

**MARYLAND HOMEOWNERS ASSOCIATION ACT
HOMEOWNERS ASSOCIATION DEPOSITORY FILING**

CHESTNUT GROVE ASSOCIATION, INC.

Pursuant to the Maryland Homeowners Association Act (the "Act"), Title 11-B, Article RP, Annotated Code of Maryland, Chestnut Grove Association, Inc., a Maryland corporation, hereby submits the following disclosures for filing in the Homeowners Association Depository of Charles County, Maryland, as of this 18th day of March, 2008.

These disclosures are provided for the residential subdivision known as "Chestnut Grove" (the "Development"), located in the 1st Election District of Charles County, Maryland, on a certain parcel of real property (the "Property"), more particularly described in Exhibit A attached to the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements of the Development (more particularly referred to below), as the same may be amended or supplemented from time to time.

The Homeowners Association for the Owners of lots in the Development is known as "Chestnut Grove Association, Inc." The Association was formed as a Maryland corporation by Articles of Incorporation filed on November 21, 2008, with the Maryland State Department of Assessments and Taxation.

The Property is subject to a certain Declaration of Covenants, Conditions and Restrictions dated March 18, 2008, and recorded among the Land Records of Charles County, Maryland, in Liber 6739, at Page 356, as the same may be amended or supplemented from time to time (the "Declaration").

DISCLOSURES

5040A
1. The Declarant under the Declaration is Chestnut Grove Venture, LLC, a Maryland limited liability company (hereinafter referred as the "Declarant"). The Declarant's principal address and telephone number are 12215 Potomac View Road, Newburg, Maryland 20664; (301) 934-9039.

2. As of the date of this filing, the Vendors of dwelling units in the Development are: (i) Forrest Builders, Inc., a Maryland corporation, 12215 Potomac View Road, Newburg, Maryland 20664; (301) 934-9039, a corporation whose principal officer is William J. Brozey at said address and telephone number; and (ii) Litz Custom Homes, Inc., a Maryland corporation, 29477 Horse Range Farm Lane, Mechanicville, Maryland 20659; (301) 938-0088; a corporation whose principal officer is Keith Litz at said address and telephone number.

RECORDING FEE 50.00
TOTAL 50.00
Rest CHES Rcpt # 2673
SLH LEY Bk # 1196
Jan 22, 2009 09:18 am

1-22-09
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3. The Development will be governed by a Homeowners' Association known as Chestnut Grove Association, Inc. (the "Association"). The Association is a non-stock corporation organized and existing under and by virtue of the laws of Maryland. The Association's Resident Agent in the State of Maryland is Stephen H. Scott, Post Office Box 610, 112 LaGrange Avenue, La Plata, Maryland 20646.

4. (i) The Development comprises approximately 193.174 acres of land, more or less, located in the 1st Election District, Charles County, Maryland. The total number of lots expected to be in the Development is 39 (referred to herein collectively as the "Lots", and individually as a "Lot"). As of the date of this Disclosure, 39 is the maximum number of Lots both planned and permitted (under applicable subdivision approvals as of the date hereof) for the Development. The Lots in the Development are presently intended to contain residential single-family detached homes, and the Development will also contain open space areas and common areas, drainage and stormwater management facilities, buffer areas, and forest conservation areas that will be owned and/or managed by the Association (the "HOA Common Areas"). Each Lot will be owned in fee simple by a homeowner (collectively, the "Owners", and individually, an "Owner").

(ii) Vendor and/or Declarant do not own property contiguous to the Development which will be dedicated to public use except as follows: land to be used for and in connection with drainage and stormwater collection systems, public and private utilities, conservation areas, and public roadways as shown on the present or future subdivision plans and recorded subdivision plats of the Development.

5. The Development will not be located within or a part of another subdivision or development.

6. The Declarant has reserved the right to annex additional property to the Development as provided in the Declaration.

7. Attached hereto and made a part of this Disclosure are copies of: (i) the Articles of Incorporation of the Association (Exhibit "A" hereto); (ii) the Declaration (Exhibit "B" hereto); and (iii) the By-Laws of the Development (Exhibit "C" hereto). An Owner, as purchaser of a Lot in the Development, will become obligated to the foregoing upon the becoming an Owner. These obligations are enforceable against an "Owner" of a Lot, as that term is defined in the Declaration, and the Owner's tenants, guests and other occupants of a Lot.

8. It is anticipated that the Association shall own and be responsible for maintaining the HOA Common Areas, which will consist of public and private drainage and storm water management facilities, buffer areas, and forest conservation areas within the HOA Common Area, open grassy areas, trees and other landscaping materials, and a subdivision monument and entry sign.

9. Information about the zoning and other land use restrictions affecting the Development is available and may be obtained by contacting the Charles County Government, Department of Planning and Growth Management, P.O. Box 2150, La Plata, Maryland 20646; telephone: (301) 645-0627.

10. (i) With respect to each Lot, mandatory annual dues assessments payable by the Owners of Lots to the Association shall commence on the first day of the month following the first conveyance of a Lot to an Owner other than the Declarant or the Vendor.

(ii) Until January 1 of the year immediately following the conveyance of the first Lot to an Owner other than the Declarant or the Vendor, the Annual Assessment (as defined in the Declaration) may not exceed Three Hundred Fifty and 00/100 Dollars (\$350.00) per Lot. Commencing on January 1 of the year immediately following the conveyance of the first Lot to an Owner other than the Declarant or the Vendor, and for each fiscal year of the Association thereafter, the Annual Assessment may be increased up to the greater of: (a) ten percent (10%) more than the Maximum Annual Assessment for the preceding fiscal year of the Association, or (b) the percentage increase in the immediately preceding year in the "Consumer Price Index, for All Items, United States", published by the United States Department of Labor, Bureau of Labor Statistics, or, if no longer published, a successor or equivalent index. The Board of Directors of the Association may establish the Annual Assessment for each fiscal year of the Association at any amount not exceeding the foregoing. The Annual Assessment may exceed the foregoing limitations upon the affirmative vote of at least two-thirds (2/3) of all votes entitled to be cast by the Class A Members and the Class B Members of the Association (as defined in the Declaration), voting in person or by proxy, at a meeting duly called for that purpose at which a quorum is present.

(iii) The Board of Directors shall make reasonable efforts to set the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each fiscal year of the Association. Written notice of the Annual Assessment shall be sent to every Owner. Due dates shall be established by the Board of Directors. Any Assessment not paid within thirty (30) days of the due date established by the Board of Directors shall be considered Delinquent. The Association may collect Delinquent Assessments by obtaining a personal judgment against the Owner(s) of the Lot for which the Delinquent Assessment is due, enforcing a lien against the Lot, suspending the Owner(s)' (and any Resident, Tenant or other person having a license from the Owner) right to use the HOA Common Areas (and any community facilities thereon), and/or suspending the Owner(s)' voting rights in the Association.

(iv) Unpaid Assessments are a personal obligation of each Owner of the Lot for which the unpaid Assessments are due.

(v) Any Assessment not paid within thirty (30) days after the due date shall bear interest until paid at the rate of ten percent (10%) per annum, from the due date until the

date paid, and shall be subject to a late charge of the greater of \$25.00 or 5% of the amount of the Delinquent Assessment.

(vi) Any unpaid Assessments which are Delinquent may also be enforced and collected by imposing a lien on the Lot for which the Assessments are due pursuant to the terms of the Maryland Contract Lien Act.

(vii) The Lot Owner(s) will be assessed interest, late charges and attorneys' fees for collecting Delinquent Assessments. The Assessments, together with interest, late charges, costs of collection, and reasonable attorney's fees, shall be a charge upon the Lot for which they are due, and shall be a continuing lien upon the Lot against which the Assessments are made. Assessments, together with interest, late charges, costs of collection, and reasonable attorney's fees, shall also remain the personal obligation of the Owner(s) of the Lot for which they are due. Additionally, the Association may suspend the Owner(s)' voting rights during the period that Assessments remain Delinquent, and/or suspend the Owner(s)' right, and rights of the Tenants, Residents and Licensees of the Owner(s), to use the HOA Common Areas and any community facilities thereon. The Association may also avail itself of all available legal and equitable remedies for the collection of Delinquent Assessments.

(viii) In addition to assessments, a one-time initial capital contribution is due to the Association as to each Lot as provided in Article IV, Section 14 of the Declaration, and which is enforced and collected in the same manner as assessments.

(ix) The Declarant is exempt from assessments and capital contributions.

11. (i) The Declarant and each Vendor have the right generally to conduct land development and construction activities within the Development and to maintain real estate sales and construction offices on the Property. The Declarant and each Vendor may also maintain model homes, displays, signs and special lighting on any part of the HOA Common Area or any Lot owned by any of them. The Declarant and each Vendor have easements for, and have the right to grant easements for, grading, construction and development of the Property, and for the installation and maintenance of pipes, mains, conduits, drains, lines or other facilities for water, storm sewer, storm water management, gas, electric, telephone, cable television, drainage and other public utilities and facilities on, over, or under the Property. The Declarant has the right to reserve, convey and/or encumber conservation areas on the Property. The Declarant has the unilateral right to amend the Declaration. The Declarant has the right to amend and change the subdivision plats of the Development. The Declarant and each Vendor have such other special rights and privileges as are described in the Declaration, including the right to assign certain reserved easements to the Charles County Government.

(ii) The Declarant has the right to assign its rights to the Vendors and any other homebuilders in the Development. Such assignment shall only be by written instrument

signed by the Declarant. Such assignment shall not apply to any Lot which is improved by a home occupied by any party as a dwelling. Any such assignment may be revoked at any time.

(iii) The Declarant and each Vendor are exempt from all use restrictions and architectural control provisions of the Declaration. The Declarant and each Vendor are the Class B members of the Association, and are entitled to three (3) votes for each Lot to which each holds record title. Class B membership shall terminate and be converted into Class A membership on the expiration of the Development Period (as defined in the Declaration).

12. As of the date of this Disclosure, the management agent of the Association is the Declarant. The Declarant is authorized by the Association to provide information to the public regarding the Association and the Development.

IN WITNESS WHEREOF, the undersigned, being the President of Chestnut Grove Association, Inc., has hereunto placed his hand and seal as of the date and year first above written.

WITNESS/ATTEST:

Chestnut Grove Association, Inc.

William J. Brozey

William J. Brozey (SEAL)
William J. Brozey, President

STATE OF MARYLAND,
COUNTY OF CHARLES; ss

St. Mary's

I HEREBY CERTIFY that on this 18th day of March, 2008, before me, the subscriber, a Notary Public of the State of Maryland, in and for the county aforesaid, personally appeared William J. Brozey, as the President of Chestnut Grove Association, Inc., a Maryland corporation, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged that he, having such authority, executed the same for the purposes therein contained.

AS WITNESS my hand and notarial seal.

Keri Davis
Notary Public

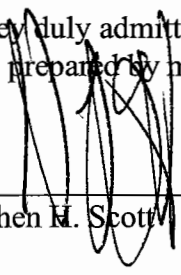
My commission expires: 11-20-2011



KERI DAVIS
Notary Public, State of Maryland
St. Mary's County
My Commission Expires November 20, 2011

ATTORNEY'S CERTIFICATION

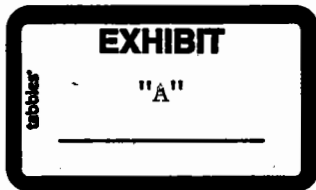
I HEREBY CERTIFY that I am an attorney duly admitted to practice before the Court of Appeals of Maryland and that this instrument was prepared by me or under my supervision.



Stephen H. Scott

After recording return to:
Stephen H. Scott, Esq.
Chapman, Bowling & Scott, P.A.
P.O. Box 610
La Plata, MD 20646

HOA – Chestnut Grove / Maryland Homeowners Association Act



**ARTICLES OF INCORPORATION
OF
CHESTNUT GROVE ASSOCIATION, INC.**

FIRST: The undersigned, Stephen H. Scott, whose post office address is 112 La Grange Avenue, P.O. Box 610, La Plata, Maryland 20646, being at least twenty-one (21) years of age, does hereby form a corporation under and by virtue of the general laws of the State of Maryland.

SECOND: The name of the Corporation (which is hereinafter called the "Association") is:

CHESTNUT GROVE ASSOCIATION, INC.

THIRD: The Association does not contemplate pecuniary gain or profit to its members, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residential lots and the Association property within all that certain real property (the "Property") described in and subjected to the Declaration of Covenants, Conditions and Restrictions made by Chestnut Grove Venture, LLC, a Maryland limited liability company (the "Declarant"), dated of even date herewith, and recorded among the Land Records of Charles County, Maryland (the "Declaration"), and to promote health, safety and welfare of the residents within the Property, and any additions thereto as may hereafter be brought within the jurisdiction of the Association, and to:

(a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration and By-Laws of the Association (the "By-Laws") as the same may be amended from time to time, as therein provided, said Declaration and By-Laws being incorporated herein as if set forth fully;

(b) Fix, levy, collect and enforce payment by any lawful means, of all charges or assessments pursuant to the terms of the Declaration; to pay all expenses or assessments pursuant to the terms of the Declaration and the By-Laws; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the Property or any other property of the Association;

(c) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) Borrow money, and, with the assent of two-thirds (2/3) of each class of members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) Dedicate, sell or transfer all or any part of the Association property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless first approved by the appropriate public agency, authority, or utility, and an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;

(f) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and common property, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members unless otherwise provided in the Declaration;

(g) Have and exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Maryland by law may now or hereafter have or exercise.

FOURTH: The post office address of the principal Office of the Association in this State is 12215 Potomac View Road, Newburg, MD 20664. The name and post office address of the Resident Agent of the Association in this State is Stephen H. Scott, 112 La Grange Avenue, P.O. Box 610, La Plata, Maryland 20646. Said Resident Agent is an individual actually residing in the State of Maryland. ✓

FIFTH: The Association shall not be authorized to issue any capital stock. Every person or entity who is a record owner of the fee simple title in any lot within the Property which is subject by the Declaration to assessment by the Association, or, if such 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, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

SIXTH: The Association shall have two (2) classes of voting membership:

(a) Class A. The Class A members shall be all owners with the exception of the Declarant, and shall be entitled to (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot owned by a Class A member.

(b) Class B. The Class B member shall be the Declarant, its successors and assigns (as defined in the Declaration), and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease, subject to revival upon additional land being annexed pursuant to the Declaration, and be converted to a Class A membership on the happening of any of the following events, whichever occurs earlier:

(i) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(ii) At the expiration of the Development Period (as defined in Article I, Section 9 of the Declaration).

SEVENTH: The affairs of the Association shall be managed by a Board of three (3) directors, who need not be members of the Association. The number of directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successor are:

William J. Brozey	12215 Potomac View Road Newburg, Maryland 20664
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Keith Litz	29477 Horse Range Farm Lane Mechanicsville, Maryland 20659
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Adam D. Hiland	112 La Grange Avenue Post Office Box 610 La Plata, Maryland 20646
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At the first annual meeting the members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years; and at each annual meeting thereafter, the members shall elect one director for a term of three (3) years.

EIGHTH: The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

NINTH: The Association shall exist perpetually.

TENTH: Amendment of these Articles shall require the assent of at least seventy-five percent (75%) of the entire membership.

ELEVENTH: If the Property, or the development thereof, is approved by the Federal Housing Administration or the United States Veterans Administration, so long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration, as applicable: annexation of additional

properties, mergers and consolidations, mortgaging of Association property, dedication of Association property, dissolution of the Association and amendment of these Articles.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation and have acknowledged the same to be my act this 18th day of March, 2008, and I do hereby consent to act as Resident Agent for said corporation.

Keri Davis
Witness

INCORPORATOR

Stephen H. Scott

STATE OF MARYLAND
COUNTY OF CHARLES:

St. Mary's

I HEREBY CERTIFY that on this 18th day of March, 2008, before me the undersigned officer, personally appeared Stephen H. Scott, who acknowledged himself to be the person whose name is affixed to the foregoing instrument, and he acknowledged the within instrument to be his voluntary act and deed and that he executed the foregoing instrument for the purposes therein contained.

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

Keri Davis
Notary Public

My Commission Expires: 11-20-2011

After Recording Return to:
Stephen H. Scott, Esq.
Chapman, Bowling & Scott, P.A.
P.O. Box 610
La Plata, MD 20646



KERI DAVIS
Notary Public, State of Maryland
St. Mary's County
My Commission Expires November 20, 2011

Department of
Assessments and Taxation

Charter Division



Governor

BK 00015 PG 0040 C. John Sullivan, Jr.
DirectorPaul B. Anderson
Administrator

Date: 11/21/2008

CHAPMAN, BOWLING, SCOTT & HRUDA, P.A.
STEPHEN H SCOTT
P O BOX 610
LA PLATA MD 20646

THIS LETTER IS TO CONFIRM ACCEPTANCE OF THE FOLLOWING FILING:

ENTITY NAME : CHESTNUT GROVE ASSOCIATION, INC.
DEPARTMENT ID : D12806808
TYPE OF REQUEST : ARTICLES OF INCORPORATION
DATE FILED : 11-21-2008
TIME FILED : 01:29 PM
RECORDING FEE : \$100.00
ORG. & CAP FEE : \$20.00
EXPEDITED FEE : \$90.00
COPY FEE : \$25.00
POSTAGE FEE : \$5.00
FILING NUMBER : 1000361997267426
CUSTOMER ID : 0002209468
WORK ORDER NUMBER : 0001652506

~~PLEASE VERIFY THE INFORMATION CONTAINED IN THIS LETTER. NOTIFY THIS DEPARTMENT~~
IN WRITING IF ANY INFORMATION IS INCORRECT. INCLUDE THE CUSTOMER ID AND THE WORK
ORDER NUMBER ON ANY INQUIRIES. EVERY YEAR THIS ENTITY MUST FILE A PERSONAL
PROPERTY RETURN IN ORDER TO MAINTAIN ITS EXISTENCE EVEN IF IT DOES NOT OWN
PERSONAL PROPERTY. A BLANK RETURN WILL BE MAILED BY FEBRUARY OF THE YEAR FOR
WHICH THE RETURN IS DUE.

Charter Division
Baltimore Metro Area (410) 767-1350
Outside Metro Area (888) 246-5941

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
OF CHESTNUT GROVE HOMEOWNERS ASSOCIATION**

THIS DECLARATION (the "Declaration"), is made this 18th day of March, 2008, by Chestnut Grove Venture, LLC, a Maryland limited liability company (the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of certain real property located in the 1st Election District, Charles County, Maryland, which is more particularly described in Exhibit A attached hereto and made a part hereof (the "Property"); and

WHEREAS, Declarant intends to subdivide and develop or cause to be subdivided and developed on the Property single family homes with appurtenant areas for access, open space and conservation, said subdivision to be known as "Chestnut Grove"; and

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

WHEREAS, Declarant has caused a non-profit membership Corporation known as Chestnut Grove Association, Inc., to be formed in the State of Maryland in order to perform certain functions on behalf of the Owners of Lots within the Property, including, but not limited to, the enforcement of the covenants, conditions and restrictions and reservation of easements herein set forth, the management of the Common Areas to be owned by the Association, and the collection and disbursement of the assessments and charges hereinafter created.

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

LAIR SURGIC	20.00
RECORDING FEE	75.00
TOTAL	95.00
Rest # CH03	Rept # 38743
SLH MLN	Blk # 1141
Dec 13, 2002	01:24 PM

12.19.08-S
TCA

ARTICLE I
DEFINITIONS

Section 1. "Architectural Committee." The Architectural Committee shall be composed of: (i) during the Development Period, a single individual appointed by the Declarant; and (ii) after the Development Period, three or more individuals so designated from time to time by the Board of Directors. Those individuals appointed by the Board of Directors after the Development Period may be removed from the Architectural Committee at any time by the Board of Directors at its discretion.

Section 2. "Association" shall mean and refer to Chestnut Grove Association, Inc., a Maryland nonprofit corporation, its successors and assigns.

Section 3. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, or, if the 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, and not the holder of title as such of the reversionary interest; including contract sellers, but excluding those having an interest in any such Lot merely as security for the performance of an obligation.

Section 4. "Property" shall mean and refer to that certain real property described in Exhibit A to this Declaration, and such additions thereto as may hereafter be brought within the jurisdiction of the Association and subjected to this Declaration as herein provided.

Section 5. "Common Area" shall mean all real property (including the improvements thereto) owned, or to be owned, by the Association for the common use and enjoyment of the Owners, and such additions thereto as may hereafter be brought within the jurisdiction of the Association and subjected to this Declaration as herein provided.

Section 6. "Board of Directors" shall mean the Board of Directors from time to time of the Association.

Section 7. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision plat of the Property on which there is constructed or is intended to be constructed a residential dwelling.

Section 8. "Declarant" shall mean and refer to Chestnut Grove Venture, LLC, a Maryland limited liability company, and its successors and/or assigns to whom one or more undeveloped portions of the Property may be conveyed, along with an express assignment of Declarant's rights and remedies hereunder, by an instrument recorded among the Land Records of Charles County, Maryland.

Section 9. "Development Period" shall mean the period that is ten (10) years from the date this Declaration is recorded among the Land Records of Charles County, Maryland. With respect to any land annexed to the Property by Declarant as herein permitted, the "Development Period" shall mean the time that is ten (10) years from the time that such land is annexed to the Property by the recording of an amendment hereto among the Land Records of Charles County, Maryland. Declarant shall have the right to extend the Development Period from time to time for up to ten (10) additional years. To exercise this extension option, Declarant shall execute and record an amendment to this Declaration setting forth Declarant's election to so extend and the period of extension; such amendment shall be executed and recorded prior to the then expiration of the Development Period (whether the original term or as previously extended). Declarant shall have the right to exercise this extension option from time to time as often as Declarant shall determine in its sole discretion for up to ten (10) years beyond the original term of the Development Period. Declarant shall have the right to terminate the Development Period at any time prior to its then expiration by the execution and recordation of an amendment to this Declaration. Notwithstanding anything to the contrary contained in this Declaration, any amendment to this Declaration under this Article I, Section 9, shall be valid and effective upon execution and recordation by Declarant solely, and shall require no other signature or approval by any party.

Section 10. "Structure" shall mean any thing or device the placement of which upon the Property (or any part thereof) may affect the appearance of the Property (or any part thereof) including, by way of illustration and not limitation, any building, garage, porch, shed, greenhouse, bath house, coop or cage, covered or uncovered patio, swimming pool, clothesline, radio, television, or other antenna, fence, sign, curbing, paving, wall, roadway, walkway, exterior light, landscape, hedge, tree, shrubbery, planting, signboard, or any temporary or permanent living quarters (including any house trailer), or any other temporary or permanent improvement made to the Property or any part thereof. "Structure" shall also mean (i) any excavation, fill, ditch, diversion damn, or other thing or device which affects or alters the natural flow of surface waters from, upon, or across the Property, or which affects or alters the flow of any waters in any natural or artificial stream, wash, or drainage channel from, upon or across the Property, and (ii) any change in the grade of the Property (or any part thereof) of more than six (6) inches from that existing at the time of purchase by each Owner (other than Declarant).

Section 11. "Stormwater Management Agreement(s)" shall mean the agreement or agreements, as the same may be amended or supplemented from time to time, executed or to be executed with regard to the Property, by and between Declarant and The County Commissioners of Charles County, Maryland, entitled "Inspection and Maintenance of Private On-Site Stormwater Management Facility - Declaration of Covenants" and/or equivalent agreement(s) providing for the maintenance and/or repair of private or public storm drain systems or stormwater management facilities on the Property; said agreement or agreements recorded or to be recorded among the Land Records of Charles County, Maryland. The Association hereby ratifies and accepts the terms, covenants, and conditions of the Stormwater Management Agreement(s) and agrees at all times to perform the terms thereof.

ARTICLE II
PROPERTY RIGHTS

Section 1. Grant of Lots. Declarant shall hereafter hold, grant and convey the Property, and each part thereof, including the Lots and Common Area, subject to the covenants, conditions and restrictions and reservation of easements herein set forth, which are for the benefit of, binding upon and shall run with the Property, and are for the benefit of Declarant, the Association and the Owners, their respective heirs, personal representatives, successors and assigns.

Section 2. Grant of Common Area. Declarant covenants that it will convey and/or dedicate to the Association the Common Area, and the Association shall accept from Declarant such Common Area and shall hold it subject to the provisions hereof.

Section 3. Owners' Easements of Enjoyment. Every Owner shall have a right and nonexclusive easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against the Owner's Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Association's published rules and regulations;

(c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of each class of members of the Association has been recorded;

(d) The other provisions of this Declaration and of applicable law which impose covenants, restrictions and regulations on the Common Area.

(e) Any Common Area, recreational facility, open space or recreational equipment furnished by the Declarant or the Association for the benefit of Lot Owners shall be used at the sole risk of the user, and neither the Declarant nor the Association shall be held liable to any person or party for any claim, damage, or injury occurring thereon or related to the use or operation thereof.

Section 4. Delegation of Use. Any Owner may delegate, subject to the terms and conditions of this Declaration, the By-Laws of the Association and any published rules and regulations of the Association, his right to enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who, in each instance, reside on a Lot.

Section 5. Structures. Except as otherwise permitted by the provisions of this Declaration, no Structure shall be erected, placed or maintained on any Common Area except: (i) structures designed exclusively for the common use of Owners; and (ii) drainage, storm and utility systems. The Common Area 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 Area and for aesthetic reasons.

Section 6. Rules. The Association shall have the right to prescribe reasonable rules and regulations governing the use of the Common Area, which rules and regulations shall be applied equally to all Owners. In addition, the Association, through the Board of Directors, by contract or other agreement, shall have the right, but not the obligation, to enforce county ordinances and to permit Charles County, Maryland, to enforce ordinances on the Lots for the benefit of the Association and the Owners.

Section 7. Association Management. The Association may improve and develop, and shall supervise, manage, operate, examine, inspect, care for, repair, replace, restore, preserve and maintain the Common Area, together with any items of personal property placed or installed thereon, including, without limitation, any stormwater management facilities, at the cost and expense of the Association. All of the same shall be maintained in good order and repair at all times.

Section 8. Conservation and Buffer Areas. The Association shall at all times preserve, maintain and protect any part(s) of the Common Area denoted on recorded subdivision Plats of the Property or on any other recorded instrument as "wetlands", "wetlands buffer", "non-tidal wetlands", "non-tidal wetlands buffer", "forest conservation easement", "forest conservation area", and/or "wetlands conservation easement", or any similar or like denotation, in accordance with all applicable laws, regulations and ordinances and the terms of this Declaration.

Section 9. Stormwater Management. The Association shall at all times observe and perform all terms, covenants and conditions of the Stormwater Management Agreement(s) affecting the Common Area.

Section 10. Implied Rights. The Association may exercise all rights and privileges given to it by this Declaration and by the by-laws of the Association, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or in said by-laws, or reasonably necessary to effectuate the purpose and intent of any such right or privilege or any lawful function of the Association.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessment by the Association shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Voting. The Association shall have two classes of voting membership:

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

Class B. The Class B Members shall be the Declarant, and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease, subject to revival upon additional land being annexed to the Property pursuant to this Declaration, and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) Upon the expiration of the Development Period.

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree, to pay to the Association: (1) an initial capital contribution payable by the initial homeowner with respect to each Lot as described below, (2) annual assessments or charges, and (3) special assessments for capital improvements; such assessments to be established and collected as hereinafter provided. The capital contribution, annual and special assessments, together with interest, late charges, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such contribution and assessment, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the payment fell due. The personal obligation for delinquent capital contributions or assessments shall not pass to successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The capital contributions and assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of Lots in the Property, for the improvement and maintenance of the Common Area, and as is otherwise consistent with the rights and responsibilities of the Association under this Declaration and for the benefit of the Owners.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the first conveyance of any Lot to a Class A Member, the maximum annual assessment shall be Three Hundred Fifty and 00/100 Dollars (\$350.00) per Lot.

(a) From and after January 1 of the year immediately following the first conveyance of any Lot to a Class A Member, the maximum annual assessment may be increased each fiscal year of the Association by an amount not more than either, 10% above the maximum annual assessment for the previous year, or the percentage increase in the previous year in the index commonly referred to as the "Consumer Price Index," "All Items United States", as published by the U.S. Department of Labor, Bureau of Labor Statistics, whichever is greater, without a vote of the membership; or, if such index is discontinued, any similar or successor index as is designated by resolution of the Board of Directors from time to time.

(b) From and after January 1 of the year immediately following the first conveyance of any Lot to a Class A Member, the annual assessment may be increased above the maximum annual assessment allowed by Article IV, Section 3, paragraph (a), by a vote of not less than two-thirds (2/3) of each class of members, voting in person or by proxy, at a meeting duly called for this purpose, which amount shall then become the maximum annual assessment under this Declaration.

(c) For each assessment year, the Board of Directors may fix the annual assessment at any amount not in excess of the maximum.

Section 4. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, and/or to meet any other deficit of the Association or any emergency or unforeseen expense of the Association, provided that any such assessment shall have the assent of not less than two-thirds (2/3) of the votes of each class of members voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Section 3(b) and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 4 above shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast at least sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called

subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots, and may be collected on a monthly basis, except that: (i) the Common Area, (ii) all properties dedicated to, and accepted by, a local public authority, and (iii) all property owned by, a charitable or nonprofit organization exempt from taxation by the laws of the State of Maryland, and (iv) any Lot or part of the Property owned by the Declarant, shall be exempt from the capital contributions and assessments created herein.

Section 7. Date of Commencement of Annual Assessments; Due Dates.

(a) The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the initial conveyance of any Lot to a Class A member. The first annual assessment shall be fixed by the Board of Directors and shall be adjusted according to the number of months remaining in the calendar year. Thereafter, the Board of Directors shall make reasonable efforts to fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period (failure by the Board of Directors to fix the amount of the annual assessment within such time period shall not affect the validity of the assessment or constitute a waiver of any provision of this Declaration). Written notice of the annual assessment shall be sent to every Owner subject thereto. The due date(s) shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

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

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment which is not paid when due shall be delinquent. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum, and shall be subject to a late charge of Twenty-Five Dollars (\$25.00) or five percent (5%) of the delinquent assessment, whichever is greater, and the Board of Directors shall have the right to declare the entire balance of the annual assessment and accrued interest thereon to be immediately due and payable. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or without waiving any other right, may foreclose the lien against the Lot, and interest, late charges, costs and reasonable attorneys fees incurred by the Association shall be added to and shall become due as part of the assessment and may be recovered in any action by the Association. No Owner may waive or otherwise escape

liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust now or hereafter placed against a Lot, unless such lien for assessments has been duly recorded as such among the Land Records of Charles County, Maryland, prior to the recording of such mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure or any proceeding in lieu thereof, of a mortgage or deed of trust senior in priority to the assessment lien, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. 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 assessment against the Owner of the Lot due the Association, and such purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments made by the Association against the Owner-Grantor or the Lot in excess of the amount set forth in such statement.

Section 10. Maryland Contract Lien Act. The Association may establish and enforce the lien for any assessment provided for herein, annual or special, pursuant to the Maryland Contract Lien Act. The lien is imposed upon the Lot against which such assessment is made. The lien may be established and enforced for damages, costs of collection, late charges permitted by law, and attorney's fees provided for herein or awarded by a court for breach of any of the covenants of this Declaration.

Section 11. Surplus Receipts. Any surplus of receipts over expenses and reasonable reserves of the Association for any fiscal year shall, at the option of the Board of Directors, be either applied to reduce the assessments necessary to meet the budget adopted by the Association for the next fiscal year, or refunded by the Association to each Owner, and the refund may be prorated among the Owners (and former Owners), including the Declarant and Builder, based upon the portion of the previous fiscal year that each such Owner (or former Owner), including the Declarant and Builder, shall have held record title to the Lot, as determined by resolution of the Board of Directors.

Section 12. Reserve Fund. The annual assessments shall include an amount adequate to establish a reserve fund for replacement of capital improvements in the Common Area. A proportionate amount of each assessment payment received by the Association, applicable to the reserve fund, shall be received and held by the Association in trust, and shall be held separate and apart from other Association funds. Such trust funds shall be retained by the Association and used only for capital improvements and/or replacement of Common Area facilities of the Association upon the approval of a majority of Owners; except that in any fiscal year, the Board of Directors, by a majority vote of a quorum thereof, shall have the authority to approve the use of up to the greater of (i) One Thousand Dollars (\$1,000.00) or (ii) twenty percent (20%) of said

trust funds for such capital improvements and/or replacement of capital improvements in the Common Areas, without a vote of the Owners.

Section 13. Assessment of Declarant. Any provision of this Declaration to the contrary notwithstanding, except as provided in this Section, Lots owned by the Declarant shall not at any time be subject to any annual assessments, special assessments, fees and/or other charges levied by the Association.

Section 14. Initial Capital Contribution. In addition to the annual and special assessments set forth above, each Lot shall be subject to an initial capital contribution in the amount of \$350.00 per Lot (the "Capital Contribution") on the following terms: (i) the Capital Contribution shall not be paid by the Declarant or by any homebuilder to whom a Lot which is unimproved is owned or may be transferred; (ii) the Capital Contribution shall be due upon the transfer and closing of each Lot to the initial owner who is a Class A Member of the Association and who intends to occupy the Lot or allow the Lot to be occupied as a residential dwelling; (iii) the Capital Contribution shall be due and payable within thirty (30) days following the date of transfer and closing of each Lot to each such Member; (iv) any delinquent Capital Contribution shall be subject to interest and late charges as provided herein, and may be collected, in the same manner as delinquent assessments as provided herein.

ARTICLE V

ASSOCIATION INSURANCE

Section 1. Hazard Insurance.

(a) The Board of Directors, or its duly-authorized agent, shall be required to obtain, maintain and pay the premiums, as a common expense, upon a policy of property insurance covering all the Common Areas and community facilities located thereon (except land, foundation, excavation and other items normally excluded from coverage), including fixtures and building service equipment, to the extent that they are a part of the Common Areas and community facilities of the Association, as well as common personal property and supplies.

(b) The property insurance policy shall afford, as a minimum, protection against loss or damage by fire and other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "All Risk" endorsement, where such is available. The policy shall be in an amount equal to one hundred percent (100%) of the current replacement cost of the Common Areas and community facilities (less a deductible deemed reasonable by the Board of Directors) and shall name the Association as the named insured.

(c) If the Common Areas are subject to the lien of a mortgage, all policies of hazard insurance thereon must contain or have attached the standard mortgagee clause commonly accepted by private institutions operating as mortgage investors in the area in which the

mortgaged premises are located. The mortgagee clause must provide that all property insurance policies must provide an Agreed Amount and Inflation Guard Endorsement, if available, and a Construction Code Endorsement if the Common Areas in the Association are subject to a construction code provision which would become operative and require changes to undamaged portions of the building(s), thereby imposing significant costs in the event of partial destruction of the Project by an insured peril.

Section 2. Flood Insurance. If any portion of the Common Areas are in a special flood hazard area, as defined by the Federal Emergency Management Agency, the Board of Directors of the Association, or its duly-authorized agent, shall be required to obtain, maintain and pay, as a common expense, the premiums upon a "master" or blanket" policy of flood insurance on Common Area buildings and any other Common Area property. The policy shall be in an amount deemed appropriate, but not less than the maximum coverage available under the NFIP for all buildings and other insurable property within any portion of the Common Areas located within a designated flood hazard area or one hundred percent (100%) of current replacement cost of all such buildings and other insurable property. Unless a higher maximum amount is permitted under the laws of Maryland, the maximum deductible for flood insurance shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the face amount of the policy.

Section 3. Liability Insurance. The Association shall maintain comprehensive general public liability insurance coverage covering all of the Common Areas, community facilities, and other areas that are under its supervision (including, but not limited to, commercial spaces, if any, owned by the Association, whether or not they are leased to third parties). Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use. Coverage under this policy shall include, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation and maintenance or use of the Common Areas and community facilities, and legal liability arising out of lawsuits related to employment contracts in which the Association is a party. Such insurance policies shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners. Such policies must provide that they may not be canceled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association.

Section 4. Fidelity Coverage. Blanket fidelity bonds shall be maintained by the Association for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Association has delegated some or all of the responsibility for the handling of funds to a Management Agent, such Management Agent shall be covered by its own fidelity bond. Except for fidelity bonds that a Management Agent obtains for its personnel, all other bonds shall name the Association as an obligee and shall have their premiums paid as a common expense by the Association. The total amount of fidelity coverage required shall be sufficient to cover the maximum funds that will be

in custody of the Association or Management Agent at any time, but must at least equal the sum of three (3) months' assessments on all Lots within the Property, plus the Association's reserve funds. The bonds shall provide that they cannot be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association.

ARTICLE VI
RESERVED RIGHTS AND EASEMENTS OF DECLARANT

Section 1. Reserved Rights and Easements of Declarant. The Association shall hold the Common Area and the Owners shall hold the Lots conveyed by Declarant subject to the following:

(a) The reservation to Declarant of an easement on, over, under and across any part of the Property, including any roads located thereon, such easement for the purpose of ingress and egress and the installation and maintenance of public and private utilities and storm water management and drainage facilities to serve the Property and any part thereof, including any Lot.

(b) The reservation to Declarant of an easement to store reasonable amounts of building supplies, construction equipment and other similar property on any Lot Declarant owns and/or on the Common Area. This reserved right shall expire upon the expiration of the Development Period.

(c) The reservation to Declarant of the right to establish, create and/or convey wetlands and/or forest conservation or mitigation areas on the Common Area or on any Lot.

Section 2. Sales and Construction Offices. Declarant may construct, maintain and operate real estate sales and construction offices, model homes, displays, signs and special lighting on any part of the Common Area or on any Lot Declarant owns and on or in any building or structure now or hereafter erected thereon. This reserved right shall expire upon the expiration of the Development Period.

Section 3. Easement for Utilities, Drainage Facilities, Timbering and Forest Conservation. Declarant for itself, its successors and assigns, reserves: (i) an easement on, over, under and across the Common Area and the Lots for the purpose of ingress and egress and for the installation and maintenance of public and private utilities and drainage and storm water management facilities to serve the Property and the Lots therein, including, but not limited to, the right to lay, install, construct and maintain pipes, drains, mains, conduits, lines, meters, septic fields and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable television, storm water management, drainage and other public or private services, utilities or facilities deemed by Declarant, in its sole discretion, necessary or advisable to provide service to any Lot, or in the area or on the area in which the same is located, together with the right and privilege of entering upon the Common Area and the Lots for such purposes and making

openings and excavations thereon, which openings and excavations shall be restored within a reasonable period of time; and (ii) an easement and right of way on, over, under and across the Common Area for timbering activities and to establish and transfer or convey forest conservation, wetlands conservation or other similar easements and rights, together with the right and privilege of ingress and egress across and through the Common Area for said purposes.

Section 4. Grading. Declarant further reserves the right, for itself, its successors and assigns, at or after the time of grading of any street or any part thereof for any purpose, to enter upon any abutting Lot and grade a portion of such Lot adjacent to such street, provided such grading does not materially interfere with the use or occupancy of a residence built or to be built on such Lot, and/or to maintain, install, construct or repair public stormwater management systems, facilities and their appurtenances, but Declarant shall be under no obligation or duty to do such grading, to maintain any slope or to conduct any such work.

Section 5. Amendment of Plats. No right shall be conferred upon any Owner by the recording of any Plat relating to the development of the Property to require the development of the Property in accordance with such Plat. Declarant expressly reserves unto itself, its successors and assigns, the right to make such amendments to any such Plat as shall be advisable in its sole judgment and as shall be acceptable to public authorities having the right to approval thereof.

Section 6. Assignment to County. Any or all of the reserved rights and easements of this Article VI, may be granted, transferred and/or assigned at any time or from time to time by Declarant to Charles County, and upon such assignment, such rights and easements may be exercised by Charles County in the same manner as they may be exercised by Declarant hereunder, either concurrently with Declarant or individually by Charles County. Such assignment(s) shall be by written instrument(s) executed by Declarant and recorded among the Land Records of Charles County, Maryland.

ARTICLE VII

MAINTENANCE BY OWNER

The Owner of each Lot shall keep the Lot, and all improvements thereon, in good order and repair, in a manner and with such frequency as is consistent with good property management and maintenance practices. If, in the reasonable opinion of the Architectural Committee, any Owner fails to perform the duties imposed hereunder, the Association, on affirmative action of a majority of the Board of Directors, after fifteen (15) days written notice to the Owner to remedy the condition, shall have the right (but not the obligation), through its agents and employees, in addition to any other rights or remedies of the Association, to enter upon the Lot in question and to repair, maintain, repaint and/or restore the Lot and the improvements or structures thereon, and the cost thereof shall be a binding, personal obligation of such Owner of the Lot, and an additional assessment on the Lot.

ARTICLE VIII
ARCHITECTURAL CONTROL

Section 1. Building Restrictions. No building, fence, wall or other Structure shall be commenced, erected or maintained upon any Lot, nor shall any exterior addition to or change or alteration therein be made, nor shall the natural state of any area of any Lot be disturbed or altered, by an Owner or at the direction of an Owner, until the plans and specifications showing the nature, kind, shape, dimensions, height, materials, floor plans, color scheme, exterior plans and details, and location of the same, together with the estimated cost of the work and the Owner's proposed completion schedule, and together with a designation of the party or parties to perform the work, shall have been submitted to and approved in writing, as to harmony of external design and location in relation to surrounding Structures and topography, by the Architectural Committee. In the event the Architectural Committee fails to approve or disapprove such design and location within forty-five (45) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 2. Committee Criteria. The Architectural Committee shall consider applications for approval of plans, specifications, etc., upon the basis of conformity with this Declaration and shall be guided by the extent to which the proposed Structure, addition or alteration will insure conformity and harmony in exterior design and appearance, based upon, among other things, the following factors: the quality of workmanship; nature and durability of materials; harmony of external design with existing Structures; choice of colors; changes in topography, grade elevations, and/or drainage; factors of public health and safety; the effect of the proposed Structure, addition, or alteration on the use, enjoyment, and value of other neighboring properties, and/or the outlook or view from adjacent of neighboring properties; and the suitability of the proposed Structure, addition, or alteration, taking into account the general aesthetic values of the surrounding area. The Architectural Committee shall also consider the ability of the party or parties designated by the Owner to complete the work proposed in accordance with the plans and specifications submitted.

Section 3. Setbacks. No Structure shall be erected, placed, altered, or permitted to remain on any Lot nearer to any street or any other Lot than the minimum building setback line for the Lot as shown on the Plat therefor or as provided by applicable law.

Section 4. Design, Materials, Size and Fencing.

(a) In general, all homes and any Structure shall be designed to blend into the natural surrounding of the Property and the Lots. All plans and grading shall follow the natural topography as closely as possible.

(b) Natural materials and earth tone colors shall be employed in the construction of each home and any Structure. Only first class materials will be allowed. Approved exterior materials include: brick, stone, wood, siding (vinyl or aluminum) or stucco. No more than one foot of concrete, block, or parged block are to be exposed above grade.

(c) Fencing shall be allowed provided it does not exceed six feet in height. All fencing shall be wood or vinyl clad. Chain link, metal, or aluminum fences are prohibited. Sheds and other outbuildings shall be permitted only in back yards.

(d) All driveways shall be improved with asphalt paving. All propane gas tanks or oil tanks shall be buried, or, if above ground, shall be adequately screened and shall not be visible from the front of the Lot or from adjoining Lots.

(e) No identical residences shall be constructed adjacent to or on Lots directly facing each other.

(f) The foregoing is intended to set forth certain minimum guidelines regarding homes constructed on the Lots, and is not intended to limit or modify the discretion of the Architectural Committee or any of the terms of this Declaration, and each of the foregoing must nonetheless have approval of the Architectural Committee prior to construction as provided in this Article VIII.

Section 5. Front Yard. The front yard on each Lot shall be kept only as a lawn, including trees, flowers, and shrubs. No trees or shrubs shall be located on any Lot which block the view of operators of motor vehicles so as to create a traffic hazard.

Section 6. Disapproval of Plans. In any case where the Architectural Committee shall disapprove the plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement in writing of the grounds upon which such action was based. In any such case, the Architectural Committee shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal can be prepared and submitted for approval. However, the final decision of the Architectural Committee is binding.

Section 7. Approval of Plans. The applicant shall submit for approval two sets of plans and specifications. Upon approval by the Architectural Committee, one copy of such plans and specifications shall be retained by the Architectural Committee, and the other bearing approval in writing shall be returned to the applicant. Approval of plans and specifications shall only be for purposes of this Declaration. The Owner shall be solely responsible for construction of any residence or other Structure in accordance with all applicable laws, regulations, codes and ordinances, and in a sound and workmanlike manner. Without limitation to the foregoing, the Association, its Board of Directors, its Architectural Committee, and the Declarant shall not be responsible for defects of any kind in any plans and specifications or in any residence or other Structure built in accordance therewith.

Section 8. Non-approved Structures. If any Structure shall be altered, erected, placed or maintained upon any Lot, or any new use commenced on any Lot, in violation of the provisions hereof, such Structure or new use shall be removed or discontinued, and such use shall be terminated so as to extinguish such violation. If within fifteen (15) days after notice from the Declarant or the Board of Directors of such violation, the Owner of the Lot upon which such violation exists shall not have taken reasonable steps towards the removal of termination of the same, the Declarant and/or the Association, through its or their agents and employees, in addition to any other rights or remedies of the Association, shall have the right to enter upon the Lot and to take such steps as are necessary to extinguish such violation and the cost thereof shall be a binding, personal obligation of the Owner of the Lot, and an additional assessment on the Lot.

Section 9. Completion of Construction. Any plans for improvements or Structures approved hereunder for construction shall be promptly commenced and diligently completed by the Owner or on behalf of the Owner. Upon completion of construction of any Structure in accordance with the provisions hereof, the Architectural Committee, upon request of the applicant shall issue a Certificate of Compliance in a form suitable for recordation among the Land Records of Charles County, Maryland, identifying such Structure and the Lot on which such Structure is placed, and stating that the Structure has been completed pursuant to the terms hereof. Preparation and recording of such Certificate shall be at the expense of the applicant. Any Certificate of Compliance issued pursuant hereto shall be prima facie evidence of the facts therein stated, and as to any purchaser or encumbrances in good faith, and for value, or as to any title insurer, such Certificate shall be conclusive evidence that all Structures on the Lot noted in such Certificate comply with the provisions hereof.

Section 10. Declarant Exemption. The provisions of this Article VIII shall not apply to any Lot or property owned by the Declarant or to any Structures made by Declarant, or any other improvements made by Declarant on any Lot, or within the Property or any addition thereto.

Section 11. Architectural Review Rules. The Architectural Committee may adopt and promulgate reasonable rules and regulations regarding the administration, interpretation and enforcement of the provisions of this Article VIII of this Declaration.

Section 12. Interpretations. The Architectural Committee shall be the interpreter of the provisions of this Declaration with respect to all matters involving aesthetics. Its decision in such matters shall be final if consistent with the intent of this Declaration. In any and all events, the Architectural Committee and/or the Declarant, and its assignee, will not be liable for any decision, action, or inaction taken hereunder with respect to any such matters concerning aesthetics.

ARTICLE IX RESTRICTIONS ON LOTS

Section 1. Residential Use. Lots will be used for residential single-family dwelling purposes only.

Section 2. Motor Vehicles. No boats, boat trailers, camping trailers, recreational vehicles, campers, or the like shall be parked on a Lot except for a period of less than fifteen (15) days in any calendar year, unless parked in a garage or in an approved structure, or otherwise adequately screened, and not visible from the front of the Lot or from adjoining Lots. No such vehicle may be kept on the Common Area. No commercial or industrial vehicles shall be parked, stored or kept on any Lot on a regular basis, unless in a garage, approved structure or adequately screened as provided above. For purposes of this paragraph, the Association shall have the right in its sole discretion to determine what use constitutes "adequately screened" and "regular".

Section 3. Structures. No Structure may be erected or maintained on any Lot in violation of Article VIII above.

Section 4. Animals. No animals, livestock or poultry of any kind may be kept, maintained or bred on any Lot, except that a reasonable number of dogs, cats or similar domestic household pets may be kept on a Lot, provided they are not kept, bred or maintained for any commercial purpose and provided further that they are kept in such a manner as to avoid becoming a nuisance to neighbors or adjoining property owners. No animal shall be permitted outside of the dwelling of an Owner unless the animal is under the control of a responsible person. Upon request of any Owner, the Board of Directors shall determine, in its sole discretion, and conclusively, whether for the purposes of this paragraph a particular animal shall be considered a "similar domestic household pet" or its actions have constituted a "nuisance", or it has been properly kept "under the control of a responsible person," or an Owner is keeping a "reasonable" number of pets.

Section 5. Parking Areas. All motor vehicles shall be stored or parked only in designated parking areas on a Lot. All such vehicles shall be in working order, properly registered, and no repairs, except those of a minor nature, shall be permitted to be done on any such vehicles on any of the Common Area or on any Lot, unless such work is done within a fully enclosed garage on such Lot. No motor vehicles shall be parked on any street in the Property unless in working order and properly registered, and no motor vehicles whatsoever shall be parked on streets serving as main thoroughfares of the subdivision, as determined by the Architectural Committee.

Section 6. Noises and Nuisances. No nuisance shall be maintained, allowed or permitted on any part of any Lot or Common Area, and no use thereof shall be made or permitted which may be noxious or detrimental to health or which may become an annoyance or nuisance to the neighborhood.

Section 7. Trash. No lumber, metals, bulk materials, garbage, refuse or trash shall be kept, stored or allowed to accumulate on any Lot; no Lot shall be used or maintained as a dumping ground for any material; trash, garbage or other waste shall not be kept on any Lot except in sanitary containers. All equipment and containers for the storage or disposal of such material shall be kept in a good, clean and sanitary condition. During construction of any approved Structure on a Lot, the Owner shall keep the construction site free of unsightly accumulations of rubbish and scrap materials, and construction materials, trailers, shacks and the

like employed in connection with such construction shall be kept in a neat and orderly manner. Trash or other refuse that is to be disposed of by being picked up and carried away on a regular and reoccurring basis, may be placed in the open in a covered approved container on any day that a pick-up is to be made, at such place on the Lot so as to provide access to persons making such pick-up. At all other times, such containers shall be stored in such a manner so that they cannot be seen from adjacent and surrounding property. The Architectural Committee, in its discretion, may adopt and promulgate reasonable rules and regulations relating to the size, shape, color and type of containers permitted and the manner of storage of same on a Lot.

Section 8. Clotheslines. All clotheslines shall be kept immediately behind the dwelling on a Lot (never along the side nor in front of the dwelling) in such a manner and location as to prevent such clothesline from being visible from the front of the Lot. No clotheslines shall be hung on a carport, porch, or other semi-enclosed areas so as to permit such clotheslines to be visible from the front of the Lot.

Section 9. Declarant Exemption. Anything contained in this Article IX to the contrary notwithstanding, any Lot may be used by Declarant for model home purposes or for the maintenance of a real estate sales and/or construction office during the Development Period. Declarant shall be entitled to conduct on any Lot all activities normally associated with and convenient to the development of the Property and the construction and sale of the residences thereon and, during the Development Period, the provisions of this Article IX shall not apply to any Lot owned by the Declarant so long as the Lot is not occupied as a residence.

Section 10. Subdivision. Without the prior written approval of the Architectural Committee, no Lot and no portion of the Common Area shall be subdivided except by the Declarant.

Section 11. Stormwater Management. Each Owner of a Lot, and the Owner's heirs, successors and assigns, shall fully comply with the terms and conditions of the Stormwater Management Agreement(s) affecting the Owner's Lot.

Section 12. Conservation Areas. Each Owner of a Lot, and the Owner's heirs, successors and assigns, shall at all times fully comply with all applicable laws, regulations and ordinances regarding the maintenance and preservation of any area on such Owner's Lot denoted as "wetlands", "wetlands buffer", "non-tidal wetlands", "non-tidal wetlands buffer", "forest conservation easement area" and/or "wetlands conservation easement", or any similar or like denotation, on the recorded subdivision plats of the Property.

Section 13. Utility Lines; Radio and Television Antennas. All electrical, telephone and other utility lines shall be placed underground. No radio and/or television antenna, satellite dish or disc shall be placed on any Lot without the prior approval of the Architectural Committee. Any such antenna, dish or disc shall be screened and concealed from view of neighboring Lots, roads or streets, and such screening shall be approved by Architectural Committee prior to construction. Any waiver of these restrictions shall not constitute a waiver as to the other Lots,

lines, antennas, dishes or discs. Requests for placement of such antennas, dishes or discs on Lots shall include proposals for screens or enclosures. Antennas, dishes or discs shall not be permitted in the front yard of any Lot. This Section shall be subject to any restrictions on the Association's right to regulate the foregoing under applicable laws.

Section 14. Signs. No billboards or advertising signs of any character shall be erected, placed, permitted, or maintained on any Lot or improvement thereon except as herein expressly permitted. A name and address sign, the design of which shall be approved by the Architectural Committee shall be permitted. Temporary real estate "for sale" or "for rent" signs are allowed. Such signs shall not exceed a maximum size of 2' x 3'. No other sign of any kind or design shall be allowed.

Section 15. Mail Boxes and Newspaper Boxes. No mail or paper box shall be erected or placed on any Lot without the prior approval of the Architectural Committee as to design and appearance. Mailboxes must sit on 4 x 4 cedar or pressure-treated posts.

Section 16. Damage to Public Improvements. Each Lot Owner shall be liable for the cost of repairing any damage done to the Declarant's public improvements (including, but not limited to streets, sidewalks, curbs, signs, utility lines, light fixtures, surveyor's sticks or markers, and the like) by the Lot Owner or by his agents (including, but not limited to, builders, construction workers, contractors, and subcontractors), family members, guests or employees. This provision shall terminate as to any such public improvement upon the conveyance to, and acceptance by, the Charles County Government, or its successors, of such improvement.

Section 17. Firearms. The discharge of firearms within the Property is prohibited. The term "firearms" includes "B-B" guns, pellet guns, bows and arrows, and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein, the Association shall not be obligated to take action to enforce this Section.

Section 18. Lighting. All exterior lights must be approved by the Architectural Committee, provided, however, this Section shall not apply to exterior lights installed by the Association or the Declarant within the Common Area or to other exterior lights installed by the Declarant within the Property including, but not limited to, lights used for model homes.

Section 19. Artificial Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation, exterior sculpture, fountains, and similar items shall be permitted on the exterior of any Structure or portion of a Lot.

Section 20. Other Restrictions.

(a) Seasonal decorations shall not be put in place more than thirty (30) days before a holiday and shall be removed within thirty (30) days after the holiday.

(b) Children's recreational equipment shall be restricted to back yards. Swing sets, outdoor gym sets, and similar equipment may be installed in back yards with the prior approval of the Architectural Committee. Unusual equipment may not be considered acceptable; examples of such unusual equipment are skateboard ramps and discarded tractor tires utilized as sandboxes, which are prohibited. Basketball target must be free standing and positioned at the rear end of the driveway.

(c) Swimming pools must be situated in the rear of the Lot. Swimming pools must be enclosed by a fence of an approved design or other approved structure.

(d) Vegetable gardens are permitted which are situated between the rear line of the house and the rear property line. The size of any such garden may not exceed $\frac{1}{4}$ of the rear of the Lot.

ARTICLE X ANNEXATION

Section 1. Additional Land. Additional residential Lots and Common Areas may be annexed to the Property with the consent of not less than two-third (2/3) of each class of members of the Association.

Section 2. Recording. Any annexation made to the Property hereunder shall be done and become effective upon recording of an Amendment to this Declaration among the Land Records of Charles County, Maryland, specifying the additional land to be annexed to the Property.

Section 3. Annexation by Declarant. Notwithstanding the foregoing, the Declarant shall have the right, but not the obligation, from time to time during the Development Period, to annex additional land as Lots and Common Area, to be included within the development subjected to this Declaration, without the need for the consent or authorization of any party. Such annexation shall be done by written instrument executed and acknowledged by the Declarant and recorded among the Land Records of Charles County, Maryland.

ARTICLE XI GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment.

(a) The covenants and restrictions of this Declaration shall run with and bind the Property, and all parts thereof, and any additions thereto, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended (including, without limitation, any amendment to dissolve the Association) during the first twenty (20) year period only by an instrument signed by not less than ninety percent (90%) of the Lot Owners and holders of first mortgages on the Lots, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners and holders of first mortgages on the Lots. Any amendment must be recorded.

(b) No amendment may alter or affect any rights granted hereunder to Declarant and/or Builder without the prior written consent of Declarant.

(c) Anything set forth above to the contrary notwithstanding, the Declarant shall have the absolute unilateral right, power and authority to amend, modify, revise or change any of the terms or provisions of this Declaration. This unilateral right, power and authority of the Declarant may be exercised at any time or from time to time by the Declarant in its sole discretion.

Section 4. Remedies. Damages may not be deemed adequate compensation for any breach or violation of any provision hereof, so that any person or entity entitled to enforce any provision hereof shall be entitled to relief by way of injunction as well as any other available relief either at law or in equity.

Section 5. Assignment of Declarant Rights. All or any part of the rights and powers (including discretionary powers and rights) reserved by or conferred upon the Declarant by this Declaration may be assigned or transferred by the Declarant to any successor developer of all or any part of the Property, to the Association, the Architectural Committee, or any community association or architectural committee composed of residents of the Property. Any such assignment or transfer must be in writing and shall be evidenced by an appropriate instrument recorded among the Land Records of Charles County, Maryland, and upon recordation thereof, the grantee or grantees of such rights and powers shall thereafter have the right to exercise and perform the rights and powers expressly granted thereunder by the Declarant. In the absence of such express grant, no individual, group or entity shall be entitled to any of the rights or powers reserved to or conferred upon the Declarant by this Declaration.

Section 6. Rights of the Charles County Planning Commission (the "Commission"). Any other provision of this Declaration or the By-Laws or Articles of Incorporation of the Association to the contrary notwithstanding, neither the Members of the Association, the Board of Directors of the Association, nor the Association shall, by act or omission, take any of the following actions without the prior written consent of the Commission, or its designee, which consent shall not be unreasonably withheld or delayed:

(a) Abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Common Area; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Area by the Owners and/or the Association shall not be considered a transfer within the meaning of this Section;

(b) Abandon or terminate this Declaration;

(c) Modify or amend any material or substantive provision of this Declaration, or the By-Laws or the Articles of Incorporation of the Association;

(d) Merge or consolidate the Association with any other entity or sell, lease, exchange or otherwise transfer all or substantially all of the assets of the Association to any other entity; or

(e) Substantially modify the method of determining and collecting assessments as provided in this Declaration.

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

ARTICLE XII

FORCE MAJEURE

Whenever a time period is provided herein for Declarant to do or perform, or within which Declarant may do or perform any act or thing, including, but not limited to, the time of the Development Period, in the event Declarant is delayed or hindered in or prevented from doing or performing such act or thing by reason of strikes, labor troubles, inability to procure labor or materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, acts of God, fire, or other casualty or reason of similar or dissimilar nature beyond the reasonable control of Declarant, then performance of such act or thing shall be excused for the period of the delay, and the period for the performance of such act or thing shall be extended for a period equivalent to the period of such delay. In no event shall the extensions of time permitted herein extend beyond twenty (20) years from the date hereof.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 18th day of March, 2008.

WITNESS/ATTEST:

DECLARANT:

Merrill Acott

Chestnut Grove Venture, LLC,
a Maryland limited liability company

By: William J. Brozey (SEAL)
William J. Brozey, Member

STATE OF MARYLAND

COUNTY OF ~~CHARLES~~ to wit,

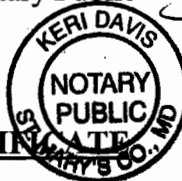
St. Mary's

I HEREBY CERTIFY that on this 18th day of March, 2008, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared William J. Brozey, Member of Chestnut Grove Venture, LLC, a Maryland limited liability company, the Declarant, and acknowledged that he executed the foregoing Declaration for the purposes therein contained as his act and deed on behalf of said company.

AS WITNESS my hand and Notarial Seal.

My Commission expires: 11-20-2011

Keri Davis
Notary Public



KERI DAVIS
Notary Public, State of Maryland
St. Mary's County
My Commission Expires November 20, 2011

ATTORNEY'S CERTIFICATE

I HEREBY CERTIFY that I am an attorney duly admitted to practice before the Court of Appeals of Maryland and that this instrument was prepared by me or under my supervision.

Stephen H. Scott

After Recording Return To:
Stephen H. Scott, Esq.
Chapman, Bowling & Scott, P.A.
P.O. Box 610
La Plata, MD 20646

EXHIBIT A

Lots numbered 1 through 11, inclusive, Lot Numbered 34, and the parcels known and designated as "Open Space A", "Open Space B", and "Open Space C", in the subdivision known as "Plat Two, Phase Two, Lots 1-11 & 34, Chestnut Grove", as per plat thereof recorded among the Land Records of Charles County, Maryland, in Plat Book 57, Folio 640; lying and being in the First Election District of said County.

And

Lots numbered 12 through 16, inclusive, Lots numbered 25 through 33, inclusive, and the parcels known and designated as "Open Space C" and "Open Space D", in the subdivision known as "Plat Three, Phase Two, Lots 12-16 & 25-33, Chestnut Grove", as per plat thereof recorded among the Land Records of Charles County, Maryland, in Plat Book 57, Folio 641; lying and being in the First Election District of said County.

And

Lots numbered 17 through 24, inclusive, and the parcel known and designated as "Open Space C", in the subdivision known as "Plat Four, Phase Two, Lots 17-24, Chestnut Grove", as per plat thereof recorded among the Land Records of Charles County, Maryland, in Plat Book 57, Folio 642; lying and being in the First Election District of said County.

And

The parcel known and designated as "Open Space C" in the subdivision known as "Plat Five, Phase Two, Chestnut Grove", as per plat thereof recorded among the Land Records of Charles County, Maryland, in Plat Book 57, Folio 643; lying and being in the First Election District of said County.

And

The parcel known and designated as "Open Space C" in the subdivision known as "Plat Six, Phase Two, Chestnut Grove", as per plat thereof recorded among the Land Records of Charles County, Maryland, in Plat Book 57, Folio 644; lying and being in the First Election District of said County.

And

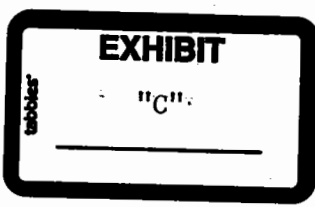
The parcel known and designated as "Open Space C" in the subdivision known as "Plat Seven, Phase Two, Chestnut Grove", as per plat thereof recorded among the Land Records of Charles County, Maryland, in Plat Book 57, Folio 645; lying and being in the First Election District of said County.

And

Lots Numbered Thirty-six (36) and Thirty-seven (37) in the subdivision known as "PLAT TWO, Phase One, Lots 36-40, CHESTNUT GROVE" as per plat thereof duly recorded among the Land Records of Charles County, Maryland, in Plat Book 57 at Folio 596, and in Plat Book 57 at folio 595; lying and being in the First Election District of Charles County, Maryland.

And

Lots Numbered Thirty-eight (38), Thirty-nine (39) and Forty (40) in the subdivision known as "PLAT THREE, Phase One, Lots 36-40, CHESTNUT GROVE" as per plat thereof duly recorded among the Land Records of Charles County, Maryland, in Plat Book 57 at Folio 597, and in Plat Book 57 at folio 595; lying and being in the First Election District of Charles County, Maryland.



BK 00015 PG 0065

BY-LAWS

OF

CHESTNUT GROVE ASSOCIATION, INC.

ARTICLE I NAME AND LOCATION

The name of the corporation is Chestnut Grove Association, Inc., hereinafter referred to as the "Association". The principal office of the Association shall be located at 12215 Potomac View Road, Newburg, Maryland 20664, or at such other locations as the Board of Directors may from time to time designate. Meetings of members and directors may be held at such places within the State of Maryland, as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

Section 1. "Association" shall mean and refer to Chestnut Grove Association, Inc., a Maryland nonstock nonprofit corporation, its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property described in the Declaration (hereinafter defined), and such additions thereto as may hereafter be bought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners, as defined in the Declaration.

Section 4. "Lot" shall have the meaning set forth in Article I, Section 7 of the Declaration.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, or, if the 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, and not the holder of title as such of the reversionary interest; including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Chestnut Grove Venture, LLC, a Maryland limited liability company, its successors and assigns to which they shall convey or otherwise transfer its right, title and interest to all or any part of the Property, or any Lot thereon, undeveloped, and in so doing expressly designate the transferee as Declarant under the

Declaration or as having the same rights as are granted to the Declarant thereunder by an instrument recorded among the Land Records of Charles County, Maryland.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements applicable to the Property dated the 18th day of March, 2008, and recorded among the Land Records of Charles County, Maryland, in Liber 6739, at Folio 356, as amended from time to time.

Section 8. "Member" or "Members" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration.

ARTICLE III MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year following the date of incorporation of the Association (which is November 21, 2008), and each annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock, p.m., or on such other annual date and time as may be fixed from time to time by the Board of Directors. If the day for the annual meeting of Members is a legal holiday or a Sunday, the meeting will be held at the same hour on the first day following which is not a legal holiday or a Sunday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote at least twenty-five percent (25%) of all of the votes of the Class A membership (as defined in the Declaration).

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary of the Association, or the person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not more than sixty (60) nor less than fifteen (15) days before such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, and/or of proxies entitled to cast, at least one-tenth (1/10) of the votes of each class of membership (as defined in the Declaration) shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation of the Association (the "Articles of Incorporation"), the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Voting. At all meetings of the Members, voting shall be as provided in Article III of the Declaration. Except as provided in the Declaration, the Articles of Incorporation or in these By-Laws, all matters coming before any duly constituted meeting shall be decided by a majority of the votes cast.

ARTICLE IV BOARD OF DIRECTORS; TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of three (3) directors, who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years; and at each annual meeting thereafter, the Members shall elect one (1) director for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, a successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor.

Section 4. Compensation. No director shall receive compensation for any service the director may render to the Association as a director; however, any director may be reimbursed for the director's actual reasonable expenses incurred in the performance of the director's duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a duly held meeting of the Board of Directors.

ARTICLE V BOARD OF DIRECTORS; NOMINATION AND ELECTION

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nomination may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a Member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual

meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be from Members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and the Articles of Incorporation. The person(s) receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should any said meeting fall upon a legal holiday or a Sunday, then that meeting shall be held at the same time on the next day which is not a legal holiday or a Sunday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) directors, after not more than thirty (30) nor less than three (3) days written notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) Adopt and publish reasonable rules and regulations governing the use of the Common Area and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of any recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing before the Board, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) Employ a manager, an independent contractor, and/or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by twenty-five percent (25%) or more of the class A Members who are entitled to vote;

(b) Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each Lot for each annual assessment period in the manner and of the time provided in the Declaration;

(2) Send written notice of each assessment to every Owner subject thereto for each annual assessment period at the time and in the manner provided for in the Declaration;

(3) Foreclose, at its discretion, the lien against any Lot for which assessments are not paid within thirty (30) days after the due date and/or bring an action at law against the Owner personally obligated to pay the same; and

(4) Provide for the use of annual and special assessments as set forth in the Declaration.

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment and shall be binding upon the Association;

- (e) Procure and maintain adequate liability and hazard insurance on Common Area;
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) Cause the Common Area to be maintained;
- (h) Enter into an agreement with first mortgagees of Lots in the Property to provide that such first mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against the Common Area of the Association, and such mortgagees may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such property, and such first mortgagees, upon making such payments, shall be owed immediate reimbursement therefor from the Association;
- (i) Establish, levy, assess and collect all assessments referred to or authorized in the Declaration.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board of Directors may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year, or until a successor is elected, or the officer shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all contracts, leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association.

Vice President

(b) The Vice-President shall act in the place and stead of the President in the event of the President's absence, or inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board of Directors.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as are required by the Board of Directors.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and shall deliver a copy of each to the Members.

ARTICLE IX COMMITTEES

The Association may appoint an Architectural Committee, as provided in the Declaration, and shall appoint a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors may appoint such other committees as deemed appropriate from time to time in carrying out its purpose.

ARTICLE X BOOKS AND RECORDS

The Books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments, which are secured by a continuing lien upon each respective Lot against which an assessment is made. Any assessment which is not paid within thirty (30) days after the due date, shall bear interest from the due date at the rate of ten percent (10%) per annum, and shall be subject to a late charge equal to five percent (5%) of the amount of unpaid assessment, or \$5.00, whichever is greater, and the Board of Directors shall have the right to declare the entire balance of the annual assessment and accrued interest thereon to be immediately due and payable. The Association may bring an action at law against the Owner personally obligated to pay the same and/or, without waiving any other right, may foreclose the lien against the applicable Lot, and interest, late charges, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for in the Declaration by nonuse of the Common Area or abandonment of the Owner's Lot.

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

ARTICLE XII CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: "**CHESTNUT GROVE ASSOCIATION, INC., MARYLAND 2008**", or in lieu thereof the word "[SEAL]" may be placed adjacent to the signature of an authorized officer of the Association.

ARTICLE XIII AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote, either in person or by proxy, of a majority of all of the Members of the Association, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto any amendments as long as there is Class B membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV RIGHTS OF MORTGAGEES

Section 1. Unpaid Assessments. The Association may, upon request and for a reasonable charge, report to a mortgagee of any Lot any unpaid assessment due from the Owner of the Lot or any default by the mortgagor of the Lot in the performance of the mortgagor's obligations as a Lot Owner hereunder, or under the Declaration or the Articles of Incorporation, which is not cured within thirty (30) days. In the event a first mortgagee requests a notice of default, and pays the charge therefor, if no notice of default is given within forty-five (45) days after receipt of the request, the Association shall thereafter be estopped to claim any default that occurred prior to the receipt of the request against the said first mortgagee, or any purchaser therefrom upon foreclosure or other exercise of lien rights under the applicable mortgage.

Section 2. Approval Required. In addition to the other provisions of the Declaration, and these By-Laws, the Articles of Incorporation, and/or the applicable laws of the State of Maryland, unless at least seventy-five percent (75%) of the first mortgagees (based upon 1 vote for each mortgage) of individual Lots within the Property, have given their prior written approval, the Association shall not be entitled to:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Association, for the benefit of the Lots, i.e., the Common Area. The granting of easements for

public utilities or for other public purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this clause;

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot or a Lot Owner;

(c) By act or omission change, waive or abandon any scheme or regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of any Lot, the exterior maintenance of Lots, the maintenance of common fences or driveways, or the upkeep of lawns and plantings in the Property;

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

(e) Use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement or reconstruction of such improvements;

(f) Amend this Article XIV of these By-Laws.

ARTICLE XV

INDEMNIFICATION OF OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES

The Association shall provide any indemnification required by the laws of Maryland and shall further indemnify directors, officers, agents and employees as follows:

(a) The Association shall indemnify any director or officer of the Association who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceedings, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he/she is or was such director or officer or an employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the officer or director in connection with such action, suit or proceeding if the officer or director acted in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith, and in a manner which was reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

(b) The Association may, in the discretion of the Board of Directors, indemnify any director or officer of the Association who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he/she is or was such director or officer or an employee or agent of the Association, or is or was serving at the request of the association as a director, officer, employee, or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by said person in connection with the defense or settlement of such action or suit if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of a duty to the Association unless and only to the extent that the court in which such action or suit was brought, or any other court having jurisdiction, shall determine that, despite the adjudication of liability, in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) To the extent that a director or officer of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraph (a) or (b) of this Article XV, or in defense of any claim, issue, or matter therein, he/she may be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him/her in connection therewith, without the necessity for the determination as to the standard of conduct as provided in paragraph (d) of this Article XV.

(d) Any indemnification under paragraph (a) or (b) of this Article XV (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director or officer is advisable in the view of the Board of Directors and is proper in the circumstances because the director or officer has met the applicable standard of conduct set forth in paragraph (a) or (b) of this Article XV. Such determination shall be made (i) by the Board of Directors of the Association by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or even if obtainable, such a quorum of disinterested directors so directs, by independent legal counsel (who may be regular counsel for the Association) in a written opinion; and any determination so made shall be conclusive.

(e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized in the particular case, upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that the officer or director is entitled to be indemnified by the Association as authorized in this Article XV.

(f) Agents and employees of the Association who are not directors or officers of the Association may be indemnified under the same standards and procedures set forth above, in the discretion of the Board of Directors of the Association.

(g) Any indemnification pursuant to this Article XV shall not be deemed exclusive of any other rights to which those indemnified may be entitled and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

ARTICLE XVI MISCELLANEOUS

The fiscal year of the Association shall be as determined by resolution of the Board of Directors from time to time.

IN WITNESS WHEREOF, we, being all directors of the Chestnut Grove Association, Inc., have hereunto set our hands this 18th day of March, 2008.

WITNESS:

Wendy Acott

Keith Litz

Adam D. Hiland

DIRECTORS:

William J. Brozey
William J. Brozey, Director

Keith Litz
Keith Litz, Director

Adam D. Hiland
Adam D. Hiland, Director

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the Chestnut Grove Association, Inc., a Maryland corporation, and,

THAT the forgoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 18th day of March, 2008.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 18th day of March, 2008.

CHESTNUT GROVE ASSOCIATION, INC.

By: Keith Litz (SEAL)
Keith Litz, Secretary

HOA / Chestnut Grove / By-Laws