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**DECLARATION OF EASEMENTS,
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR MERRY-GO-ROUND FARM**

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List of Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
Exhibit No. 1	Legal Description of the Pearson Parcel.
Exhibit No. 2	Legal Description of the Property as of the Date of this Declaration.
Exhibit No. 3	Legal Description of the Outer Area.
Exhibit No. 4	Legal Description of the Area to Contain Up to approximately 81 Lots.

**DECLARATION OF EASEMENTS,
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR MERRY-GO-ROUND FARM**

THIS DECLARATION is made this 26th day of March, 1993, by ELIZABETH ABELL, TRUSTEE OF THE TRUST CREATED UNDER ITEM SEVENTH OF THE WILL OF LUVIE MOORE PEARSON.

RECITALS

1. Declarant owns land in Montgomery County, Maryland, that Declarant intends to develop, as a subdivision known as Merry-Go-Round Farm. The Property is described legally in the attached Exhibit No. 2.

2. By this Declaration, Declarant intends to impose easements, covenants, conditions and restrictions concerning the use and development of the Property for the mutual benefit of Owners of subdivided lots within the Property and to provide a method by which the Owners may administer, maintain and preserve the Property.

3. Declarant has formed a Maryland non-profit membership corporation known as Merry-Go-Round Clusters Homeowners Association, Inc. The Association's purpose is to perform certain functions for the Owners of the Property. These functions include, without limitation: the enforcement of the easements, covenants, conditions and restrictions contained in this Declaration; management of Common Areas to be owned by the Association; and establishment, collection and disbursement of the Assessments imposed by this Declaration.

**EASEMENTS, COVENANTS,
CONDITIONS AND RESTRICTIONS**

Declarant declares that the Property shall be held, sold and conveyed subject to the following easements, covenants, conditions and restrictions, which shall run with the land. This Declaration is binding on the Declarant, the Association, the Owners and their heirs, successors and assigns and shall be enforceable by the Declarant, the Association, the Owners and their heirs, successors and assigns.

Article I
Definitions

Capitalized terms used in this Declaration shall have the following meanings:

1.1 **Abell Parcel** means that certain property more particularly described in that certain Deed dated July 28, 1988 and recorded July 29, 1988 at Liber 8390 folio 339, among the Land Records of Montgomery County, Maryland, as corrected by Confirmatory Deed dated December 12, 1988 and recorded on January 17, 1989 at Liber 8657 folio 522, and as further modified by a certain Quitclaim Deed dated January 10, 1989 and recorded January 17, 1989 at Liber 8657 folio 536 among the Land Records of Montgomery County, Maryland.

1.2 **Approval of the Members** means an approval obtained by a majority of the Votes cast at a duly called meeting of the Members at which a quorum is present.

1.3 **Architectural Committee** means the committee established in Section 7.1 below.

1.4 **Assessments** means all of the assessments described in Article V below.

1.5 **Associate** means:

(1) the record owner or owners of the fee simple title to any property contiguous to the area described on **Exhibit No. 4** attached hereto who: (a) applies to the Association to become an Associate, (b) receives Approval of the Members, which approval is in the Members' sole and absolute discretion and is subject to such conditions as the Members may impose, and (c) agrees in writing to assume the obligations and responsibilities of an Associate; and

(2) the record owner or owners of the fee simple title to the Abell Parcel or the Pearson Parcel provided that such owner or owners first agree in a writing, to assume the obligations and responsibilities of such an Associate as further provided under Article IV;

The term "Associate" does not include a mortgagee or other person holding a security interest in the Associate's property.

1.6 **Association** means Merry-Go-Round Clusters Homeowners Association, Inc., a Maryland corporation.

1.7 Board of Directors means the Association's Board of Directors.

1.8 Bylaws means the Association's Bylaws.

1.9 Commission means the Montgomery County Planning Board of The Maryland-National Capital Park and Planning Commission.

1.10 Common Areas means all parts of the Property except Lots. Common Areas, includes all roads and streets within the Property not dedicated to Montgomery County or the State of Maryland for public use.

1.11 Construction means actual erection of a Structure and its appurtenances, and any staking, clearing, excavation, filling, grading, or other site work, any landscaping, plantings or removal of plants, trees or shrubs, or any modifications, change or alteration of any previous construction, whether functional or decorative.

1.12 Declarant means Elizabeth Abell, Trustee of the Trust created under Item Seventh of the Will of Luvie Moore Pearson, and her successors in Trust. Declarant also includes any person, including any legal entity, to whom Declarant assigns, in whole or in part, any of the rights, privileges and powers that this Declaration reserves to Declarant.

1.13 Declarant's Deed of Trust means that certain Deed of Trust by and between the Declarant and Louis Pohoryles and Roberta B. Aronson, Trustees, dated of even date herewith and recorded or intended to be recorded among the Land Records of Montgomery County subsequent hereto.

1.14 Development Period means the period that begins on the date this Declaration is recorded in the Land Records of Montgomery County, Maryland and ends on the fifteenth (15th) anniversary of its recordation. However, if after the fifth (5th) anniversary of the recordation of this Declaration the Declarant exercises its rights and powers under Section 3.6 below to annex additional land to the Property, the Development Period, notwithstanding any prior expiration, shall be extended to the tenth (10th) anniversary of the last annexation of land.

1.15 Equestrian and Recreation Easement means the easement entitled "Easement for Equestrian and Other Recreational Purposes" granted by deed of even date herewith by the Estate of Luvie Moore Pearson to the Association and the Owners to use the open space and recreation areas within the Outer Area which are shown on the Preliminary Plan for recreational purposes. The Equestrian and Recreation Easement,

which is recorded or intended to be recorded among the Land Records of Montgomery County, Maryland contemporaneously with the recording of this Declaration, was contemplated by the Montgomery County Planning Board at the time of its approval of the Preliminary Plan. The open space areas within the Outer Area may be relocated, altered, modified or changed by the Grantor thereof only with the written approval of the Montgomery County Planning Board.

1.16 Guidelines means the Merry-Go-Round Farm Architectural and Landscape Design Guidelines, dated June 1988, as they may be amended from time to time in accordance with subsection 7.3.3 below.

1.17 Home Federal means Home Federal Savings Bank in its capacity as the Owner of Lots 28, 29, 30 or 31, and in the capacity as the Owner of any of Lots 18 through 27 and 32 through 40 should the same be reacquired by Home Federal Savings Bank through foreclosure of the Declarant's Deed of Trust or by deed in lieu of such foreclosure. Home Federal also includes any immediate successor Owner of any of Lots 18 through 27 and 32 through 40 who acquired all of Lots 18 through 27 and 32 through 40 directly from Home Federal.

1.18 Lot means any parcel within the Property designated as a residential lot on a subdivision plat of the Property.

1.19 Member means a member in the Association. Any Owner is a Member; no non-Owner may be a Member. There are two classes of membership, Class A and Class B, as provided below in Article IV. A Member who ceases to be an Owner shall automatically and simultaneously cease to be a Member.

1.19A Montgomery County Planning Board means the Montgomery County Planning Board and any successor agency.

1.20 Outer Area means the land described in Exhibit No. 3 which is incorporated herein by reference, as the same may be reduced in area as portions thereof are annexed to the Property in accordance with Section 3.6 of this Declaration.

1.21 Pearson Parcel means that certain property more particularly described on Exhibit No. 1 and incorporated herein by reference.

1.22 Owner means the record owner or owners of the fee simple title to any Lot or, if a Lot is subject to a reversion reserved in a lease redeemable pursuant to Title 8 of the Real Property Article, Annotated Code of Maryland, the owner of the leasehold interest, but excluding those having an

interest merely as security for the performance of an obligation.

1.23 Preliminary Plan means the Preliminary Plan of Subdivision (Plan No. 1-88068) of Merry-Go-Round Farm approved by the Montgomery County Planning Board on November 11, 1988, as the same may be amended or superceded from time to time with the approval of the Montgomery County Planning Board.

1.24 Property means: (1) all of the areas described on Exhibit No. 2 incorporated herein by reference; and (2) any additional land described in Exhibit No. 4 but only from and after the time when it is brought within the control of the Association and subjected to this Declaration pursuant to Section 3.6 below.

1.25 Protective Land Use Standards means the standards set forth in Section 7.6 below.

1.26 Recreational Facilities means the following facilities that may be located, in accordance with all regulatory approvals and laws, in the Common Areas: swimming pools, lakes, canoes, boats, tennis courts, handball courts, exercise rooms, squash courts, handball courts, equestrian rings, golf greens, golf driving ranges, equestrian and hiker trails, run-in-sheds, horse jumps and fences and any Structure designed for recreational purposes.

1.27 Structure means any improvement that would affect the appearance of any part of the Property. The term "Structure" includes, by way of illustration and not by way of limitation, any house, building, trailer, garage, porch, shed, greenhouse, bath house, coop or cage, covered or uncovered patio, tennis court, fountain, basketball court or hoop, swimming pool, clothesline, lawn ornamentation and figures, antennae (including radio or television antennae), fence, sign, curbing, paving, wall, roadway, walkway, exterior light, landscape, hedge, tree, shrubbery, planting, signboard or any temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement made to any part of the Property. "Structure" also means (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) from that existing at the time of the first conveyance of a Lot to a Class A Member.

Article II
Common Area Property Rights

2.1 Common Areas.

2.1.1 Contemporaneously with the recordation of this Declaration, the Common Areas shown on the Plats listed on Exhibit 2 (i.e., Parcels I, B, C, D, E, F, G and H as shown on the Plats) shall be conveyed to the Association in fee simple free and clear of the Declarant's Deed of Trust. As land within the Outer Area is annexed to the Property in accordance with Section 3.6 below, the parcels shown on the Site Plans therefore and designated as land which is to be deeded to the Homeowners Association shall be conveyed to the Association in fee simple and shall become additional Common Areas. The Common Areas in lands which are annexed to the Property in accordance with Section 3.6 below shall be in accordance with all regulatory approvals pertaining thereto including any preliminary plan, site plan or project plan, as amended and as approved by the Montgomery County Planning Board, and shall otherwise be in accordance with any site plan enforcement agreement relating to the Property.

2.1.2 As provided for in the Joinder in Declaration by the Owner of the Outer Area which appears on page 41 of this Declaration, to the extent that on the Outside Date (hereinafter defined) any open space and recreation areas (but not the lots) located in the Outer Area which are shown on the Preliminary Plan, have not previously been conveyed to the Association, then promptly thereafter upon the written request of the Montgomery County Planning Board such owner shall convey fee simple title to the same to the Association. As used herein the term "Outside Date" means the earlier of (i) with respect to open space and recreation areas within a phase of the Outer Area the dates, if any, stated for such conveyances in a phasing schedule with respect to the development of the Outer Area which phasing schedule forms a part of a Site Plan Enforcement Agreement for the property shown on the Preliminary Plan as such dates may be extended from time to time by the Montgomery County Planning Board or (ii) November 11, 2000 or such later date as may be approved from time to time by the Montgomery County Planning Board. To the extent an open space and recreation area is required to be conveyed pursuant to this subsection 2.1.2 which is not at the time of its required conveyance, the subject of an approved Site Plan, the land which is to be conveyed to the Association shall consist of the open space and recreation area (but not the lots) within such phase which is shown on the Preliminary Plan. The legal description of the open space and recreation area which shall be used in the deed conveying the same to the Association shall be prepared at the expense of the Association by an engineer selected by the then owner of the open space and

recreation area to be conveyed. The legal description shall be subject to the approval of the Montgomery County Planning Board.

2.1.3 The Common Areas shall be subject to the following easements, reservations, rights and obligations:

2.1.3.1 Easements of record.

2.1.3.2 Easements of Owners established under Section 2.2 below.

2.1.3.3 Rights and powers reserved to Declarant under Article III below.

2.2 Easements. Each Owner shall have a non-exclusive easement to use the Common Areas. This easement includes: a right of ingress and egress over roads in the Common Areas; a right to receive telephone, electrical, television cable, natural gas and public water and sewer service through the Common Areas; a right to use the storm water and other drainage facilities constructed in the Common Areas; and a right to use the Recreational Facilities. However, these easements are subject to the powers of the Association and the rights reserved to Declarant in this Declaration. Each Owner shall likewise be entitled to the benefits of the Equestrian and Recreation Easement.

2.3 Recreational Facilities. The Association may charge reasonable and uniform admissions and other fees in addition to any and all Assessments for the use of any Recreational Facilities and may suspend an Owner's right to use the Recreational Facilities during any period in which any Assessments against his Lot and/or any admissions or other fees remains unpaid. Any and all Recreational Facilities shall be constructed and operated in compliance with all applicable laws.

2.3A Use of Equestrian Facilities. The Association may hire third parties (including the Declarant) to maintain and operate the Equestrian Facilities (i.e., equestrian trails, designated pasturing areas, and stables) upon such reasonable terms and conditions as are customary and proper according to industry standards. The Board of Directors of the Association must promulgate a binding statement of operations and establish rules, regulations, limitations and procedures, all of which are subject to the approval of the Montgomery County Planning Board or its designee, that deal with, among other things, the size, use, and operations of the Equestrian Facilities. If the Board of Directors determine that the Equestrian Facilities are not being fully used by the Owners, the Board of Directors may promulgate rules and regulations that authorize such reasonable number of guests of an Owner to make use of the Equestrian

Facilities, provided that an authorized guest's right to utilize the Equestrian Facilities shall at all times remain subordinate to the right of an Owner desiring to use these facilities, the facilities being intended for the primary use of the Owners. The Equestrian Facility is not to be operated as a business for profit and the Association's authority to allow guest usage is for the incidental purpose of helping to defray the costs of maintaining the Equestrian Facilities during the periods they are underutilized by Owners. Such rules and regulations shall set reasonable fees for using the Equestrian Facilities that must be at least the amount of such fees charged to the Owners for using the Equestrian Facilities. The Association shall prepare and transmit an annual report to the Planning Board that verifies compliance with the approved statement of operations in such form and containing such information as may be required by the Planning Board.

2.4 Association May Dedicate Common Areas and Grant Easements. Subject to the rights reserved to the Declarant under Article III, the Association shall have the power to dedicate or transfer all or any part of the Common Areas to any public agency or authority or utility for public purposes and to grant easements over the Common Areas for local utility service to any Lot or to any part of the Common Areas. However, no such dedication or transfer shall be effective unless approved in writing by Members holding at least two-thirds (2/3) of the total Votes held by all Members and approved by the Commission as provided in Article XI of this Declaration. The power granted to the Association under this Section 2.4 is not in derogation of the easements granted to Owners under Section 2.2 or the rights reserved to the Declarant under Article III.

2.5 Delegation of Use. Any Owner or Associate may delegate his right to use of the Common Areas to the following persons if they reside on his Lot or property: family members; tenants; or contract purchasers. Such delegation may be made only in accordance with the Bylaws of the Association and any delegates shall be bound by Section 2.9 herein.

2.6 Structure. No Structure shall be erected, placed or maintained in the Common Areas except: (i) existing Structures; (ii) any Structure 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, cable television system equipment and the Recreational Facilities; (iii) barns, sheds, maintenance buildings, and housing for managerial and maintenance personnel and their families; (iv) drainage, storm and utility systems; (v) roads, sidewalks, street lights, utility lines and systems,

traffic control devices, signs, and similar roadway improvements. 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 or for the establishment, retention or preservation of the natural growth or topography of the Common Areas.

2.7 Rules. The Association shall have the power to prescribe rules and regulations governing the use of the Common Areas, including but not limited to safety rules and regulations regarding the use of Recreational Facilities. However, no rule or regulation shall be effective unless published in writing, with copies made available to any Member on request. The rules and regulations shall apply equally to all Members, and may reasonably limit the number of guests that a Member may invite to use the Common Areas. The Association shall have the power to suspend a Member's use of the Common Areas for a period not to exceed thirty (30) days for each and any infraction of the Association's rules and regulations by that Member, his delegates or his guests. However, the Association shall have no power to suspend any Owner's right to use the Common Areas located within the Property for necessary, ordinary and reasonable vehicular and pedestrian ingress and egress to and from his Lot or to suspend any easement over the Common Areas located within the Property for storm water drainage, electrical energy, water, sanitary sewer, natural gas, telephone service or similar utilities and services to the Lot.

2.8 Association Management. The Association shall have the power to improve, develop, supervise, manage, operate, examine, inspect, care for, repair, replace, restore and maintain the Common Areas, including, by way of illustration and not limitation, streets, roadways, sidewalks, parking areas, Recreational Facilities, trees, shrubbery, other plants, landscaping, and any items of personal property placed or installed in the Common Areas. When maintaining the lawns in the Common Areas, the Association may use natural, organic fertilizers commonly employed in rural settings. The Association shall have the right to provide a security person to detect suspicious activities on the Property and, when applicable, alert public law enforcement authorities. The Association shall maintain the trails and lakes and other open space areas and facilities within the Equestrian and Recreation Easement in good condition and repair. During the Development Period, and for a period of ten (10) years thereafter, the Association shall cause Parcel H, the other Common Areas and, (if requested by the owner of the Outer Area), the Outer Area, to be operated in such a manner as will maintain its ambience as a farm and shall maintain the facilities thereon. In no event shall fences or other barriers be installed in or around

the Common Areas or the areas subject to the Equestrian and Recreation Easement that preclude reasonable access to fields, ponds or trails unless such fence or barrier has been approved by the Montgomery County Planning Board. Declarant's intention is that an Owner's privilege of boarding horses and using Parcel H, the other Common Areas, and the Equestrian and Recreation Easement for equestrian and other recreational purposes may not be diminished during the period specified herein. During the Development Period, the Association shall cause Parcel H, the other Common Areas, and the Equestrian and Recreation Easement, including Recreational Facilities, resident manager's house, and any barns, sheds and maintenance facilities located in Parcel H, the other Common Areas, and the Equestrian and Recreation Easement, to be maintained through a contract with the Declarant or contractor(s) designated by the Declarant; provided, however, that the charge for such maintenance shall in all cases be reasonable.

2.9 Release of Claims against Association and Declarant. Use of the Common Areas and the Equestrian and Recreation Easement by an Owner, including, without limitation, his family, his invitees or his delegates is at the risk of the Owner or the person using the Common Areas and Equestrian and Recreation Easement. To the fullest extent permitted by law, each Owner, including, without limitation, for himself, his family, his invitees or his delegates hereby releases the Association, the Declarant and the owner of the Outer Area and their respective officers, employees or agents from all claims, demands, suits, actions or judgments arising out of the use of the Common Areas and the Equestrian and Recreation Easement by the Owner, including, without limitation, his family, his invitees or his delegates and agrees to defend, indemnify and save harmless the Association, the Declarant and the owner of the Outer Area from any such claims, demands, suits, actions or judgments.

Article III Reserved Rights of Declarant

Owners shall hold their respective Lots and the Association shall hold its fee simple title to the Common Areas subject to the following rights that are reserved to Declarant until the expiration of the Development Period.

3.1 Road Grading and Construction. An easement over any road or proposed roads in the Common Areas for the purpose of ingress and egress, grading and road construction, and the installation and maintenance of public and private utilities to serve all or part of the Property the Outer Area, the Pearson Parcel or the Abell Parcel, including any Lot or any part of the Common Areas.

3.2 Storage. An easement to store building supplies, construction equipment and similar items on any Lot it owns or on the Common Areas.

3.3 Lot Grading. An easement to enter upon any Lot to grade a portion of the Lot adjacent to any street if the grading does not materially interfere with the use or occupancy of a residence built or to be built on such Lot; however, Declarant shall be under no obligation to perform such grading or to maintain any slope.

3.4 Sales and Construction Office. An easement to maintain and carry on such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to construction or sale of Lots or dwellings, including but not limited to real estate sales and construction offices, model homes, displays, signs and special lighting on any part of the Common Areas or on any Lot it owns and on or in any building or Structure now or hereafter erected thereon and for access to such facilities.

3.5 Utilities. 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, the Outer Area, the Pearson Parcel or the Abell Parcel including, but not limited to, the right to lay, install, construct and maintain pipes, drains, mains, conduits, lines, meters and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable tv and other public or private services or utilities deemed by Declarant necessary or advisable to provide service to any Lot, the Outer Area, the Pearson Parcel or the Abell Parcel, or in the area or on the area in which the Lot, Area or Parcel is located, together with the right and privilege of entering upon the Common Areas for such purposes and making openings and excavations within a reasonable period.

3.6 Annexation. A right to annex to the Property all or any part of the additional land within the area described in Exhibit No. 4 within fifteen (15) years of the date this Declaration is recorded in the Land Records of Montgomery County, Maryland. Except as provided in the last sentence of this Section 3.6, any annexation made to the Property shall be effected by an amendment to this Declaration that specifies the additional land to be annexed to the Property, which has been executed by Declarant and any owners of the annexed land and recorded in the Land Records of Montgomery County, Maryland. This power of annexation may be exercised by the Declarant one or more times on or before the fifteenth (15th) anniversary of the Declaration's recordation. Declarant reserves the power to

divide any annexed land into Lots or Common Areas in accordance with subdivision regulations applicable to the Property and/or the annexed land at the time of annexation and to dedicate any easements on the annexed land that Declarant deems necessary or desirable. The Association shall accept title to any Common Areas within the annexed land. Purchasers of residential lots derived from annexed land shall be Owners and Members as defined in this Declaration.

3.7 Amend Preliminary Plan, Site Plan or Subdivision Plat. A right to amend the Preliminary Plan and any site plan or subdivision plat relating to the Property and/or the other land described in Exhibit No. 4 in such manner as Declarant deems advisable, including relocation of the Equestrian and Recreation Easement and easements granted under Article II, if the amendment complies with applicable laws and regulations and is acceptable to public authorities having the right to approve the Preliminary Plan, site plan or subdivision plat, and to make any dedications or grant any easements necessary or desirable in connection with an amendment of the Preliminary Plan, site plans or subdivision plat; however, no amendment shall alter the boundaries of any Lot without the prior written consent of the Owner of that Lot, nor shall any amendment deprive any Lot of necessary, ordinary and reasonable vehicular and pedestrian ingress and egress from the Lot to a public street or of storm water drainage, electrical energy, water, sanitary sewer, natural gas, telephone service or similar utilities and services to the Lot.

3.8 Disclosures. By accepting title to the Common Areas, the Association covenants to file in a timely manner with the Circuit Court of Montgomery County, Maryland, all disclosures that the Association is required to file under Md. Code (Real Property) Annotated 11B-112(c) and any amendments thereto. Declarant reserves the right until the expiration of the Development Period (but shall be under no obligation) to file all such disclosures in the event that the Association fails to file such disclosures not later than ten (10) days before the filing deadline prescribed by law. By accepting title to the Common Areas, the Association hereby irrevocably appoints Declarant as its true and lawful attorney in fact to file in the name of the Association all disclosures that Declarant is permitted to file under this Section 3.9, this power being given as security for the Association's obligation under this Section 3.9 and coupled with an interest.

Article IV **Membership, Voting Rights and Associates**

4.1 Membership. Every Owner shall be a Member of the Association. No non-Owner may be a Member. A Member who

ceases to be an Owner shall automatically and simultaneously cease to be a Member.

4.2 Voting. The Association shall have two (2) classes of voting membership. The classes have different voting rights.

4.2.1 Class A. Class A Members comprise all Owners except the Declarant and Home Federal. Each Class A Member is entitled to one (1) Vote for each Lot he owns. If a Lot has more than one Owner, each Owner shall be a Member, but in no event shall more than one (1) Vote be cast for the Lot. Co-Owners of any Lot shall decide among themselves how the Vote for that Lot shall be cast, but no Vote shall be cast for such Lot if the Co-Owners cannot agree.

4.2.2 Class B. Class B Members shall be the Declarant and Home Federal. The Class B Members shall be entitled to four (4) Votes for each Lot owned. Declarant's and Home Federal's Class B memberships shall cease and be converted to Class A membership at the expiration of the Development Period.

These voting rights apply to any voting of the Members required or permitted under this Declaration, the Articles of Incorporation or the Bylaws.

4.3 Associate.

4.3.1 Rights and Privileges. An Associate has the same rights and privileges as a Member to use the Common Areas, and is subject to any special use fees charged to Members and is subject to the rules and regulations prescribed by the Association concerning Members' use of the Common Areas. By accepting the rights and privileges of an Associate, the Associate joins under Section 2.9 in the release of claims against the Association and the Declarant arising out of the use of the Common Areas by the Associate to the same extent as if the Associate were an Owner. An Associate has no voting rights in the Association. An Associate who became eligible to apply to become an Associate under Section 1.5 subsection (1) by virtue of such person owning land contiguous to the area described on Exhibit 4 attached hereto and who ceases to be the record owner of property that is contiguous to the area described on Exhibit 4 attached hereto shall automatically and simultaneously cease to be an Associate, and the new record owner of said Associate's property shall be eligible to be an Associate if the new owner: (a) makes application to the Association; (b) receives Approval of the Board of Directors, which approval is in the Board of Director's sole and absolute discretion and is subject to such conditions as the Board of

Directors may impose; and (c) agrees to assume the obligations and responsibilities of an Associate. The record owner or owners of the Abell Parcel and the Pearson Parcel do not have to obtain the Approval of the Members in order to be an Associate; however any such record owner or owners of the Abell Parcel and the Pearson Parcel must satisfy clauses (a) and (c), as set forth immediately above, in order to become an Associate.

4.3.2 Dues Charged to Associates. Declarant hereby grants to the Association the power to charge Associates dues in an amount to be determined by the Board of Directors. Dues levied annually by the Board of Directors shall be payable in advance in monthly installments on the first day of each month. Dues levied by the Board of Directors other than annually shall be payable as provided by the Board of Directors. Any such dues charged by the Board of Directors shall be payable as provided by the Board of Directors. Anything contained elsewhere in this Declaration to the contrary notwithstanding, no dues shall be charged by the Association to an Associate who is the record owner or owners of the Abell Parcel or the Pearson Parcel prior to the Year 2020.

4.3.3 Failure to Pay Dues. Declarant hereby grants the Association the power to revoke any Associate's rights and privileges as an Associate in the Association if the Associate fails to pay any installment of any dues within fifteen (15) days after written notice from the Association of nonpayment.

4.3.4 Resignation. An Associate may resign as an Associate in the Association at any time.

4.3.5 Reinstatement. Reinstatement of any Associate as an Associate after a revocation of the Associate's rights and privileges under Section 4.3.3 shall require the prior approval of the Board of Directors.

Reinstatement of any Associate who is specifically defined in Section 1.5 subsection (1) and who resigns under Section 4.3.4 shall require the prior approval of the Board of Directors.

Reinstatement of any Associate who is the record owner or owners of either the Abell Parcel or the Pearson Parcel who resigned under Section 4.3.4, but whose rights and privileges as an Associate had not been revoked under Section 4.3.3, shall not require the prior approval of the Board of Directors; however, any such Associate who is the record owner or owners of either the Abell Parcel or the Pearson Parcel must

first satisfy, again, clauses (a) and (c) of Section 4.3.1 in order to be reinstated as an Associate.

Article V
Covenant for Maintenance

5.1 Assessments. Declarant hereby grants to the Association the power to levy the following assessments against each Lot: (i) Ordinary Assessments, (ii) Special Assessments for capital improvements, and (iii) Additional Assessments as such Assessments are described below. All Assessments shall be established and collected as provided below.

5.2 Purpose of Assessments. The Association may levy Assessments only for the following purposes: to pay for the cost of constructing Recreational Facilities, to promote the recreation, health, safety, and welfare of the residents of Lots within the Property; to maintain the Lots and the Common Areas; to maintain the Equestrian and Recreation Easement; to maintain roads, including, without limitation, road repair, snow removal, controlled access, the posting of speed limits, and the maintenance of traffic safety and control devices; to provide insurance; to fund the operations of the Architectural Committee; and to take other actions for the benefit of the Members that are not inconsistent with the Association's powers and responsibilities under this Declaration.

5.3 Ordinary Assessments. At least thirty (30) days in advance of each fiscal year, which shall be the calendar year, the Board of Directors shall assess each Lot its prorata share of the funds necessary to satisfy the Association's revenue requirements for that fiscal year as estimated by the Board of Directors. These Assessments shall be known as Ordinary Assessments and shall be payable in monthly installments on the first day of each month. Ordinary Assessments shall commence as to all Lots on the first day of the month following the conveyance of the first Lot to a Class A Member. The Ordinary Assessment for the fiscal year 1993 shall be \$200 per month (\$2,400 per year), prorated for the number of months remaining in fiscal year 1993. Written notice of the Ordinary Assessment shall be sent to every Owner. If additional land is annexed to the Property or if Declarant establishes additional Lots as permitted in Article III of this Declaration, the Ordinary Assessments as to the Lots added to the Property shall commence as to each Lot on the date the new Lot is sold to a Class A Member. However, during the first fiscal year in which a new Lot is sold to a Class A Member, that Lot shall be assessed only for the number of months remaining in that fiscal year, the assessment for any partial first month to be pro-rated.

Ordinary Assessments shall also include an amount adequate to establish a reserve fund for replacement of capital improvements in the Common Areas. The Association shall hold the reserve fund in trust, separate and apart from the Association's other funds. The Association may use the reserve fund only with the approval of the Members for capital improvements or replacement of facilities in the Common Areas.

Anything contained elsewhere in this Declaration to the contrary notwithstanding, (a) prior to the date that a building permit is issued for the first dwelling to be constructed on a Lot, the Owner shall be entitled to a credit against each monthly installment of the Ordinary Assessment payable for the Lot equal to the greater of (i) \$100.00 or (ii) 40% of the amount of the Ordinary Assessment and (b) in the event the annual Ordinary Assessment for a fiscal year, as established by the Board of Directors, shall be in excess of the product obtained by multiplying \$2,400 by a fraction, the numerator of which is the Consumer Price Index for the month of July of the year immediately preceding the fiscal year to which the Ordinary Assessment pertains, and the denominator of which is the Consumer Price Index for the month of July 1993, then in any such event the amount of the excess shall be subject to Approval by a majority of the Class A Members, and by a majority of the Class B Members, of the Association. As used herein the term "Consumer Price Index" means the Consumer Price Index for Urban Wage Earners and Clerical Workers (base reference: 1982-84 = 100) issued monthly by the Bureau of Labor Statistics of the U.S. Department of Labor, all cities, or any successor index appropriately adjusted. In the event the Consumer Price Index (or its successor) is discontinued, the most nearly comparable index shall be used.

The Declarant may establish a working capital fund for the initial operation of the Association. Such working capital fund may be funded by one-time Assessments of two (2) times the applicable monthly installment of the Ordinary Assessments levied for a Lot (without credit) and shall be payable at the first settlement at which the Lot is conveyed to a Class A Member.

5.4 Special Assessments. In addition to the Ordinary Assessments authorized above, and the Additional Assessments described below, the Association may levy, at any time, in any year, Special Assessments, applicable to that year, 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 to the Common Areas, or to meet any deficit of the Association or any emergency or unforeseen

expenses of the Association. However, no Special Assessments shall be levied unless assented to at a special meeting of the Members duly called in accordance with the Bylaws by a vote of at least two-thirds (2/3) of the Class A Members voting at the meeting and a vote of at least two-thirds (2/3) of the Class B Members voting at the meeting.

5.5 Additional Assessments. Additional Assessments may be levied by the Association and comprise all Assessments specifically permitted under this Declaration except Ordinary Assessments and Special Assessments. Additional Assessments may be fixed against any Lot only as provided in Section 6.2 of this Declaration. Any Additional Assessments shall be due as provided by the Board of Directors in imposing the Additional Assessments.

5.6 Exempt Property. Any property within the Property dedicated to and accepted by a public authority or owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Maryland shall be exempt from Assessments. However, no land or improvements devoted to dwelling use shall be exempt from Assessments.

5.7 Surplus Receipts. Any surplus of receipts over expenses of the Association for any fiscal year shall be paid into the reserve fund unless the Board of Directors, by a vote of two-thirds (2/3) of the Directors voting at the meeting elects to apply all or a part of the surplus to reduce the Assessments necessary to meet the budget adopted by the Association for the next fiscal year.

5.8 Obligation for Assessments. Each Owner, by accepting title to a Lot, promises to pay the Association all Assessments coming due during his ownership of the Lot, together with interest on all Assessments more than fifteen (15) days past due. Each Owner also promises to pay the Association all costs associated with collecting overdue Assessments from that Owner including reasonable attorney's fees, and to pay a late charge for each monthly installment or other payment that is not paid when due. Late charges and interest shall be at rates of general application, as may be determined by the Board of Directors from time to time, but in no event in excess of the maximum late charges or interest rates permitted by law.

5.9 Lien for Assessments. Declarant hereby grants to the Association a lien on each Lot as security for payment of any Assessments levied against that Lot, together with interest, collection costs, including attorney's fees, and late charges relating to the Assessments. This lien shall be subordinate to the lien of any recorded first mortgage or deed

of trust now or hereafter placed against a Lot, unless notice of the lien for Assessments has been recorded against the Lot in the Land Records of Montgomery County, Maryland, prior to the recording of the mortgage or deed of trust. A foreclosure sale under a mortgage or deed of trust having priority over the lien for Assessments shall extinguish the lien for Assessments that became due and payable prior to the date of the foreclosure sale but shall not affect the lien for the Assessments becoming due and payable after the date of the foreclosure sale. No other sale or transfer of a Lot shall affect the lien for Assessments. 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 Lot. A purchaser shall be entitled to rely on the Association's statement, and a purchaser's title to the Lot shall not be subject to a lien for Assessments in excess of the amount shown in the statement plus Assessments coming due after the date of the statement.

5.10 Maryland Contract Lien Act. The Association may establish and enforce the lien for any Assessments pursuant to the Maryland Contract Lien Act, as codified under Title 14 of the Real Property Annotated Code of Maryland (1988 Replacement Volume) as amended.

5.11 Declarant's Contribution. Notwithstanding any other provisions concerning Assessments to the contrary, for the earlier of:

(a) each of the Association's first ten (10) fiscal years, inclusive of the partial fiscal year in which this Declaration is recorded, or

(b) the date of recordation in the Land Records of Montgomery County, Maryland of the deed for the last Lot of the Lots numbered 18 through and including 40 that transfers ownership from the Declarant to a transferee who thereby becomes a Class A Member,

Declarant promises to pay to the Association a total contribution each year based upon the following formula:

Association's				Declarant's
Expenses	less	Assessments	=	Contribution

"Association's expenses", as used in this formula, shall mean the lesser of: (i) the Association's actual expenses for the fiscal year; or (ii) \$200,000.00. "Assessments" means the sum

of all Ordinary Assessments levied by the Association during the fiscal year whether or not collected, including assessments on Lots owned by Declarant. The Association shall use Declarant's yearly contribution for the same purposes for which the Association is permitted to use Ordinary Assessments. Declarant shall pay its contribution in monthly installments in arrears based on Declarant's estimate of the total contribution for the fiscal year, the final payment to be adjusted so that the total amount of all installments for the year will be equal to the actual amount that Declarant has agreed to contribute.

Article VI Maintenance of Lots

6.1 Association's Duties. The Association shall perform, and Owners shall permit access on their Lots to designated personnel representing the Association, lawn maintenance on each Lot including seeding (except for initial establishment), fertilizing, mowing and trimming, and shall contract with a trash removal service to provide weekly or twice-weekly trash removal for each Lot. Each Owner covenants to provide all watering necessary for appropriate lawn care on his Lot.

6.2 Owner's Duties. The Owner of each Lot shall keep his Lot and every Structure on the Lot in good order and repair, including, but not limited to, keeping all lawn and shrubs adequately watered, all sidewalks neat, clean and in good repair, and free of ice and snow, pruning and cutting of all trees and shrubbery and planting(s) or other appropriate external care of every Structure on the Lot, all in a manner and with such frequency as is consistent with good property management and maintenance. If any Owner fails to perform these duties, the Board of Directors may give the Owner written notice requiring the Owner to perform these duties within fifteen (15) days, and if the Owner fails to comply with the notice, the Association shall have the right (but not the obligation), through its agents and employees, to enter upon the Lot and to repair, maintain, repaint and restore the Lot and any Structure on the Lot and to assess the cost of these actions as Additional Assessments.

Article VII Architectural and Protective Land Use Standards

7.1 Establishment of Architectural Committee. Declarant hereby establishes an Architectural Committee. The Architectural Committee shall initially consist of three (3)

members, who shall be Tyler Abell, (representing the Declarant) Brian Harner, (an architect) and Edward T. Alexander, (a landscape architect). These three individuals shall serve until March 31, 1998. In the event of the death or resignation of any of these three named individuals (collectively the "Charter Members") their replacement (who must represent the same discipline) shall be selected by the remaining Charter members. A replacement for a Charter member shall likewise become a Charter member. The Board of Directors shall have the right to add two (2) additional members to the Architectural Committee, one of whom shall be a builder and the other of whom shall represent the Association. The two new members shall serve at the pleasure of the Board of Directors. From and after April 1, 1998, all five (5) members of the Architectural Committee shall serve at the pleasure of the Board of Directors, however at all times thereafter at least one (1) member of the Architectural Committee shall be an architect, one (1) member shall be a builder, and one (1) member shall be a landscape architect.

Each member of the Architectural Committee shall have the power to appoint a substitute to serve in his place for any particular meeting; provided, however, that the substitute is approved by the remaining Architectural Committee members. The approval may be obtained informally by telephone before the scheduled meeting.

The Association shall pay members of the Architectural Committee compensation as determined by the Board of Directors of the Association.

The Architectural Committee's member representing the Association shall inform the Maryland-National Capital Park and Planning Commission of any changes in the membership of the Architectural Review Committee within thirty (30) days of such change, in writing.

7.2 Indemnification and Hold Harmless of Architectural Committee Members and the Architectural Committee as a Body. It is the clear intention of this section to allow each member of the Architectural Committee, the Declarant, the Association and any committee created by the Association and/or the Board of Directors, including, without limitation, the Architectural Committee, to exercise its judgment with respect to applying the Guidelines or the terms and conditions of this Declaration to every Owner's Lot or adjoining Lots or any other Lots located within the Property unfettered both by litigation or any action short of litigation and by the prospect of incurring expenses associated therewith that may arise from a decision with respect to applying the Guidelines or the terms

and conditions of this Declaration to an Owner's Lot or adjoining Lots or any other Lots located within the Property.

By accepting record title to a Lot, each Owner shall be deemed to have agreed that no members of the Architectural Committee shall incur any liability to such Owner by reason of the exercise of the member's judgment as aforesaid as long as the member shall have acted in good faith.

7.3 Duties of Architectural Committee. The Architectural Committee shall have the following duties and responsibilities:

7.3.1 To elect a chairperson and a secretary, the latter need not be a member of the Architectural Committee.

7.3.2 To interpret and enforce the Guidelines.

7.3.3 To amend the Guidelines.

7.3.4 To make the Guidelines available to builders, developers or prospective purchasers who desire to acquire or develop any Lot.

7.3.5 To review and approve or disapprove architectural plans submitted by Owners, builders, developers or prospective purchasers who desire or may possibly desire to perform Construction on any Lot.

7.3.6 To review and approve or disapprove plans for the modification of any Structure erected on the Property.

7.3.7 To meet at the call of the Chairman or at least once every thirty (30) days if plans are pending for review.

7.3.8 To establish procedures by which interested parties may apply for approval for architectural plans and to establish reasonable fees and charges for review of the plans.

7.3.9 To keep minutes of all meetings of the Architectural Committee and to maintain records on all Lots, including the action taken by the Architectural Committee on each proposed Construction submission and the status of each Construction project.

7.3.10 To make any other decision that this Declaration places under the jurisdiction of the Architectural

Committee and to provide such advice on architectural matters as the Board of Directors may request.

7.3.11 To appoint subcommittees of one or more members of the Architectural Committee and, by written procedures, to delegate to any subcommittee the responsibility for decisions of a kind explicitly set forth in the procedures that the Architectural Committee deems of insufficient importance to warrant the attention of the full Architectural Committee; however, the Architectural Committee shall make no delegation of its authority to approve or disapprove proposed Construction on any Lot.

7.4 Construction Approval. No Owner shall apply for a building permit or undertake or allow any Construction on any Lot without first obtaining the written approval of the Architectural Committee. To obtain the Architectural Committee's approval of any Construction, an Owner must submit an application to the secretary of the Architectural Committee in such form as the Architectural Committee may prescribe, submit the plans (which need not be working drawings) for the proposed Construction in detail acceptable to the Architectural Committee and pay any reasonable charges required by the Architectural Committee. The Association shall not charge Owners for the first review of their proposed architectural plan, but subsequent review of the architectural plans by the Architectural Committee shall require payment by the Owner to the Association of such reasonable charges as may be established by the Architectural Committee. The Architectural Committee may also approve architectural plans that fail to meet all the requirements of the Guidelines if the Architectural Committee determines, in its sole and absolute discretion, that the plans have exceptional architectural merit and do not adversely affect the overall quality, character or ambience of the Merry-Go-Round Farm subdivision or create aesthetic disharmony with Structures constructed or likely to be constructed on adjoining or nearby Lots.

7.5 Committee Action. The Architectural Committee's approval or disapproval as required shall be in writing and the Owner shall be given written notice thereof. A majority of the membership of the Architectural Committee represented in person or by substitute, approved under Section 7.1, shall constitute a quorum, and all actions shall require a majority vote. The secretary of the Architectural Committee shall keep the minutes of its meetings, and shall notify applicants of action taken on their applications. If the Architectural Committee fails to approve or disapprove any plans and specifications for Construction within forty-five (45) days after the plans and specifications have been submitted in accordance with the application procedures established by the Architectural

Committee, the plans and specifications shall be deemed conclusively to have been approved.

7.6 Protective Land Use Standards. The covenants, conditions and restrictions of this Section 7.6 are intended to assure the best use and the most appropriate development and improvement of each Lot and in general to provide adequately for the erection and maintenance of a high quality residential development of the Property for the mutual benefit of all Owners. For these purposes, Declarant hereby establishes the following covenants, conditions and restrictions applicable to all Lots:

7.6.1 The Declarant expressly reserves to the Architectural Committee the sole and exclusive right to approve grades and slopes on all Lots and to approve the grade at which any dwelling shall hereafter be erected.

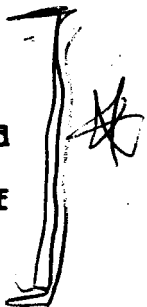
7.6.2 The exterior of each Structure shall be completed in accordance with the plans approved by the Architectural Committee, and within a period of twelve (12) months from the issuance of a building permit for the Lot.

7.6.3 No Construction shall be commenced on any Lot until a tree survey has been completed and the trees planned for removal have been identified on a site plan and marked in the field. All trees not marked for removal must be preserved, and if any such tree is put in danger by Construction, a preservation program must be submitted to and approved by the Architectural Committee before Construction may commence. When excavating, trenching or construction of a driveway or foundation or any other earth work is proposed near a significant tree, as determined by the Architectural Committee, the Architectural Committee may, in its sole discretion, require a bond to be held in forfeiture in the event the tree dies within two years after completion of construction.

7.6.4 Except for any transfer or dedication to any municipality, public utility, or any other public body, no Lot shall be subdivided into smaller Lots, and no portion of any Lot (other than the entire Lot) shall be transferred or conveyed.

7.6.5 Lots shall be used for residential purposes only. Rooming houses or apartments are expressly prohibited. Family day care homes, as defined in the Maryland Homeowners Association Act, are also expressly prohibited; however, this prohibition may be eliminated by the approval of a simple majority of the total Votes held by all Members. Lots shall be restricted to one-family dwellings. The word "family"

as used in this subsection 7.6.5 means an individual or two or more persons related by blood or marriage, or a group of not more than four (4) persons, excluding household servants, not related by blood or marriage, living together as a single housekeeping unit. No Lot shall be used as an embassy, chancery, consulate or as housing for a diplomatic mission. No offensive trade or activity shall be carried on upon any Lot, nor shall anything be done on any Lot which may be or become an annoyance or nuisance. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device shall be located, installed or maintained upon the exterior of any dwelling or upon the exterior of any other Structure constructed upon any Lot. The use of any portion of a Lot or any part of any Structure as an office for the conduct of any professional business or political purpose, or for any similar purposes shall be deemed offensive and therefore prohibited unless expressly permitted by written consent of the Architectural Committee, subject to its sole and absolute discretion. However, home occupations, as defined in the Montgomery County Zoning Ordinance, shall be permitted. If at any time a home occupation or family day care home is conducted on any Lot, no more than three (3) vehicles shall be stored or parked on that Lot (except in a garage) or on the adjacent private streets during business hours.



7.6.6 No lawn ornaments or figures may be placed on any Lot without the prior written approval of the Architectural Committee. No tent, trailer, or temporary edifice of any kind may be erected or placed on or moved to any Lot without prior written approval of the Architectural Committee, except a contractor's shed or trailer, which is to be used only during Construction and shall be removed upon the completion of Construction.

7.6.7 No sign, billboard or advertisement shall be displayed or placed upon a Lot, except signs of normal form and size stating the address of the Lot and the Owner's home. Any permitted signage shall be in strict conformance to standards promulgated from time to time by the Architectural Committee, subject to its sole and absolute discretion.

7.6.8 No garage or outbuilding erected on a Lot shall at any time be used for human habitation, temporarily or permanently, nor shall any edifice of a temporary character be used for human habitation.

7.6.9 No exterior lighting on any Lot shall be directed outside the boundaries of the Lot without the prior written approval of the Architectural Committee, subject to its sole and absolute discretion.

7.6.10 None of the following kinds of vehicles may be stored or parked on any Lot or any of the Common Areas (except in a garage or screened from view from the street subject to the prior written approval of the Architectural Committee, subject to its sole and absolute discretion): vehicles without a current and valid registration, inoperable vehicles, trucks with over 3/4 ton capacity, trailers, campers, buses, non-passenger vans, horse trailers, recreational vehicles, boats or vehicles having commercial registration or displaying commercial information. Except for bona fide emergencies, no repair or extraordinary maintenance of automobiles or other vehicles shall be carried out on any Lot or on the Common Areas. However, vehicles owned by the Association or by contractors engaged by the Association may be kept on the Common Areas and maintained and repaired on the Common Areas; and the Association shall permit horse trailers and vans and trailers owned or leased by persons who board or ride horses in the Common Areas to be parked in designated parking areas in the Common Areas pursuant to rules established by the Association.

7.6.11 All television satellite dishes or other antennae shall be located within the interior of a dwelling unless an alternative location is specifically approved in writing by the Architectural Committee, subject to its sole and absolute discretion, prior to any installation work. Approval for alternative locations will be granted only in the event of unusual circumstances.

7.6.12 The use of motorized lawn mowers, lawn tractors, grass trimmers, garden tillers, chain saws, leaf mulchers and blowers, and other motorized lawn and garden maintenance equipment shall be prohibited during such hours as may be established by the Board of Directors in its sole and absolute discretion, except in case of emergency to remove material which blocks a road or driveway or creates a hazard to public safety.

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are
hours?*

7.6.13 No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight lines for vehicular traffic on public streets or on private streets or roadways.

7.6.14 Except for the temporary use such as hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no hose, water pipe, sewer pipe, gas pipe, drainage pipe, television, telephone, electric cable or other similar transmission line or electrical transformer shall be installed or maintained upon any Lot above the surface of the ground unless screened in a manner approved by the Architectural Committee in its sole and absolute discretion.

7.6.15 Play equipment, including, without limitation, basketball backboards, basketball hoops and other equipment associated with either adult or juvenile recreation, shall be attached to the exterior of any Structure or otherwise installed on any Lot in a manner so as to screen it from view from the street and placed in such a manner as to not constitute a nuisance to adjoining Owners.

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

7.6.17 Bed sheets, plastic sheets, newspapers, plastic storm windows or other similar window treatments shall not be hung or placed in or on any window on any Structure located on any Lot.

7.6.18 Children's toys, play and similar equipment shall not be allowed to remain overnight within any front yard of any Lot or within the Common Areas.

7.6.19 Normal house pets shall be permitted, but not if they constitute a nuisance or a threat to persons, other house pets, cows, horses, or natural wildlife on the Property. The keeping of any animal or other pet shall be subject to rules and regulations adopted by the Architectural Committee, and shall be further subject to all state and local laws and ordinances. No pets or other animals shall be kept, bred, or maintained for any commercial purpose, except horses and cows in the fenced pastures that are part of the Common Areas.

7.6.20 No fill, stumps, trash, grass clippings or other refuse of any kind shall be allowed to accumulate on any Lot.

7.6.21 No fence or wall of any kind shall be erected, placed or maintained, or permitted to remain upon a Lot without the prior written consent of the Architectural Committee, subject to its sole and absolute discretion.

7.6.23 All trash, garbage, and refuse stored outside any Structure shall be stored in covered receptacles of a type approved by the Architectural Committee, subject to its sole and absolute discretion, and screened from view from the street and be regularly removed from the Lots, and shall not be allowed to accumulate. Trash and garbage containers shall not be permitted to remain in public view except on days of trash

collection. No burning of any trash shall be permitted on any Lot.

7.6.24 No school or church of any kind shall be maintained or operated upon any portion of the Property, except that lessons and training sessions may be conducted on the Common Areas for riding, swimming, tennis, squash and other activities related to the use of Recreational Facilities.

7.6.25 No tennis courts will be permitted on Lots smaller than one and one-half acres and no lighted tennis courts will be permitted on Lots smaller than two acres. All tennis courts must be screened from other Lots and the Common Areas with screens approved by the Architectural Committee, subject to its sole and absolute discretion.

7.6.26 No hazardous substances shall be disposed of on the Property. No hazardous substances shall be used or stored on the Property, except that Owners may store small quantities of gasoline and motor oil in approved containers to the extent necessary for use in consumer products, such as power tools, and the Association or its designee may store gasoline, motor oil, lime, fertilizer, fuel oil, pesticides and similar substances needed for agricultural, equestrian or recreational uses on the Common Areas if done in a safe and reasonable manner and in quantities no greater than those reasonably needed for agricultural, equestrian or recreational purposes.

*proposed
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barbecue
grills?*

7.6.27 No clothesline shall be erected or maintained on any Lot, unless screened from view of other Lots and Common Areas by screening approved by the Architectural Committee, subject to its sole and absolute discretion.

7.6.28 All protective land use standards in this Section 7.6 that apply to the Common Areas shall also apply to the Outer Area, as to any part thereof annexed.

7.6.29 It is the Owner's sole responsibility to assure that all of the following steps are completed prior to the commencement of construction on his Lot:

- (a) Site plan, building plan and landscape plan approved by the Architectural Committee;
- (b) Secure the following governmental approvals:
 - 1. Site plan and landscape plan by the Maryland National Capital Park and Planning Commission ("MNCPPC");

2. Sediment and Erosion Control Plan by Montgomery County Department of Environmental Protection ("DEP") and MNCPPC;
3. Tree saver plan by Montgomery County DEP and MNCPPC;
4. Pre-construction meeting on-site with Montgomery County DEP and MNCPPC;
5. Any other pre-construction approval hereafter required by any Federal, State, County or other governmental authority.

7.6.30 The Architectural Committee within 15 days of its final approval of any plans for a Lot, the construction of which requires a building permit, shall inform the MNCPPC.

7.6.31 Except to the extent the Architectural Committee may otherwise permit, all dwellings (including the hot water used therein) shall be heated by natural gas.

Article VIII
Association's Liability and
Insurance and Casualty Losses

8.1 Association's Liability. The Association shall have no liability to any Owner, including, without limitation, members of any Owner's family, tenants, licensees, invitees or contract purchasers for any error or omission. Each Owner, by accepting title to any Lot thereby, to the fullest extent permitted by law, agrees to release the Association, the Declarant and their respective officers, employees or agents and to hold them harmless from and against all claims, demands, suits, actions, judgments, losses or damages (including reasonable attorneys' fees) arising out of the following: (i) any negligent act or omission on the Common Areas done or omitted by the Owner, including, without limitation, his family, his invitees or his delegates; or (ii) any and all claims, demands, suits, actions, damages or judgments against the Association in favor of the Owner, including, without limitation, his family, his invitees or his delegates that would be covered by liability insurance that is the Owner's obligation to maintain as provided in Section 8.3 below. This indemnity and hold harmless provision shall include indemnity against all costs, expenses and liabilities incurred in or in connection with any such claim or proceeding brought on such claim and the defense thereof, including attorneys' fees, court

costs and the reasonable value of Members' time and the reasonable value of the time of employees of the Association.

8.2 Insurance. The Association shall obtain insurance for loss or damage by fire or other hazards for all insurable improvements within the Common Areas for their replacement value. The Association shall obtain a public liability policy covering the Common Areas, public ways and other areas that are under the supervision of the Association in an amount that is reasonable and customarily held and maintained by a homeowners association of similar size and activity in the Washington Metropolitan Area.

The Association shall obtain worker's compensation insurance, to the extent required by law, 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 in an amount deemed sufficient by the Board of Directors, but may not be less than three (3) months' Assessments of the total budget for Ordinary Assessments for the then current fiscal year, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation.

Premiums for all insurance obtained by the Association or its duly authorized agent shall be paid for out of Assessments. All policies obtained by the Association or its duly authorized agent may contain a reasonable deductible.

8.3 Individual Insurance. Each Owner, by accepting title to his Lot, agrees with all other Owners and with the Association that the Owner will obtain and keep in full force and effect a homeowners insurance policy, providing "all risk" casualty coverage for each Structure on the Lot in an amount equal to its full replacement value, and each Owner shall provide the Association with evidence of such insurance coverage. Each individual Owner further covenants and agrees that in the event of a partial loss or damage to any Structure on the Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged Structure in a manner consistent with the original architectural plan of the damaged Structure, and in no event later than three (3) months following the date of the partial loss or damage unless the Owner has obtained the prior written approval of the Architectural Committee, which approval is subject to its sole and absolute discretion. If a detached single-family dwelling is totally destroyed and the Owner determines not to rebuild or to reconstruct, the Owner shall, within six (6) months of the date of destruction, clear the Lot of all debris, permanently stabilize the Lot in terms of grading and reseedling of the Lot, and as otherwise required by local, state and federal law, and otherwise return the Lot

as reasonably practical to substantially the natural state in which it existed prior to the beginning of Construction of such Structure.

All repairs or reconstruction which are accomplished in accordance with this section shall be of substantially the same type and quality as existed prior to the fire or other casualty and shall be approved in advance by the Architectural Committee, subject to its sole and absolute discretion.

8.4 Damage and Destruction.

8.4.1 Immediately after any damage or destruction by fire or other casualty to any or all of the improvements within the Common Areas covered by insurance written in the name of the Association, the Association 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 damage or destroyed improvements.

8.4.2 Any damage or destruction to the improvements to the Common Areas shall be repaired or reconstructed unless the Board of Directors recommends against repair or reconstruction and their recommendation receives the written approval of at least three-fourths (3/4) of the Votes entitled to be cast by Members, and by the written approval of at least three-fourths (3/4) of the mortgagees secured by the Lots.

8.4.3 If the damaged or destroyed improvements are not repaired or reconstructed and no alternative improvements are authorized, then the Association shall restore the land upon which the improvements were situated to its natural state as reasonably practical, and maintain it as an undeveloped portion of the Common Areas in a neat and attractive condition.

8.5 **Repair and Reconstruction.** If the improvements for which the insurance proceeds are paid are to be repaired or reconstructed, and such proceeds are unavailable or insufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy uniform Special Assessments for the balance of the costs not covered by insurance.