declarant no longer owns any of the Property or the Annexable Property, whichever shall occur later, to modify, amend or change the Declaration at any time, or from time to time (i) to correct errors or omissions herein; (ii) to bring any provision of this Declaration into compliance with any applicable governmental statute, rule, regulation, or judicial determination which is in conflict therewith; (iii) to enable any title insurance company to issue title insurance coverage with respect to any portion of the Property or the Annexable Property; (iv) to reflect changes to the general plan of development of the Property or Annexable Property or (v) if either the Veterans Administration or the Federal Housing Administration or any successor agencies thereto shall require such action as a condition precedent to the approval by such agency of the United States of the Property or any part thereof or of any lot thereof, for federally approved mortgage financing proposed under applicable Veterans Administration, Federal Housing Administration or similar programs. If the Veterans Administration or the Federal Housing Administration or any successor agency approves the Property or any part thereof or any Lot thereon for federally approved mortgage financing purposes, thereafter any amendments to the Declaration made during any period of time when there are Class B Members shall also require prior consent of the agency giving such approval.

14.4 Notices. All notices required or provided for in this Declaration shall be in writing and hand delivered or sent by United States mail. If hand delivered, the notices

shall be sent to the addresses shown below and shall be deemed to have been given on the date hand delivered to the party receiving the same. If United States mails are used, the notices shall be sent to the addresses shown below, certified or registered mail, return receipt requested, postage prepaid, and shall be deemed to have been given on the date deposited in the United States Mails. Notice shall be addressed as follows:

To Declarant	George G. Dunsten Culver, Culver & Dunsten, LLC 408 Cobblers Green Salisbury, MD 21801
To the Association:	To the Resident Agent of the Association at his address, as shown by the records of the State Department of Assessments and Taxation of the State of Maryland
To Owner/Members:	To the last known address of Owner/ Member as shown on the records of the Association at the time of such mailing and if there is no such address, then to the Lot of such Owner/Member

Any person shall have the right to designate a different address for the receipt of notices other than set forth above, provided the person's new address is contained in a written notice given to the Declarant and to the Association.

14.5 *Right of Entry.* Violation or breach of any provision herein contained shall give Declarant or the Association, to the extent that any of them may have a right of enforcement thereover, their respective agents, legal representatives, heirs, successors and assigns, in addition to all other remedies, the right (but not the obligation), after five (5) days notice to the Owner of the Lot, to enter upon the Lot or the land as to which such violation or breach exists, and summarily to abate and remove, at the expense of the Owner thereof, any Structure or condition that may be or exists thereon contrary to the intent and meaning of the provisions hereof; and the said parties shall not thereby be deemed guilty of any manner of trespass for such entry, abatement of removal, except that if any agent of Declarant or the Association shall be responsible for actually committing a trespass by behavior going beyond the intent of the authority conferred by this Article, in such event neither Declarant nor the Association shall be responsible for the unauthorized acts of such agent(s). Nothing herein contained shall be deemed to affect or limit the rights of the Owners of the Lots when entitled to do so, to enforce the covenants by appropriate judicial proceedings.

14.6 *Indemnification.* The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer

or director. The officers or directors shall not be liable for any mistake or judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

14.7 *Delegation of Use.* Any Owner may delegate, in accordance with the By-Laws of the Association, his or her right of enjoyment to the Common Area and facilities to the members of his or her family, tenants, and social invitees.

14.8 *Easements of Encroachment.* There shall be reciprocal appurtenant easements of encroachment as between each Lot and such portion or portions of the Common Area adjacent thereto or as between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon.

14.9 *Recreational Facilities.* All persons using any of the recreational facilities do so at their own risk and sole responsibility. The Association does not assume responsibility for any occurrence, accident, or injury in connection with such use. No Owner shall make any claim against the Association, its servants, agents, or employees, for or on account of any loss or damage to life, limb, or property sustained as a result of or in connection with any such use of the recreational facilities.

14.10 *Construction and Sale.* Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Lots shall continue, it shall be expressly permissible for Declarant or Declarant's assignee to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such Lots, including, but not limited to, business offices, signs, model units, and sales offices; and the Declarant or Declarant's assignee shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use Lots owned by the Declarant and the community center, gatehouse and other structures located in the Common areas, if any, which may be owned by the Association, as models and sales offices. This Article may not be amended without the express written consent of the Declarant.

14.11 *No Reverter or Condition Subsequent.* No provision herein is intended to be, or shall be construed as, a condition subsequent or as creating a possibility of reverter.

14.12 *Remedies.* Damages may not be deemed adequate compensation for any breach of violation for any provision hereof, so that any person or entity entitled to enforce any

provision hereof shall be entitled to relief by way of injunction as well as any other available relief either at law or in equity.

14.13 *Headings.* The headings or titles herein are for convenience or reference only and shall not affect the meaning or interpretation of the contents of this Declaration.

14.14 *FHA/VA Approval.* If the Declarant applies for approval for any Lot of the Federal Housing Administration or the Veterans Administration, for mortgage financing, then in that event so long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

14.15 *Regulation Pursuant to Salisbury Municipal Code.* Except to the extent that such provisions conflict with the Maryland Homeowners Association Act, the Property is subject to the following:

14.15.1 Any common open spaces, common use areas or facilities and any developed open space shall be made available for the use of all Owners, provided, however, that the Homeowners Association may allocate the use of such areas and facilities among those Owners on any reasonable basis specified by its Board of Directors, which does not conflict with Salisbury Municipal Code.

14.15.2 A perpetual easement is hereby granted to the City of Salisbury for access to all common areas as described herein for the purpose of performing work pursuant to Article 14.15.3 hereof.

14.15.3 In the event certain or all of the common areas are not maintained within thirty (30) days after being given proper notice by The City of Salisbury, the City is authorized to enter upon the property and to perform the necessary maintenance; in which event it shall be lawful for the City to assess the Homeowners Association or the Owners served by such common areas, the cost of the work and any applicable penalties. Said cost, if unpaid, shall be a lien against all properties served by such common areas, on a pro rata basis, and charges so assessed shall become a lien on the properties as in the case of real property taxes and shall be collected as ordinary real estate taxes.

14.15.4 The common areas as described herein are guaranteed to be reserved in perpetuity for the Owners, as herein set forth.

14.15.5 The Homeowners Association shall not be dissolved, nor shall any covenant, bylaw or other legal arrangement under this Declaration associated with all open spaces or common use areas be modified or changed, without the consent of the Mayor and City Council.

14.15.6 No open space or common use facilities, specifications or restrictions deemed necessary by the Planning Commission or City Council may be changed, without

the consent of the Planning Commission or Mayor and City Council, including, but not limited to:

1. The dedication of common areas.
2. The dissolution or mortgaging of common areas and any amendment involving:
 - (a) the ownership of the common area;
 - (b) the responsibility or method for maintenance;
 - (c) compulsory membership or compulsory assessment provisions; or
 - (d) guaranties that all common areas or facilities be reserved in perpetuity for Owners.

The hereinabove provisions shall be subject to enforcement only by the City of Salisbury and not by anyone else for the purpose of Section 17.04.240 of the Salisbury Municipal Code.

14.16 *Resident Agent.* The Association shall register with the City of Salisbury, Department of Public Works by certifying the name and address of a registered agent who shall accept all correspondence and notices from the City. Initially, this agent shall be George G. Dunsten, 408 Cobblers Green, Salisbury, MD 21801. City of Salisbury shall be notified of any change in the appointment of this registered agent. In the event that the Association is incorporated, the registered agent of the corporation shall be the registered agent referred to herein and the City of Salisbury Department of Public Works shall be notified accordingly.

14.17 *Mortgagee's Consent.* The Bank of Delmarva and Wilmington Trust, FSB join herein, as the current Mortgagees, to acknowledge their consent to these Covenants, Conditions and Restrictions,

IN WITNESS WHEREOF, the undersigned have hereunder set our hands and seals the day and year first above written.

ATTEST:

Culver, Culver & Dunsten, LLC
a Maryland limited liability company

By: LEGACY DEVELOPMENT CORP.,
a Maryland Corporation

Charlene E. Travers

By:

George G. Dunsten (SEAL)
George G. Dunsten, Vice President
MEMBER

Charlene E. Travers

The Bank of Delmarva

By: Carl L. Cottingham, EVP (SEAL)
Carl L. Cottingham
Executive Vice President

Charlene E. Travers

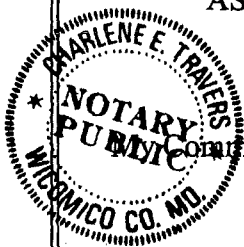
Wilmington Trust, FSB

By: John W. Breda (SEAL)
John W. Breda
Vice President

STATE OF MARYLAND, WICOMICO COUNTY to wit:

I HEREBY CERTIFY, that on this 2nd day of August, 2005, before me, the subscriber, a Notary Public in and for the State and County aforesaid personally appeared George G. Dunsten, who acknowledged himself to be the Vice President of Legacy Development Corp., a Maryland corporation, which is the sole Member of Culver, Culver & Dunsten, LLC, a Maryland limited liability company, and that he as such Vice President, being authorized and empowered so to do, executed the foregoing Declaration for the purposes therein contained, by signing the name of the corporation as the Member of Culver, Culver & Dunsten, LLC.

AS WITNESS my hand and Notarial Seal.

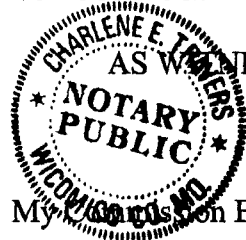


Charlene E. Travers
Notary Public

Commission Expires: 01/01/07

STATE OF MARYLAND, WICOMICO COUNTY, to wit:

I HEREBY CERTIFY, that on this 2nd day of August, 2005, before me, the subscriber, a Notary Public in and for the State and County aforesaid personally appeared Carl L. Cottingham, who acknowledged himself to be the Executive Vice President of The Bank of Delmarva, and that he, as such Executive Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing, in my presence, the name of the corporation by himself as such Executive Vice President.



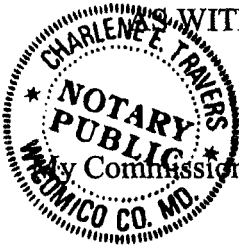
AS WITNESS my hand and Notarial Seal.

Charlene E. Travers
Notary Public

My Commission Expires: 01/01/07

STATE OF MARYLAND, WICOMICO COUNTY, to wit:

I HEREBY CERTIFY, that on this 2nd day of August, 2005, before me, the subscriber, a Notary Public in and for the State and County aforesaid personally appeared John W. Breda, who acknowledged himself to be the Vice President of Wilmington Trust, FSB, and that he, as such Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing, in my presence, the name of the corporation by himself as such Vice President.



WITNESS my hand and Notarial Seal.

Charlene E. Travers

Notary Public

My Commission Expires: 01/01/07

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SCHEDULE A

DESCRIPTION OF PROPERTY

All those lots or parcels of land in the Salisbury Election District, City of Salisbury, Wicomico County, State of Maryland, located on the Northerly side of and binding upon Pemberton Drive and on the Southerly side of and binding upon Legacy Way and Sawback Lane, and being more particularly shown and designated on a plat entitled "The Green at Heritage", dated December 2004, made by Becker Morgan Group and recorded among the Plat Records for Wicomico County in Plat Cabinet M.S.B. No. 14, Folio 748; and containing 7.01 acres of land, more or less; and being a part of the same land conveyed to Culver, Culver & Dunsten, LLC from Robert L. Culver et al. by deed dated August 31, 2000, and recorded among the Land Records for Wicomico County, in Liber M.S.B. No. 1768, Folio 265.

SCHEDULE B

ADDITIONAL LAND THAT MAY LATER BE SUBMITTED TO THE DECLARATION OF COVENANTS AS PART OF THE PROPERTY

Any lands on the border of and binding upon the existing Subdivision, or on the Southerly or Easterly side of said Subdivision across Pemberton Drive or Culver Road, if said property binds upon said Pemberton Drive or Culver Road, or on the Northerly side of said "Heritage Subdivision", including, but not limited to, all of Parcel 144 as shown on a plat entitled "Heritage Subdivision", dated September 2004, made by Becker Morgan Group and recorded among the Plat Records for Wicomico County, Maryland, in Plat Cabinet M.S.B. No. 14, Folio 704. The lands identified hereinabove consist of approximately 70 acres, more or less, and could accommodate approximately 510 lots.