

SHEARWATER CONDOMINIUM DECLARATION

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by the Declarant, its successors and assigns, and any person acquiring or owning an interest in said property and improvements, including, without limitation, any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation.

The Declarant for itself, its successors and on behalf of the Council of Unit Owners, in conformity with the City of Annapolis Resolution R-56-78, hereby restricts the condominium from ever constructing piers and mooring piles which would result in more than a total of sixty-three (63) mooring slips at the said property.

ARTICLE I

SECTION 1: Definitions. Unless the context shall plainly require otherwise, the following words when used in this Declaration and any and all exhibits hereto, shall have the following meanings:

- A) "The Act" or "the Condominium Act" means Title 11, Section 11-101 through and including Section 11-142 of the Real Property Article, Annotated Code of Maryland (1974 Repl. Vol., 1981 Supp.) and shall include any revisions thereof and amendments and supplements thereto which were enacted subsequent to the date of this Declaration and which are not inconsistent with the provisions hereof.
- B) "Board of Directors" means the executive or administrative entity designated or elected as provided in the condominium documents to act for the Council of Unit Owners in governing the condominium.
- C) "Common elements" means both general common elements and limited common elements, as hereinafter and on the Condominium Plat-described and identified, and shall include all of the condominium except the condominium units.
- D) "Common expenses and common profits" means the expenses and profits of the Council of Unit Owners.
- E) "Condominium" or "the condominium project" means the property subject to this Declaration.
- F) "Condominium documents" or "Condominium instruments" means this Declaration, the By-Laws, the Condominium Plat(s) any and all exhibits, schedules or certificates thereto, and all amendments thereto which are recorded pursuant to the provisions of the Act.
- G) "Council of Unit Owners" means the entity comprised of all unit owners which has been established as a Maryland non-profit corporation to govern the affairs of the Condominium and is known as Shearwater Condominium Association, Inc.
- H) "Declaration" means this instrument and such amendments thereof as may be recorded from time to time.

I) "Developer/Declarant" means SPA CREEK ASSOCIATES, a Maryland limited partnership.

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

K) "Unit" or "condominium unit" means a three dimensional area, as hereinafter and on the Condominium Plat described and identified, and shall include all improvements contained within that area except those excluded in this Declaration.

L) "Unit owner" or "owner" means any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds legal title to a unit within the condominium; provided, however, that any person, group of persons, corporation, partnership, trust or other legal entity or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a unit owner by reason only of such interest.

SECTION 2: Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the By-Laws of the Council of Unit Owners or in Title 11, Section 11-101, et seq., Real Property Article, Annotated Code of Maryland (1974 Repl. Vol., 1981 Supp.)

SECTION 3: Name. The name by which the condominium is to be identified is as follows:

SHEARWATER CONDOMINIUM

The Condominium is located entirely in the City of Annapolis, Anne Arundel County, Maryland.

ARTICLE II

SECTION 1: Property Subject to Declaration. The property which is and shall be, held, conveyed, divided or subdivided, hypothecated or encumbered, sold, leased, rented, used, occupied, and improved subject to this Declaration and the provisions of the Condominium Act is located in the City of Annapolis, Anne Arundel County, State of Maryland and is more particularly described on "EXHIBIT A" attached hereto and by this reference made a part hereof.

SECTION 2: Condominium Plat. The Condominium Plat is incorporated hereby and by this reference made a part of this Declaration.

ARTICLE III

SECTION 1: The Condominium Units. The general description and number of each condominium unit in the condominium, including its perimeters, approximate dimensions, floor area, identifying number or letter, location and such other data as may be sufficient to identify it with reasonable certainty, is set forth herein with reference to the Condominium Plat.

The area of a unit shall be measured within the perimeter of a unit.

A. Lateral or Perimetrical Boundaries. The lateral or perimeter boundary of a unit shall be a vertical plane or plane(s) which coincide(s) with the interior surface of any masonry wall or column and/or the exterior surface of each exterior door in the unit and/or the exterior surface of each and every window or fixed-glass panel in the unit, except those interior partition walls or built-up walls which contain flues or utilities serving other units or which are structural supports for the roof or other parts of a building shall be deemed common elements within the units, extended to intersect the upper and lower boundaries of the unit and to intersect the other lateral or perimetrical boundaries thereof.

B. Upper and Lower Boundaries. The lower horizontal boundary of the unit shall be a horizontal plane, the elevation of which coincides with the concrete surface of the lowest floor or lowest level of the lowest floor in each unit extended to intersect the lateral or perimetrical boundaries thereof, and the upper horizontal boundary is a horizontal plane, the elevation of which coincides with the undersurface of the lowest portion of the concrete floor, or the plane formed by the bottom of the roof truss, above the ceiling of the unit, whichever is applicable, extended to intersect the lateral or perimetrical boundaries thereof, except that floors which are contained within the unit, (as for example to separate the upper and lower levels of a "townhouse unit") and are structural supports for the building shall be deemed common elements within the unit.

C. General Description. The unit is generally described as all of the volume contained within the lateral or perimetrical boundaries and the lower and upper boundaries as defined above, including all improvements constructed or contained within the volume except for common elements as described above and elsewhere in this document.

D. Items Contained in Units. By way of example, and not limitation, the following items are included within the Unit:

a. All non-structural interior partition walls located within the boundaries of the Unit excepting such part as may be part of the Common Elements.

b. The decorated surfaces of all boundary walls, ceilings and floors, consisting of, among other things and as

appropriate, wallpaper, paint, interior brick or wood surface, lath, wallboard, plaster, carpeting, floor and wall tiles and other floor and wall coverings and all other finishing materials.

c. All windows and doors to Units, and screen doors and window screens.

d. All electrical installations and fixtures within the boundaries of the Unit and all wiring and conduit running from any circuit breaker panel to any such installation or fixture, and all outlets, switches, or other electrical service terminals, wherever located which exist for the exclusive use of such Unit.

e. All range hood or bath fans for such Unit, and all duct work connecting the same to any common exhaust duct serving such Unit as well as other Units.

f. All bathroom and kitchen plumbing fixtures and connections thereto for the Unit, such as sinks, faucets, commodes, bathtubs, shower stalls, hot or cold water pipes or drain pipes connecting any of the same with any common water or drain pipes serving such Unit as well as other Units.

E. Items Excluded From Units. By way of example and not limitation, the following items are excluded from a Unit.

a. All pipes, wires, conduits, and public utility lines, ventilation or other ducts (other than ducts connecting range hoods or bath fans to common exhaust ducts).

b. All bearing walls and structural portions of the buildings which are utilized for or serve more than one unit.

c. All other property and fixtures of any kind which are not removable without jeopardizing the soundness, safety or usefulness of other portions of the Condominium.

d. Any chutes, flues, ducts, conduits, wires, bearing walls, bearing columns, or any other apparatus lying partially within and partially outside of the designated boundaries of a unit, or serving more than one unit or any portions of the common elements except that portion thereof serving only that unit.

SECTION 2: Common Elements Located Inside Units. Each condominium unit shall be subject to an easement to the owners of all of the other condominium units to and for the unobstructed and uninterrupted use of any and all pipes, ducts, flues, chutes, conduits, cables, wires and wire outlets, utility lines and the like, and any other common elements located within or accessible only from any particular condominium unit. Each such unit shall likewise be subject to an easement for the mutual benefit and support of any and all units dependant thereon.

ARTICLE IV

SECTION 1: General Common Elements. All areas and facilities which are not part of a unit, or limited common elements as

designated in Section 2 below, constitute the general common elements, as diagrammatically shown on the Condominium Plat, including by way of example and not limitation: all gates, fences, curbs, sidewalks, entrance walks, parking areas, bulkheads, piers and pilings, boat slips (unless designated as limited common element on the Plat for Phases 2 and 3), swimming pool and appurtenant structures and equipment, storage building(s), meter room(s), maintenance room(s), tennis and/or racquetball courts, lawn areas, trees, shrubbery, conduits, utility mains, exterior lighting, stairways, bearing walls, main walls, perimeter walls, roofs, halls, columns, beams, supports, floor joists, devices rationally of common use and necessary to the upkeep, use and safety of the buildings, all cables, wire and wire outlets, utility lines, regardless of location, and all of the land described in Exhibit A, (and upon dedication, the land described in A-1 and/or A-2) hereof. Declarant reserves the right, as permitted by the Act, to convert general common elements to limited common elements and allocating the same to the exclusive use of one or more, but less than all of the unit owners.

SECTION 2: Limited Common Elements. The limited common elements shall consist of the balconies, balcony closet(s), decks, foyers and patios, entrance porches and stairs, garden areas, storage stalls, and such boat slips so designated in Phases 2 and 3, as diagrammatically shown on the Condominium Plat. Each such limited common element shall be reserved for the use of the unit owner(s) to which the same are appurtenant and abutting, as shown on the Condominium Plat with the exception of the storage stalls which shall be reserved for the use of the unit owners in the building in which these stalls are located, and the designated boat slip which shall be reserved for the Unit Owner to whom it is assigned. The allocation of a specific stall and/or boat slip to a unit owner shall be in accordance with the By-Laws.

SECTION 3: Use of Common Elements. The common elements shall be used only for the purposes for which they are intended and, except as provided in the By-Laws, shall be subject to mutual rights of support, access, use and enjoyment by all unit owners. However, any portion of the common elements designated as limited common elements shall be used only by the unit owner of the unit to which their use was limited in this Declaration or the By-Laws.

SECTION 4: Covenant Against Partition or Subdivision. The common elements, both general and limited, shall remain undivided. No owner of any condominium unit or any other person shall bring any action for partition or division thereof except as may be provided for in the Condominium Act.

SECTION 5: Easements of Support. The common elements of the condominium shall be subject to mutual rights of support. In addition, the common elements shall be subject to mutual right of access, use and enjoyment by all of the unit owners; provided, however, that any portion of the common elements designated as limited common elements are reserved for the exclusive use of the owner or owners of the condominium unit or units to which they are adjacent or to which they are declared to be appurtenant by appropriate designation on the Condominium Plat.

Each unit owner shall have a perpetual easement in, upon, through and over the land portion of the Condominium for the subterranean installation, maintenance and repair of any pipe, cable, wire, or other conduit of liquids or energy supplying, water, sewerage, telephone, radio, television,

electricity, heat, steam, air conditioning or similar service to the unit owned by him, subject, however, to the provision that the work of installation or repair shall be performed by the Council of Unit Owners or the agent of the Council, and further subject to the provisions set forth in the By-Laws. The Council of Unit Owners shall have the right to install if not furnished by the Declarant, and maintain a master television antenna and/or earth station and the necessary wiring for the use and benefit of the condominium units. The Council of Unit Owners shall have the absolute right to determine the location of the master antenna and/or earth station and shall have the right to enter any of the units at reasonable times to facilitate installation, maintenance and repair of said antenna and/or earth station. Owners or occupants of said units shall have the right to use and enjoyment of said antenna and/or earth station in accordance with rules and regulations to be promulgated at the time of installation of said antenna and/or earth station or as may be established at a future date by the Council of Unit Owners.

The Council of Unit Owners shall have authority to grant specific easements, rights-of-way, licenses and similar interests affecting the common elements of the condominium, provided the grant is approved by the affirmative vote of unit owners having seventy-five (75%) percent or more of the votes. Any easement, right-of-way, license or similar interest granted by the Council of Unit Owners pursuant to this provision shall state that the grant was approved by unit owners having at least seventy-five (75%) percent of the votes.

SECTION 6: Easement for Encroachments. In the event any portion of the common elements encroaches upon any condominium unit, or in the event any condominium unit encroaches upon any other condominium unit or any common element, as a result of settlement, shifting, or the duly authorized construction or repair of any building, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the building stands.

In the event any portion of the condominium is partially or totally damaged or destroyed by fire or other casualty or as a result of condemnation or eminent domain proceedings, and then, repaired or reconstructed as authorized in Article X of this Declaration, encroachments of any portion of the common elements upon any condominium unit or of any condominium unit upon any other condominium unit or any portion of the common elements due to such repair or reconstruction shall be permitted, and valid easements for such encroachments and the maintenance of the same shall exist so long as the building stands.

For all purposes incident to the interpretation of deeds, the Condominium Plat and all other instruments of title relating to any condominium unit in the condominium project, the existing physical boundaries of any condominium unit constructed or reconstructed in substantial conformity with the Condominium Plat shall be conclusively presumed to be its boundaries, regardless of the shifting, settling or lateral movement of any building and regardless of minor variations between the physical boundaries shown on the Condominium Plat and those of any condominium unit.

SECTION 7: Easement to Facilitate Sales. The Declarant and the Declarant's authorized agents, representatives, and employees shall have a transferable easement to use any Units owned by the Declarant as sales offices, management offices and

model Units in the Condominium, shall have the right to relocate from time to time such sales offices, management offices and model Units to any other Unit; and shall have an easement for access to and use of the Common Elements to facilitate sales and to post signs on the Common Elements in connection with its sales programs. Declarant shall also have a transferable easement over and on the Common Elements for the purpose of making improvements on the Property including the land described in Exhibit A, A-1 and A-2, both inclusive, and renovations to the common elements and to Units, for the purpose of constructing additional amenities thereon, and for the purpose of doing all things reasonably necessary and proper in connection therewith. The easements shall terminate upon Declarant's ceasing to be the owner of an originally constructed unit held for sale in the normal course of business.

ARTICLE V

SECTION 1: Expansion-Addition of Subsequent Phases - Phase Two. Pursuant to the provisions of Section 11-120 of the Condominium Act, and subject to the limitations and requirements herein and therein set forth, the Declarant shall have the absolute right, to be exercised prior to the 31st day of December, 1987, but not the obligation, to annex to the land and improvements described on "EXHIBIT A" attached hereto, and thereby to submit to each and every of the provisions of this Declaration and the Condominium Act, the land described on "EXHIBIT A-1", together with the improvements heretofore or hereafter constructed thereon, as delineated, in general terms, on the Condominium Plat. Any such expansion or annexation shall be accomplished by the recordation among the Land Records for Anne Arundel County, Maryland of an amendment to this Declaration and the Condominium Plat as required by the provisions of Section 11-120 of the Condominium Act.

Upon the recordation of such Amendment to this Declaration and such Amendment to the Condominium Plat, each unit owner, by operation of law, shall have the undivided percentage interest in the common elements, common expenses and common profits, and shall have the number of votes, set forth in "EXHIBIT C-1" attached hereto and made a part hereof by this reference, and, upon the recordation of such Amendment, the percentage interests and voting rights, hereinelsewhere provided for, shall be reallocated as set forth in said "EXHIBIT C-1". Any deed for any condominium unit in the condominium shall be delivered subject to a conditional limitation that the percentage interest appurtenant to such condominium unit shall be automatically reallocated pro tanto upon the recordation of such Amendments.

SECTION 2: Expansion-Addition of Subsequent Phases - Phase Three. Pursuant to the provisions of Section 11-120 of the Condominium Act, and subject to the limitations and requirements herein and therein set forth, the Declarant shall have the absolute right to be exercised prior to the 31st day of December, 1987, but not the obligation, to annex to the land and improvements described in "EXHIBIT A" attached hereto, and thereby to submit to each and every of the provisions of this Declaration and the Condominium Act, the land described on "EXHIBIT A-2", together with the improvements heretofore or hereafter constructed thereon, as delineated, in general terms, on the Condominium Plat. Any such expansion or annexation

shall be accomplished by the recordation among the Land Records for Anne Arundel County, Maryland of an Amendment to this Declaration and the Condominium Plat as required by the provisions of Section 11-120 of the Condominium Act.

Upon the recordation of such Amendment to this Declaration and such Amendment to the Condominium Plat, each unit owner, by operation of law, shall have the undivided percentage interest in the common elements, common expenses and common profits, and shall have the number of votes, set forth in "EXHIBIT C-2" attached hereto and made a part hereof by this reference, and, upon recordation of such Amendment, the percentage interests and voting rights, hereinelsewhere provided for, shall be reallocated as set forth in said "EXHIBIT C-2". Any deed for any condominium unit in the condominium shall be delivered subject to a conditional limitation that the percentage interest appurtenant to such condominium unit shall be automatically reallocated pro tanto upon the recordation of such Amendments.

SECTION 3: Reservation of Power of Attorney. There is hereby reserved unto Paul M. Pearson and the Declarant an irrevocable power-of-attorney, coupled with an interest, for the purpose of reallocating the percentage interests and voting rights appurtenant to each of the condominium units in the condominium in accordance with the provisions of this Declaration and to execute, acknowledge and deliver such further instruments as may from time to time be required in order to accomplish the purposes of this Article V. Each owner and each mortgagee of a condominium unit in the condominium shall be deemed to have acquiesced in amendments to this Declaration and in amendments to the Condominium Plat for the purpose of the addition of condominium units and common elements to the condominium as set forth above and shall be deemed to have granted unto the said Paul M. Pearson and the Declarant an irrevocable power-of-attorney, coupled with an interest, to effectuate, execute, acknowledge, deliver and record any such amendments and each such unit owner and mortgagee shall be deemed to have agreed and covenanted to execute such further instruments, if any, as may be required by the Declarant, its successors and assigns, to properly accomplish such amendments.

SECTION 4: Order of Expansion - Maximum Number of Units. Pursuant to the provisions of Section 11-120 of the Condominium Act, and subject to the limitations and requirements herein and therein set forth, the rights herein reserved to the Declarant to annex to the land and improvements described on "EXHIBIT A" attached hereto, and thereby to submit to each and every of the provisions of this Declaration and the Condominium Act, the other two (2) parcels of land (with improvements) described in Section 1 and Section 2, both inclusive, of this Article V, shall be exercised in the order and sequence described and set forth in those Sections of this Article V.

The maximum number of additional condominium units to be contained in each of the additional phases of the condominium described in Section 1 and Section 2, both inclusive, of this Article V are set forth as follows:

- a) Phase Two of the condominium contains 36 condominium units

- b) Phase Three of the condominium contains 21 condominium units.

ARTICLE VI

SECTION 1: The Condominium Units. Each condominium unit in the condominium shall have all of the incidents of real property.

SECTION 2: Undivided Percentage Interests in Common Elements. Each unit owner shall own an undivided percentage interest in the common elements of the condominium equal to that set forth on "EXHIBIT C" attached hereto and by this and other reference made a part hereof. The undivided percentage interest in the common elements set forth on "EXHIBIT C" shall have a permanent character and, except as specifically provided in the Condominium Act, may not be changed without the written consent of all of the unit owners and the holders of all mortgages on the condominium units. The undivided percentage interests in the common elements set forth on "EXHIBIT C" may not be separated from the condominium unit to which they appertain. Any instrument, matter, circumstance, action, occurrence or proceeding in any manner affecting a condominium unit also shall affect, in like manner, the individual percentage interest in the common elements appertaining to such unit, whether or not such percentage interest is expressly described or mentioned.

SECTION 3: Percentage Interest in Common Expenses and Common Profits. Each unit owner shall have a percentage interest in the common expenses and common profits of the condominium equal to that set forth on "EXHIBIT C" attached hereto and by this and other reference made a part hereof. The percentage interest in the common expenses and common profits set forth on "EXHIBIT C" shall have a permanent character and, except as specifically provided in the Condominium Act, or Article V hereof, may not be changed without the written consent of all of the unit owners and the holders of all mortgages on the condominium units. The percentage interest in the common expenses and common profits set forth on "EXHIBIT C" may not be separated from the condominium unit to which they appertain. Any instrument, matter, circumstance, action, occurrence or proceeding in any manner affecting a condominium unit also shall affect, in like manner, the percentage interest in the common expenses and common profits set forth on "EXHIBIT C" which may not be separated from the condominium unit to which they appertain, whether or not such percentage interest is expressly described or mentioned.

SECTION 4: Voting Rights. At any meeting of the Council of Unit Owners each unit owner shall be allocated a number of votes in the Council of Unit Owners equal to the percentage interest in the common expense and profit assigned to the unit in Exhibit C attached hereto.

SECTION 5. Relocation of Unit Boundaries; Subdivision of Units. Subject to the consent of the Board of Directors and prior approval of any mortgagee of such unit, a Unit Owner may grant by deed part of a unit and incorporate it as part of another unit if a portion of the fractional interests of the

grantor is granted to the grantee and the grant is evidenced by an amendment to the declaration specifically describing (i) the part granted, (ii) the fractional interests reallocated, and (iii) the new fractional interest of the grantor and the grantee.

B. If the unit owner of two or more adjacent units, or the unit owner of a unit and an adjacent part of another unit acquired in accordance with paragraph A above, desires to consolidate them, the Board of Directors of the Council may authorize the unit owner to remove all or part of any walls separating the units or portions of them if the removal does not violate; any applicable statute or regulation or the structural integrity of the building, provided, however, that the holders of any mortgage on the affected units consent to such removal. The Board of Directors of the Council as a condition to its authorization may require the unit owner to furnish a certificate by a registered engineer that the desired action will not impair the structural integrity of the building.

ARTICLE VII

SECTION 1: Alterations. A Unit Owner may make any improvements or alterations within such person's Unit that do not impair the structural integrity of any structure or otherwise lessen the support of any portion of the Condominium; but no Unit Owner shall do anything which would change the exterior appearance of a Unit, of the Building, or of any of the Common Elements, including the appearance of the exterior side of doors, balconies, railings, patio fences, or of any other portion of the Condominium without the express written consent of the Board of Directors.

SECTION 2: Amendments.

A. The Declarant reserves the right to amend the Condominium Instruments so long as there is no Unit Owner other than the Declarant.

B. Except as otherwise provided in the Condominium Act and in Article V of of this Declaration.

On and after at such time as there is a Unit Owner other than the Declarant, this Declaration may be amended only by the written consent of every unit owner and of every holder of any recorded mortgage and every beneficiary of any recorded deed of trust encumbering one or more units; provided however, that no such amendmen shall become effective until it is recorded.

SECTION 3: No Revocation or Partition. The Common Elements shall remain undivided and no Unit Owner, or any other person, shall bring any action for partition or division thereof, nor shall the Common Elements be abandoned by act or omission, unless the condominium regime is terminated in the manner elsewhere provided herein.

SECTION 4: Consent of First Mortgagees. Any other provision of this Declaration or of the Bylaws to the contrary notwithstanding, the Council of Unit Owners shall not take any of the following actions without the prior written consent and approval of at least 66-2/3% of the first mortgagees (based on

one vote for each mortgage owned) or without the prior written approval of all the unit owners; (a) change the pro rata interest or obligations or any Unit for purposes of (i) levying insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Unit in the Common Elements; (b) partition or subdivide any Unit (c) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium shall not be deemed a transfer within the meaning of this clause); or (d) use hazard insurance proceeds for losses to the Property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such improvements.

SECTION 5: Priority of First Mortgagees. No provision of this Declaration or of the By-Laws shall be construed to grant to any unit owner, or to any other party, any priority over any rights of first mortgagees of the condominium units pursuant to their first mortgages. This Declaration and the Bylaws contain provisions concerning various rights, priorities, remedies and interests of first mortgagees, and such provisions are to be construed as covenants for the protection of first mortgagees on which they may rely in making loans secured by mortgages.

SECTION 6: Control of Condominium by Declarant. The Declarant reserves the right to appoint and remove all officers of the Council and to exercise all the powers and responsibilities otherwise assigned by the Condominium Instruments and the Act to the Council, its Board of Directors and officers, such authorization to expire after the conveyance of Units representing fifty-one percent (51%) of the votes in the Council.

SECTION 7: Termination of Condominium.

A. If there is no unit owner other than the Declarant, the Declarant may unilaterally terminate the Condominium, and any such termination shall become effective upon the recordation thereof if the same has been executed by the Declarant.

B. If there is any unit owner other than the Declarant, then the Condominium shall be terminated only by the agreement of all unit owners in the manner provided by Section 11-123 of the Act.

SECTION 8: Existing Easements. The land is subject to the easements, encroachments and rights-of-way as heretofore recorded among the land records of Anne Arundel County.

SECTION 9: Termination of Leases or Management and Similar Contracts. Three (3) years from the recording of this Declaration, or as provided in §11-133 of the Act, whichever shall later occur, any lease, management contract, employment contract or other contract affecting the use, maintenance or access of all or part of the condominium, entered into without

the Council of unit owners being a party, if not sooner terminated, may be terminated by a majority vote of the Council of Unit Owners without liability for termination. The termination shall become effective upon thirty (30) days written notice from the Council of Unit Owners.

ARTICLE VIII

SECTION 1: Construction and Enforcement. The provisions hereof shall be liberally constructed to facilitate the purpose of creating a uniform plan for the creation and operation of a condominium. Enforcement of these covenants and restrictions and of the By-Laws attached hereto shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain or enjoin violation or to recover damages, or both, and against any condominium unit to enforce any lien; and the failure or forbearance by the Council of Unit Owners or the owner of any condominium unit to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

All present or future Owners, present or future tenants or any other person that might use the facilities of the Condominium in any manner, shall comply with and are subject to the provisions of this Declaration, the By-Laws and the decisions and resolutions of the Council of Unit Owners or its representative as lawfully amended from time to time. In addition, the mere acquisition, rental or occupancy of any condominium unit shall signify that the provisions of this Declaration, the By-Laws and the decisions and resolutions of the Council of Unit Owners or its representative as lawfully amended from time to time, are accepted and ratified.

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

SECTION 2: Severability. Invalidation of any one of these covenants or restrictions by judgment, decree or order shall in no way affect any other provisions hereof, each of which shall remain in full force and effect.

ARTICLE IX

SECTION 1: Council of Unit Owners. The administration of the Condominium and the community facilities consisting of the parcels of land, buildings, improvements, rights, privileges and appurtenances thereto, shall be by the Council of Unit Owners (hereinafter referred to as the "Council") as set forth in accordance with the provisions of this Declaration and the By-laws appended hereto. Every unit owner shall automatically be a member of the Council and shall remain a member of said Council until such time as his ownership ceases for any reason, at which time his membership in said Council shall automatically cease. Other than as incident to a lawful transfer of the title of the unit, membership in the Council

shall be non-transferable and any attempt to transfer the same shall be null and void.

SECTION 2: Assessments. The Declarant, for each unit owned by it within the Condominium, hereby covenants and agrees to pay to the Council, and each subsequent unit owner by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed, shall also be deemed to covenant and agree to pay to the Council: (1) annual assessment and charge for the maintenance of the common elements and facilities; and (2) special assessments. All assessments, both annual and special, shall be based on the percentage of ownership set forth on Exhibit C appurtenant to each unit.

SECTION 3: Liability for Assessments; Liens. A Unit Owner shall be liable for all assessments, or installments thereof, coming due while he is the owner of a unit. In a voluntary grant the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the common expenses up to the time of the voluntary grant for which a statement of condominium lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments. Liability for assessments may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the unit for which the assessments are made. Notwithstanding the foregoing, any First Mortgagee who obtains title to a Unit pursuant to the remedies provided in the deed of trust or foreclosure of the deed of trust will not be liable for such Unit's unpaid assessments which accrue prior to the acquisition of title to such Unit by the First Mortgagee. Any assessment, until paid, constitutes a lien on the Unit on which it is assessed, in accordance with Section 11-110 of the Act and the By-Laws, provided, however, that the lien for assessments shall be subject and subordinate to the operation and effect of any mortgage or deed of trust recorded prior to the filing of a notice of lien among the Land Records of Anne Arundel County pursuant to Section 11-110 of the Act.

SECTION 4: Lien for Contributions.

A. The total annual contribution of each Unit Owner for the Common Expenses levied pursuant to the By-Laws together with interest, late charges, actual costs of collection, and reasonable attorney's fees, is hereby declared to be a lien against the Unit of such Unit Owner if a statement of lien is recorded within two years after such assessment becomes due. The Board of Directors, or Managing Agent, may file or record such notice of lien, or such other or further document as may be required by the then laws of the State of Maryland to confirm the establishment of such lien.

B. In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the payment of any single installment, which continues for fifteen (15) days after written notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the then balance owing may be declared due and payable in full together with interest thereon at eighteen (18%) percent per

annum (or the rate then provided under Section 11-110 of the Act, or comparable provision, whichever is higher) and the cost of collection thereof, including reasonable attorneys' fees, by the service of notice to such effect upon the defaulting Unit Owner by the Board of Directors or Managing Agent. The Board of Directors may post a list of Unit Owners who are delinquent in the payment of any assessment or other fees which may be due the Council, including any installment thereof which becomes delinquent, in any prominent location within the Condominium. The Unit Owner who is delinquent shall be prohibited from voting at any meeting of the Council of Unit Owners until the amount necessary to satisfy indebtedness and release the lien has been paid.

C. The lien for assessments may be foreclosed in the manner provided by the laws of the State of Maryland by suit brought in the name of the Board of Directors, acting on behalf of the Council. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceedings shall have the right to the appointment of a receiver, if available under the then laws of the State of Maryland.

D. The lien for assessments shall be prior to all other liens and encumbrances except: (i) liens and encumbrances recorded prior to the recordation of the Declaration; (ii) liens of any mortgagee holding a mortgage on a Unit and recorded prior to the recordation of a statement of condominium lien pursuant to §11-110 of the Act, and (iii) liens for real estate taxes and municipal assessments or charges against the Unit.

ARTICLE X

SECTION 1: Insurance. The Board of Directors of the Council of Unit Owners shall secure and maintain to the extent reasonably available, at least the following:

A. a single master insurance policy covering casualty or physical damage in an amount equal to the full replacement value (i.e. 100% of "replacement cost" exclusive of land, foundation and excavation) of the condominium (including all building service equipment and the like), without deduction or allowance for depreciation, as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage, with a "condominium replacement cost" endorsement and such other endorsements as the Board of Directors shall determine. Such coverage to afford protection against at least:

- a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and
- b) such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, sprinkler leakage, debris removal, costs of

12/29/81 (part)
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demolition, vandalism, malicious mischief, windstorm, water damage, boiler and machinery explosion or damage.

Such coverage should insure the improvements (including all of the units and the floor coverings, bathroom and kitchen equipment, fixtures and cabinets initially furnished or installed therein by the Declarant, together with all air-conditioning, heating and other equipment, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owner) and other condominium property including all personal property included in the common elements.

B. public liability insurance with a "Severability of Interest Endorsement" or its equivalent in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less than One Million and ***No/100 Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, legal liability, hired automobile liability, non-owned automobile liability, ~~liability~~ for property of others, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership and use of the condominium or any portion thereof.

C. workmen's compensation insurance to the extent necessary to comply with any applicable law; and

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

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

A. all policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "A Class X" or better in the current edition of Best's Insurance Guide.

B. exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Council of Unit Owners, as a trustee for the owners of the condominium units, or its authorized representative, including any trustee with which the Council of Unit Owners may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be hereinelsewhere referred to as the "Insurance Trustee".

C. in no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the condominium units or their mortgagees, as herein

permitted, and any "no other insurance" or similar clause in any policy obtained by the Council of Unit Owners pursuant to the requirements of this Article shall exclude such policies from consideration.

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

E. all policies shall provide that such policies may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all insureds named thereon, including any and all mortgagees of the condominium units.

F. all policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors (or any Insurance Trustee) or when in conflict with the provision of any Insurance Trust Agreement to which the Council of Unit Owners may be a party, these By-Laws or the provision of the Condominium Act.

G. all policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Council of Unit Owners, the Board of Directors, the owner of any condominium unit and their respective agents, employees, tenants, or invitees and of any defenses based upon co-insurance or invalidity arising from the acts of the insured. Said policies cannot be cancelled, invalidated or suspended on account of any conduct of the Council of Unit Owners, the Board of Directors, the Owner of any condominium unit, and/or their agents, employees, tenants or invitees.

H. all policies of casualty insurance shall contain the standard mortgagee clause except that any loss or losses payable to named mortgagees shall be payable in the manner set forth in this Declaration. Such mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid.

I. the insurance premiums paid by the Council of Unit Owners shall be charged as items of Common Expense. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgagee endorsements to all First Mortgagees of the Units, if requested. Such insurance coverage shall be written on the Condominium and shall provide for the insurance proceeds covering any loss to be payable to the Board of Directors for the benefit of each unit owner or his mortgagee as their interest may appear.

SECTION 3: Individual Policies - Recommendation of Declarant - Notice to Board of Directors. The owner of any condominium unit (including the holder of any mortgage thereon) may obtain additional insurance (including a "Condominium Unit-Owner's Endorsement" or its equivalent, for improvements and betterment to the condominium made or acquired at the expense of the owner) at his own expense. Such insurance shall be written by the same carrier as that purchased by the Board of Directors pursuant to this Article or shall provide that it shall be without contribution as against the same. Such insurance shall contain the same waiver of subrogation provision as that set forth in Section 2(g) of this Article. The Declarant recommends that each owner of a condominium unit in the condominium obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a plateglass damage policy and a "Tenant Homeowner Policy" or its equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the condominium unit, additional living expenses, vandalism, or malicious mischief, theft, personal liability and the like. Such later policy should include a "Condominium Unit Owner's Endorsement", or its equivalent, covering losses to improvements and betterments to the condominium unit made or acquired at the expense of the unit owner. Copies of all such policies shall be filed with the Secretary.

The owner of any condominium unit shall notify the Board of Directors in writing of any and all improvements and betterments made to the condominium unit at the expense of such unit owner, the value of which is in excess of Two Thousand Five Hundred Dollars and No/100 (\$2,500.00).

No Unit Owner shall maintain insurance coverage which will tend to decrease the amount the Council of Unit Owners may realize under any insurance policy which it may have in force at any particular time.

SECTION 4: Endorsements, etc. The Board of Directors, at the request of any owner of any condominium unit in the condominium or at the request of the mortgagee of any condominium unit, shall promptly obtain and forward to such owner or mortgagee (a) an endorsement to any of the policies aforementioned in this Article showing the interest of such unit owner or mortgagee as it may appear; and (b) certificates of insurance relating to any of such policies; and (c) copies of any such policies, duly certified by the insurer or its duly authorized agent.

ARTICLE XI

SECTION 1: Insurance Trustee. The Board of Directors shall serve as the Insurance Trustee. All insurance policies purchased by the Council shall be for the benefit of the Council, each Unit Owner and his First Mortgagee, as their respective interests may appear, and shall provide that proceeds payable pursuant to the policies shall be paid directly to the Board of Directors as Insurance Trustee. All policies shall provide the adjustment of loss shall be made by the Board of Directors.

SECTION 2: Covenants for Benefit of Mortgages. Proceeds of insurance policies received by the Insurance Trustee as a result of damage to the Condominium by casualty shall be distributed to or for the benefit of the Unit Owner entitled thereto, after first paying or making provision for the payment of the expenses of the Insurance Trustee, in the following manner:

A. Proceeds are to be paid first to repair or restore damage or destruction, as elsewhere provided herein. After defraying the cost of the repair or restoration, all remaining proceeds shall be payable to the Unit Owners and First Mortgagees, if any, as their interest may appear. This covenant is for the benefit of any First Mortgagee and may be enforced by such mortgagee.

B. If it is determined in the manner elsewhere provided herein that the damage for which the proceeds are paid shall not be reconstructed or repaired, then and in that event, the insurance proceeds attributable to the damaged common element shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium. The insurance proceeds attributable to Units and limited common elements which are not rebuilt shall be distributed to the owners of those units and the owners of the units to which those common elements were assigned and their respective mortgagees, as their interest may appear. This is a covenant for the benefit of any mortgagee and may be enforced by such mortgagee.

SECTION 3: Reconstruction. If any part of the Condominium shall be damaged by casualty, the determination of whether or not to reconstruct or repair the same shall be made as follows, subject to the provisions of the Condominium Act:

A. Where there is a partial destruction, which shall be deemed to mean destruction to the extent of less than two-thirds of the then replacement cost of the condominium, there shall be compulsory reconstruction or repair, unless (i) all Unit Owners, including every owner of a Unit or assigned limited common element which shall not be rebuilt vote against such reconstruction or repairs, or (ii) the Condominium is terminated in the manner elsewhere provided herein, or (iii) the reconstruction or repair would be illegal under any State or local health or safety statute or ordinance.

B. Where there is total destruction, which shall be deemed to mean destruction to the extent of two-thirds of the Condominium's then replacement cost, reconstruction or repair shall not be compulsory unless at a meeting which shall be called within 90 days after the occurrence of the casualty, or, if by such date the insurance loss has not been finally adjusted, then within 120 days after the occurrences of the casualty, all Unit Owners vote in favor of such reconstruction or repair.

C. If any Building or improvement standing or erected upon the Condominium shall be destroyed or damaged by some casualty, and such destroyed or damaged property is to be

reconstructed or repaired, the reconstruction or repair thereof shall, at least, be to the extent of the replacement value of the property destroyed or damaged, and as nearly as practicable to the character of the building or improvement existing immediately prior to such casualty. Any reconstruction or repair shall be done in accordance with the outstanding building code requirements of the State of Maryland and Anne Arundel County and may be done with contemporary building materials, and achieved by utilizing updated construction systems and technology.

If pursuant to Article XI Section 1 of the By-Laws the responsibility of maintenance and repair for the damaged portion of the unit is borne by the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty and shall be entitled to apply, with the assistance of the Board of Directors, for the applicable insurance proceeds. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Board of Directors.

D. The proceeds of insurance collected on account of casualty and funds received by the Board of Directors from collections of assessments against Unit Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(a) If the amount of the estimated cost of reconstruction and repair is \$10,000 or less (as estimated by the Board of Directors), then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors, provided, however, that upon request of a mortgagee which is a beneficiary of an insurance policy, if permitted by the Condominium Act, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided in subparagraph (b) below.

(b) If the estimated cost of reconstruction and repair of the building or other improvement is more than \$10,000, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in the State of Maryland and employed by the Board of Directors to supervise such work, payment to be made from time to time as the work progresses. Prior to completing the work, the architect shall be required to furnish a certificate giving a brief description of the services rendered and materials furnished by various contractors, subcontractors, materialmen, the architect, or other persons who have rendered services or furnished materials in connection with the work, and stating that

(1) the sums requested by them in payment are justly due and owing, if not previously paid, and that said sums paid or to be paid do not exceed the value of the services and materials furnished;

(2) there is no other outstanding indebtedness known to the said architect for the services and materials described and releases of liens have been obtained except as stated in the certificate; and

(3) the cost, as estimated by said architect for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the sum so requested.

ARTICLE XII

SECTION 1: Condemnation. An award, settlement or other compensation arising from the taking of, injury to, or destruction of part or all of the Condominium by condemnation or the exercise of the power of eminent domain shall be awarded as follows:

A. Each Unit Owner shall be entitled to the entire award made for the taking of all or part of his respective Unit and for consequential damages to his Unit.

B. Any award for the taking of General Common Elements shall be allocated to all Unit Owners in proportion to the respective percentage interest in the Common Elements assigned in Exhibit C to the Declaration.

C. All award sums are to be paid jointly to the Unit Owners and First Mortgagees, if any, entitled thereto. This covenant is for the benefit of any First Mortgagee and may be enforced by such mortgagee.

D. Following the taking of any part of the Common Elements, the Council shall not be obligated to replace such improvements taken but promptly shall undertake to restore the remaining improvements to a safe, habitable, and useable condition. Any costs of such restoration shall be a common expense.

E. Following the taking of all or part of any unit, the percentage interest in the common elements appurtenant to the Unit shall be adjusted in proportion to the amount of floor area of the Unit so taken bears to the floor area of the Unit prior to the taking. The Council of Unit Owners shall promptly prepare and record an amendment to the Declaration (i) reflecting the new percentage interest in common elements appurtenant to the Unit and (ii) proportionately adjusting the percentage interest in common elements of all other Units. Following the taking of part of a Unit, the votes appurtenant to that Unit shall be appurtenant to the remainder of that Unit. Following the taking of all of a Unit, the right to vote formerly appurtenant to the Unit shall terminate.

SECTION 2: Assessments if Insurance or Condemnation Proceeds are Inadequate. Immediately after a casualty or condemnation causing damage to property for which the Board of Directors has the responsibility of maintenance and repair, the Board shall obtain reliable and detailed estimates of the cost to restore the damaged property. Such costs may include professional fees and premiums for such bonds as the Board desires. If the proceeds of insurance or of the condemnation are not sufficient to defray such estimated costs and reconstruction is sought, a special assessment shall be made against all the Units in proportion to the percentage interests in the common elements, in sufficient amounts to provide funds to pay the estimated costs. If, at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for payment of the costs thereof are insufficient, assessments shall be made against all of the Units in proportion to their percentage interests in sufficient amounts to provide funds for the payment of such costs.

SECTION 3: Disbursements. Any and all disbursements of funds, whether such funds consist of insurance proceeds, special assessments, sales proceeds, or any combination thereof, to be made by the Insurance Trustee for any purposes whatsoever, shall be made pursuant to and in accordance with a certified statement of the Council or the Board of Directors.

SECTION 4: Notification. The Board of Directors shall timely notify in writing: (a) the First Mortgagee of the unit whenever damage to the Unit covered by the mortgage exceeds \$1,000; and (b) all First Mortgagees whenever damage to the Common Elements exceeds \$10,000. If any Unit or portion thereof or the common elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the First Mortgagees of all such Units and Common Elements shall be given timely written notice of any such proceeding or proposed acquisition.

ARTICLE XIII

SECTION 1: Notice to Board. A Unit Owner who mortgages his Unit shall notify the Board through the Managing Agent of the name and address of his mortgagee; the Board shall maintain such information in a book entitled "Mortgages of Units".

SECTION 2: Notice of Unpaid Assessments. The Board, whenever so requested in writing by a mortgagee, shall promptly report any then unpaid assessments due from, or any other default by, the owner of the mortgaged Unit.

SECTION 3: Notice of Default. The Board shall give written notice to a Unit Owner of any default by the Unit Owner in the performance of any obligations under the Act or Condominium Instruments, and, if such default is not cured within 60 days, shall promptly send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board.

SECTION 4: Examination of Books. Each Unit Owner and each First Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, but not more often than once a month. Each First Mortgagee, upon request to the Board of Directors, and if available, will be entitled to receive an annual audited financial statement of the Condominium prepared in accordance with sound accounting principals within ninety days following the end of any fiscal year of the Condominium.

SECTION 5: Notice of Meetings. Upon request, each First Mortgagee of a Unit shall receive notice, in writing, of all meetings of the Council and of all proposed amendments of the By-Laws, and shall be permitted to designate a representative to attend all such meetings.

SECTION 6: Manner of Notice. Unless specified otherwise in other sections of this Declaration, whenever any notice is required to be given under the provisions of the Act or of the Condominium Instruments to any mortgagee, director or Unit Owner, it shall not be construed to require personal notice,

but such notice may be given in writing, by mail, or hand delivery. Such notice may be accomplished by depositing the same in a post office or letter box, in a post-paid sealed wrapper, addressed to such mortgagee, director or Unit Owner at such address as appears on the Books of the Condominium, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

SECTION 7: Waiver of Notice. Whenever any notice is required to be given under the provisions of the Act or the Condominium Instruments, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE XIV

SECTION 1: Notice of Loss to or Taking of Common Elements to VA or FNMC. The Board of Directors shall give written notice to Federal Home Loan Mortgage Corporation, the Veterans Administration, and the Federal National Mortgage Council (c/o the appropriate Servicer) of any loss to or taking of the Common Elements of the Condominium, if such loss or taking exceeds Ten Thousand (\$10,000) Dollars, or, with respect to a Unit covered by a Mortgage which has been purchased, in whole or in part, where the loss or taking exceeds One Thousand (\$1,000) Dollars.

SECTION 2: Captions. The captions herein are used solely as a matter of convenience and shall not define or limit any of the terms or provisions hereof.

SECTION 3: Gender and Number. Whenever the context so permits, the use of the plural shall include the singular, the singular shall include the plural, and any gender shall be deemed to include all genders.

SECTION 4: Exhibits. Exhibits A, B and C attached hereto, and the Plats, are an integral part of this Declaration.

SECTION 5: Invalidity and Severability. It is the intention of the Declarant that the provisions of this Declaration are severable so that if any provision is invalid or void under any applicable Federal, state or local law or ordinance, the remainder shall be unaffected thereby.

IN WITNESS WHEREOF, SPA CREEK ASSOCIATES, a Maryland limited partnership, has caused these presents to be executed in its name and on its behalf by Paul M. Pearson, constituting its general partner.

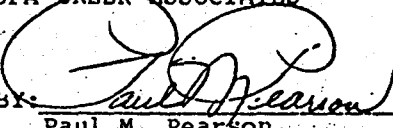
Witness:

Lochman & Becken

SPA CREEK ASSOCIATES
 BY: *Paul M. Pearson*
 Paul M. Pearson,
 General Partner

I hereby affirm under penalty of perjury that the notice requirements of §11-102.1 of the Real Property Article, Annotated Code of Maryland (1974 Repl. Vol., 1981 Supp.), if applicable, have been fulfilled. ✓

SPA CREEK ASSOCIATES



BY: Paul M. Pearson
Paul M. Pearson,
General Partner

ACKNOWLEDGEMENT

STATE OF MARYLAND)
) ss:
COUNTY OF ANNE ARUNDEL)

I HEREBY CERTIFY that before me, a Notary Public in and for the State and County aforesaid, personally appeared Paul M. Pearson, general partner of SPA CREEK ASSOCIATES and acknowledged the foregoing Declaration to be the act and deed of said partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal this 29th day of December, 1981.

Sandra S. Bryant
Notary Public



My commission expires: July 1, 1982

The undersigned, a member in good standing of the Bar of the Court of Appeals of Maryland, hereby certifies that the within instrument was prepared by him or under his supervision.


Barry M. Nydelman