

HALLIE HILL FARM SECTION TWO
HOMEOWNERS ASSOCIATION
DISCLOSURE STATEMENT

HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

INDEX
TO
DISCLOSURE STATEMENT

<u>Section</u>	<u>Page</u>
1 Information Sheet	1
2 Name of Association and Resident Agent	2
3 Description of Location, Common Areas and Contiguous Property	3
4 Other Development	4
5 Annexation.	5
6 Declaration of Covenants, Conditions and Restrictions	6
Declaration	6.1
7 Articles of Incorporation and By-Laws	7
Articles of Incorporation	7.1
By-Laws	7.8
8 Membership	8
9 Facilities and Streets	9
10 Budget	10
Actual Annual Operating Budget	10.1
11 Contracts	11
12 Additional Covenants	12
13 Current or Anticipated Assessments	13
14 Fire Insurance Requirements	14
15 Zoning Requirements	15
16 Association Assessment Provisions	16
17 Contribution to Working Capital	17
18 Declarant's Rights or Exemptions	18

HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

Section 1

Declarant: MANCHESTER BLACK FARM, LLC a Maryland limited liability company

Principal Address: 4715 Hanover Pike
Manchester, Maryland 21102

Telephone Number: 410-239-8331

L.L.C. members: Martin K. P. Hill - Managing Member
Martin P. Hill Member
Jennifer H. Bubczyk, Member

The addresses of all members are the same as the principal address of the limited liability company.

Name of Management Company: Woodhaven Building and Development Company, Inc.
4715 Hanover Pike
Manchester, Maryland 21102

Attorney for Declarant: Michael H. Mannes, Esquire
Michael H. Mannes, P.A.
108 Water Street - Suite 200
Baltimore, Maryland 21202-1001
410-752-8090

HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

Section 2

- I. The name of the Association is Hallie Hill Farm Section Two Homeowners Association, Inc.
- II. The Association is incorporated in the State of Maryland.
- III. The resident agent of the Association is:

Michael H. Mannes
c/o Michael H. Mannes. P.A.
108 Water Street - Suite 200
Baltimore, Maryland 21202-1001

HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

Section 3

- I. The Association is located in the 6th Election District of Carroll County, Maryland in the Town of Manchester. One Hundred Sixteen (116) lots are being annexed into the Association (see below).
- II. The common areas of the Association are graphically shown on the Plats for "Section Two of Hallie Hill Farm a Cluster Subdivision, Sheets 1 through 17" as Parcels AA, B, C, D, E, F, and P copies of which Plats are available in the Sales Office.
- III. The Declarant does own land contiguous to the Development which is to be dedicated to public use - see the Plats described above for Parcels A, K, M, N, Q, and R.

HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

Section 4

Hallie Hill Farm Section Two Homeowners Association, Inc.
is not within or a part of another development.

HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

Section 5

The Declarant's right to annex additional property is fully set forth in Article IV of the Declaration which is reproduced below.

ARTICLE IV
ANNEXATION OF ADDITIONAL PROPERTY

Section 1. Property Subject to Declaration. The real property which is, and shall be held, conveyed, hypothecated or encumbered, sold, rented, used, occupied and improved subject to this Declaration is located in the Town of Manchester, Carroll County, State of Maryland, and is shown on Exhibits A and B. No other real property shall be subject to this Declaration until the same is annexed pursuant to the provisions of Section 2 below, it being understood that the Declarant shall have the right to freely develop any real property owned by it and not annexed pursuant to the provisions of Section 2 in any fashion and for any use not prohibited by law or governmental regulation and shall have no obligation to develop any real property not so annexed, in accordance with any other scheme of development or plan.

Section 2. Additions.

(a) The Declarant, without the assent of the Class A members may annex to the Property all or any portion of the additional land located in Carroll County and more particularly described on Exhibit C attached to this Declaration for a period of twenty (20) years from the date of recordation of this Declaration; PROVIDED, HOWEVER, that in the event any portion of the Property (including the additional land currently being annexed) has been approved for federally insured mortgage financing purposes by the Federal Housing Administration, then prior written consent of such approving agency to the annexation shall be required.

(b) The Declarant has the right but not the obligation to annex the Properties described in Exhibit C hereof. It is the Declarant's intention that should it so annex, such annexation shall include Residential Lots.

(c) Additional property outside the boundaries of the land described on Exhibits A, B and C may be annexed only with the consent of two-thirds (2/3) of the Class A and Class B members of the Association who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days and not more

than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. At this meeting the presence of members or of proxies entitled to cast sixty percent (60%) of the votes of each Class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, except that notice shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting, and the required quorum at any such subsequent meeting shall be one-half ($\frac{1}{2}$) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

(d) Any annexations made pursuant to this Article, or otherwise, shall be made by recording an Amendment to the Declaration among the Land Records of Carroll County, Maryland, which Amendment to the Declaration shall extend the scheme of the within Covenants, Conditions and Restrictions to such annexed property. Such Amendment to the Declaration may contain such additions and modifications to the Covenants, Conditions and Restrictions set forth in the Declaration as may be necessary to reflect the different character or use, if any, of such annexed property.

HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

Section 6

A copy of the proposed Declaration of Covenants, Conditions, and Restrictions of Hallie Hill Farm Section Two Homeowners Association, Inc. follows this sheet. All owners are subject to the restrictions and obligations contained in the Declaration, which restrictions and obligations may be enforced against any owner.

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

TABLE OF CONTENTS

ARTICLE I

<u>DEFINITIONS</u>	6.5
Section 1. "Association"	6.5
Section 2. "Board"	6.5
Section 3. "Builder"	6.5
Section 4. "Common Areas"	6.5
Section 5. "Declarant"	6.5
Section 6. "Declaration"	6.5
Section 7. "Dwelling"	6.5
Section 8. "Improvement(s)"	6.5
Section 9. "Lot"	6.5
Section 10. "Member"	6.6
Section 11. "Mortgagee"	6.6
Section 12. "Owner"	6.6
Section 13. "Property" or "Properties"	6.6

ARTICLE II

<u>PROPERTY RIGHTS</u>	6.6
Section 1. Owner's Easements of Enjoyment	6.6
Section 2. Declaration of Use	6.7
Section 3. Rental of Lots	6.7
Section 4. Encroachments	6.7
Section 5. Utility Lines	6.7

ARTICLE III

<u>MEMBERSHIP AND VOTING RIGHTS</u>	6.8
Section 1. Membership	6.8
Section 2. Classes of Voting Membership	6.8

ARTICLE IV

<u>ANNEXATION OF ADDITIONAL PROPERTY</u>	6.9
Section 1. Property Subject to Declaration	6.9
Section 2. Additions	6.9

ARTICLE V

<u>COVENANTS FOR MAINTENANCE ASSESSMENTS</u>	6.10
Section 1. Creation of the Lien and Personal Obligations of Assessments	6.10
Section 2. Purpose of Assessments	6.11
Section 3. Maximum Annual Assessment	6.11
Section 4. Class B Membership and Builder Assessment	6.12
Section 5. Special Assessments	6.12
Section 6. Notice and Quorum for any Action Authorized under Sections 3 and 5	6.12
Section 7. Uniform Rate of Assessment	6.12

Section 8. Date of Commencement of Assessments - Due Dates	6.12
Section 9. Effect of a Non-Payment of Assessments and Fines: Remedies of the Association	6.13
Section 10. Acceleration	6.13
Section 11. Notice of Lien	6.13
Section 12. Foreclosure	6.14
Section 13. Curing of Default	6.14
Section 14. Cumulative Remedies	6.14
Section 15. Subordination of the Lien to Mortgages	6.14
Section 16. Notice to Mortgagees	6.14
ARTICLE VI	
<u>ARCHITECTURAL STANDARDS</u>	6.15
Section 1. Creation	6.15
Section 2. Approval	6.15
ARTICLE VII	
<u>MAINTENANCE</u>	6.16
Section 1. Common Areas	6.16
Section 2. Individual Lots.	6.16
ARTICLE VIII	
<u>POWERS AND DUTIES OF THE ASSOCIATION</u>	6.17
Section 1. Powers and Duties	6.17
Section 2. Maintenance of Records	6.18
ARTICLE IX	
<u>PROHIBITED USES AND NUISANCES</u>	6.18
Section 1. Itemization	6.18
Section 2. Rights of the Association to Remove or Correct a Violation of this Article	6.21
Section 3. Declarant's and Builder's Exemption	6.21
ARTICLE X	
<u>EASEMENTS</u>	6.21
Section 1. Property Subject to Easements	6.21
Section 2. Easements	6.21
Section 3. YMCA Easements	6.22
ARTICLE XI	
<u>GENERAL PROVISIONS</u>	6.22
Section 1. Enforcement	6.22
Section 2. Severability	6.22
Section 3. Amendment	6.23
Section 4. FHA/VA Approval	6.23
EXHIBIT A	6.26
EXHIBIT B	6.27

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

THIS DECLARATION, made this 30th day of March, 2007, by MANCHESTER BLACK FARM, LLC, a Maryland limited liability company hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, the Declarant, MANCHESTER BLACK FARM, LLC, is the owner of certain real property located in the 6th Election District of Carroll County, Maryland, in the Town of Manchester more particularly described on Exhibits A and B attached hereto and incorporated herein (hereafter the "**Property**"); and

WHEREAS, the Declarant desires to provide for the preservation of values and amenities in the community being developed on the aforesaid Property, and such additional property described in Exhibit C as may hereinafter be annexed, and for maintenance of Common Areas; and to this end desires to subject the Property, as hereinafter defined, to the covenants, conditions, easements, charges, liens and restrictions, hereinafter set forth, each and all of which is and are for the benefit of said Property and the subsequent owners thereof; and

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the said community to create an association to which are delegated and assigned the powers and duties of maintaining and administering the common areas, administering and enforcing the within covenants and restrictions and collecting and disbursing the charges and assessments hereinafter created; and

WHEREAS, the Declarant has formed (or intends to form) Hallie Hill Farm Section Two Homeowners Association, Inc., a "homeowners association" as that term is defined in Title 11B of the Real Property Article, Annotated Code of Maryland, as amended, (the Maryland Homeowners Association Act, herein the "**Act**") for the purposes of carrying out the powers and duties aforesaid.

NOW, THEREFORE, the Declarant hereby declares that the Property as hereinafter defined is and shall be held, conveyed, hypothecated or encumbered, sold, leased, used, occupied and improved subject to the covenants, restrictions, easements, charges and liens (hereinafter sometimes referred to as "**covenants**" or "**restrictions**") hereinafter forth, subject however to and entitled to the benefit of all statements and conditions set forth in Sheets 1 through 17 of Section Two of Hallie Hill Farm recorded among the

Land Records of Carroll County in Plat Book 50, Page 60
through 76 and easements and rights of way shown thereon (the
"Subdivision Plats"):

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to HALLIE
HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC., a Maryland
non-profit, non-stock corporation, its successors and assigns.

Section 2. "Board" shall mean and refer to the Board of
Directors of the Association.

Section 3. "Builder" shall mean any entity which
develops and constructs Dwellings on the Property, if such entity
should acquire one or more undeveloped Lots from the Declarant for
the purpose of development and/or construction of a Dwelling
thereon.

Section 4. "Common Areas" shall mean all real property
(including the Improvements thereon) owned by the Association for
the common use and enjoyment of the Owners. The Common Areas to be
owned by the Association at the time of conveyance of the first lot
are described in "Exhibit B", attached hereto and made a part
hereof. The common areas shall be conveyed to the Association
subject to easements, as shown on the Subdivision Plats referenced
herein and on Exhibits A and B, and if any mortgages on the lots
are insured by the Secretary of Housing and Urban Development, then
before the first mortgage in the Property.

Section 5. "Declarant" shall mean and refer to
MANCHESTER/BLACK FARM, LLC, a Maryland limited liability company.

Section 6. "Declaration" shall mean and refer to this
Declaration of Covenants, Conditions and Restrictions for Hallie
Hill Farm Section Two Homeowners Association, Inc.

Section 7. "Dwelling" shall mean and refer to any
residential townhouse or single family dwelling constructed on any
portion of the Property.

Section 8. "Improvement(s)" shall mean and refer to any
building, fence, wall, sign, fuel tank, deck, patio, shed, mailbox,
privacy screen, sidewalk, flue, chase, antenna, porch, steps, pool,
hot-tub, clothes dryer, landscaping or other structure of any kind.

Section 9. "Lot" shall mean and refer to any plot of
land shown upon any recorded Subdivision Plats or any annexation
thereto, with the exception of the Common Areas, and publicly
dedicated rights-of-way.

Section 10. "Member" shall mean and refer to every person, group of persons or entity who holds membership in the Association, including the Declarant.

Section 11. "Mortgagee" shall mean and refer to the holder of any mortgage or trustee or beneficiary of any deed of trust on any Lot, provided such holder is an institutional lender and/or a licensed mortgage banker.

Section 12. "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 or becomes through annexation part of the Properties, including contract sellers, but excluding those having such interest as security for the performance of an obligation.

Section 13. "Property" or "Properties" shall mean and refer to that certain real property described on **Exhibits A and B** attached hereto and incorporated herein and such other additions as are permitted herein including the real property described in **Exhibit C**.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to assess annual fees for the maintenance and improvement of the Common Areas;

(b) the right of the Association to suspend the voting rights and right of use of the Common Areas by an Owner for any period during which assessment against his Lot remains unpaid; and for any period during which an Owner has violated and continues to violate the published rules of the Association;

(c) the right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members;

(d) the right of Declarant for a period of 20 years after the conveyance of the Common Areas, and of the Association to grant and reserve easements and rights-of-way through, under, and over and across the Common Areas: for forestation, forest banking, reforestation and granting of forest conservation easements; for grading, installation, maintenance and inspection of lines and

appurtenances for public or private water, sediment control, sewer, Storm Water Management/Quality, drainage, fuel oil, communications systems (including cable television), and other utilities and such rights shall be contained in each deed from the Declarant to the Association of such Common Areas nor shall any deed of the Common Area be valid unless it contains said rights;

(e) the right of the Association, by and through its Board, to limit the number and charge reasonable fees for guests of members utilizing Common Areas;

(f) the right of the Association, by and through its Board, to establish uniform rules pertaining to the use of the Common Areas that may be located thereon; and

(g) the right of the Association, by and through its Board, to regulate the use, maintenance, repair and replacement of Common Areas and amenities located thereon.

Section 2. Declaration of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Areas to persons residing on his Lot, including the members of his family, his lessees, or contract purchasers, subject to such rules which the Board may from time to time adopt; provided, however, that such delegation shall not abrogate the duty of the Owner to pay assessments as provided in Article V hereof.

Section 3. Rental of Lots. The Owner of any Lot may lease his respective property subject to the following terms and conditions:

(a) any lease between an Owner and a lessee must be in writing and shall not be for a term of less than twelve (12) months;

(b) the lease shall state that it is subject in all respects to, and that the lessee shall comply with all of the provisions of the Declaration, Articles of Incorporation and the By-Laws, and that failure of the lessee to comply with any of the terms of the aforementioned documents shall be a default under the lease; and

(c) the lease shall in no way relieve the Owner of any duty or obligation imposed by this Declaration.

Section 4. Encroachments. In the event that any portion of any Dwelling encroaches upon the Common Areas and facilities as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the aforesaid Dwelling, a valid easement of such encroachment and for the maintenance of same shall exist so long as such encroachment exists.

Section 5. Utility Lines. Each Owner shall be solely responsible for the care and maintenance of sanitary sewer, water,

gas, electric, telephone, storm sewer, cable television or other utility conduits or lines that exclusively service each such Owner's Dwelling. In the event such conduits or lines are in need of repair and/or replacement and any portions thereof are located in, under and/or through an abutting Lot or property of any abutting Lot Owner, the Owner so repairing and/or replacing such lines shall have the right to enter upon and is hereby granted an easement to enter in and onto the front ten (10) feet of the Lot of an abutting Owner to perform the repair and/or replacement. The Owner so entering shall perform such construction and/or work as promptly as possible and shall take due precautions and care not to damage the Lot and/or property of the abutting Owner and to the extent the abutting Lot and/or property is dug into, displaced and/or dismantled, the Lot and/or property shall, immediately upon the completion of the repair and/or replacement, be put back in the same condition it was prior to such work being commenced by the Lot Owner performing the construction and/or work.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessments 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. Classes of Voting Membership. The Association shall have two (2) classes of voting membership:

(a) Class A Membership. 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. If additional Property is annexed into the Association then Class A votes shall be allocated to the Lots, one vote per Lot when transferred from the Class B member to a Class A member.

(b) Class B Membership. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The conversion of Class B Membership into Class A recited hereinafter shall not be construed to apply to nor to deprive the Declarant of its rights in Article V Section 4 or any other rights herein conferred on the Declarant. The Class B Membership shall cease and be converted to Class A Membership on the happening of either 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) seven (7) years from the date of recordation of this Declaration; PROVIDED, HOWEVER, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid seven (7) year period shall be extended by a period of time equal to the length of the delays or three (3) years, whichever is less.

ARTICLE IV ANNEXATION OF ADDITIONAL PROPERTY

Section 1. Property Subject to Declaration. The real property which is, and shall be held, conveyed, hypothecated or encumbered, sold, rented, used, occupied and improved subject to this Declaration is located in the Town of Manchester, Carroll County, State of Maryland, and is shown on Exhibits A and B. No other real property shall be subject to this Declaration until the same is annexed pursuant to the provisions of Section 2 below, it being understood that the Declarant shall have the right to freely develop any real property owned by it and not annexed pursuant to the provisions of Section 2 in any fashion and for any use not prohibited by law or governmental regulation and shall have no obligation to develop any real property not so annexed, in accordance with any other scheme of development or plan.

Section 2. Additions.

(a) The Declarant, without the assent of the Class A members may annex to the Property all or any portion of the additional land located in Carroll County and more particularly described on Exhibit C attached to this Declaration for a period of twenty (20) years from the date of recordation of this Declaration; PROVIDED, HOWEVER, that in the event any portion of the Property (including the additional land currently being annexed) has been approved for federally insured mortgage financing purposes by the Federal Housing Administration, then prior written consent of such approving agency to the annexation shall be required.

(b) The Declarant has the right but not the obligation to annex the Properties described in Exhibit C hereof. It is the Declarant's intention that should it so annex, such annexation shall include Residential Lots.

(c) Additional property outside the boundaries of the land described on Exhibits A, B and C may be annexed only with the consent of two-thirds (2/3) of the Class A and Class B members

of the Association who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days and not more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. At this meeting the presence of members or of proxies entitled to cast sixty percent (60%) of the votes of each Class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, except that notice shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

(d) Any annexations made pursuant to this Article, or otherwise, shall be made by recording an Amendment to the Declaration among the Land Records of Carroll County, Maryland, which Amendment to the Declaration shall extend the scheme of the within Covenants, Conditions and Restrictions to such annexed property. Such Amendment to the Declaration may contain such additions and modifications to the Covenants, Conditions and Restrictions set forth in the Declaration as may be necessary to reflect the different character or use, if any, of such annexed property.

ARTICLE V COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations of Assessments. The Declarant, for each Lot owned within the Properties or hereafter annexed, hereby covenants, and each Owner of a 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) annual assessments or charges, and (2) special assessments for any purpose; such assessments to be established and collected as hereinafter provided. The annual and special assessments and fines imposed as provided by Article IX, Section 1(r) together with interest, late charges, costs of collection, and reasonable attorney's fees, shall be a charge on the land and shall be a lien upon the Lot against which each such assessment is made, all in accordance with Section 14-201 et seq. of the Real Property Article of the Annotated Code of Maryland, as amended (herein the "**Maryland Contract Lien Act**"). Each such assessment or fine, together with interest, late charges, costs of collection and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used for the following purpose:

(a) to pay taxes and other governmental charges and assessments on the Common Areas, if any;

(b) to promote the recreation and welfare of the residents in the Lots;

(c) to pay all administrative, managerial, legal, insurance and any other costs or expenses incurred by the Association in the operation of the Association;

(d) for the use, improvement, maintenance, repair, and replacement of the Common Areas and improvements (including the hiking trail and forested area and the Community sign) thereon including Storm Water Management/Quality area and facilities including grass cutting, removal of debris, seeding and the like, except repair and replacement to be performed on the Storm Water Management structures by the Town of Manchester;

(e) to pay for the cost of all utilities or utility services transmitted by or through the Common Areas and not separately metered and billed to each Lot Owner;

(f) to pay for the cutting of all grass upon the Common Areas and maintenance or replacement of all plantings originally planted by the Declarant in the Common Areas; and

(g) to provide an adequate reserve for maintenance, repair and replacement of the Common Areas and any Improvements situate thereon.

Section 3. Maximum Annual Assessment. Until January of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be One Hundred Twenty Dollars (\$120.00) per Lot per year which may be payable in installments, as determined by the Board.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment and the maximum Additional Annual Assessment may be increased each year not more than five percent (5%) above the maximum assessment for the previous year by the Board and without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment and the maximum Additional Annual assessment may be increased above five percent (5%) by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for that purpose.

(c) The Board of Directors may for each assessment year fix the annual and Additional Annual assessments at an amount not in excess of the maximum assessments.

Section 4. Class B Membership and Builder Assessment. The Class B Member shall not be required to pay any annual assessment and any Additional Annual Assessment on the Lots it owns which have been annexed into the Association. Any Builder acquiring a Lot from the Declarant shall not be required to pay assessments on Lots until the first day of the month following the completion of the Dwelling and the issuance of a Certificate of Occupancy for the same.

Section 5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property, or for any other purpose, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy, at a meeting called for this purpose.

Section 6. Notice and Quorum for any Action Authorized under Sections 3 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 5 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, if there are not present members or proxies entitled to cast sixty percent (60%) of all the votes of each class, another meeting may be called subject to the same notice requirement, and the quorum at the subsequent meeting shall be reduced to one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments shall be fixed at a uniform rate for all Lots, except as noted in Section 4 of this Article.

Section 8. Date of Commencement of Assessments - Due Dates. The assessments provided for herein shall commence on the first day of the month following the completion of the transfer of the first residential Dwelling constructed on any Lot annexed into the Association. The first Annual and Additional Annual assessments shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of each assessment against each Lot at least thirty (30) days in advance of each assessment period. Written notice of the assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board. 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 specific 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. Assessments on Lots annexed after the start of any assessment year may be changed by the adoption by the Board of a revised Budget accounting for the newly annexed Lots. Such interim Budget shall become effective on a date determined by the Board but not less than 30 days after notice of such interim Budget is provided to each Owner. Notwithstanding this Section 8, the Declarant and any Builder acquiring a Lot from the Declarant shall pay assessments on Lots only as provided in Section 4 above.

Section 9. Effect of a Non-Payment of Assessments and Fines: Remedies of the Association. Any assessment, fine or amount due under Article VII Section 2(b) hereof, not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum and late charges not exceeding Fifteen Dollars (\$15.00) or one-tenth (1/10th) of the total amount of the delinquent assessment or installment, whichever is greater, provided the late charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least fifteen (15) calendar days. The Owner shall also be responsible for payment of all costs of collection and reasonable attorneys' fees incurred by the Association as a result of non-payment of the assessment, fine or amount due under Article VII Section 2(b). Subject to the provisions of Section 16 of this Article, the Association may bring an action at law against the Owner personally obligated to pay the same, and/or establish and foreclose the lien against the Lot as such lien is provided for herein and in the Maryland Contract Lien Act. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Lot.

Section 10. Acceleration. Upon default in the payment of any assessment or installment on its due date, the Association may demand payment of the remaining installments, if any, coming due within that fiscal year. A demand by the Association is not enforceable unless the Association, within ten (10) days of the Owner's failure to pay an installment, notifies the Owner that if the Owner fails to pay the installment within twenty (20) days of the notice, full payment of the remaining installments will be due and shall constitute a lien as provided in Section 11 of this Article.

Section 11. Notice of Lien. No action shall be brought to establish or foreclose a lien for assessments, fines or amounts due under Article VII Section 2(b), or to proceed under the power of sale herein except in strict accordance with the Maryland Contract Lien Act.

Section 12. Foreclosure. The Declarant, for each Lot owned within the Properties, hereby covenants, and 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, agree and authorize the Association to foreclose on any recorded lien for assessments, fines or amounts due under Article VII Section 2(b), in accordance with the procedures prescribed in the rules pertaining to foreclosures of mortgages in the Maryland Rules of Procedure, as if the Association were the mortgagee and the Owner were the mortgagor.

Section 13. Curing of Default. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting owner of a fee, to be determined by the Association, but not to exceed Thirty Five Dollars (\$35.00), to cover the costs of preparing and filing or recording such release.

Section 14. Cumulative Remedies. The lien for assessments, fines and amounts due under Article VII Section 2(b) and the rights to foreclosure sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 15. Subordination of the Lien to Mortgages. The lien for assessments, fines and amounts due under Article VII Section 2(b) provided for herein shall be subordinate to the lien of any Institutional Mortgagee or mortgage held by the Veterans Administration (VA), Secretary of Housing and Urban Development (HUD), FNMA or FHLMC, providing purchase money financing in either the form of a single purchase money first mortgage or a combination purchase money first and purchase money second mortgage, such purchase money first and purchase money second mortgage combination designed to facilitate financing due to statutory lending limits which may prohibit financing of first mortgages in excess of certain dollar amounts. Sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment, fine or amount due under Article VII Section 2(b) as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot Owner from liability for any assessments thereafter becoming due from the lien thereof.

Section 16. Notice to Mortgagees. Upon request, the Association shall notify the holder of the first mortgage on any Lot for which any assessment, fine or amount under Article VII Section 2(b) levied pursuant to this Declaration becomes delinquent for a period in excess of sixty (60) days and in any other case

where the Owner of such Lot is in default with respect to the performance of any other obligation hereunder for a period in excess of sixty (60) days. Such notification shall be in writing.

ARTICLE VI
ARCHITECTURAL STANDARDS

Section 1. Creation.

(a) There shall be an architectural standards committee (referred to as the "Architectural Standards Committee" or "Committee") for the Lots. The Committee shall have a minimum of three (3) members, each of whom shall, notwithstanding the expiration of the period referred to in the provisions of subsection (b) of this Section 1, serve as such until the earlier to occur of:

- (i) his resignation from the Committee, or
- (ii) his replacement pursuant to the following provisions of this Section by the Declarant or the Board.

(b) The Declarant shall have the exclusive right from time to time to designate and replace the members of the Committee until the later to occur of:

- (i) the fifth anniversary of the date hereof, or
- (ii) the conveyance of record by the Declarant to one or more persons of the title to at least ninety percent (90%) of the Lots.

(c) Thereafter, the Board shall have the exclusive right to designate and replace the members of the Committee who will serve at the pleasure of the Board.

Section 2. Approval.

(a) Subject to the operation and effect of the provisions of Article VII, and except for any Improvements by Declarant and any Builder, no Improvement(s) or other structures of any kind whatsoever shall be constructed, reconstructed, placed, maintained or modified excepting: (1) exterior repainting in the same color as the existing color, upon prior written approval of the Board, and (2) interior painting or other modifications not visible from or affecting the exterior of the Dwelling, and no landscaping on a Lot shall be altered, unless such action and such Improvement has been recommended by the Committee and approved expressly and in writing by the Board, which shall have the absolute right to refuse to grant such approval for any aesthetic or other reasonable cause, and to withhold such approval until plans and specifications,

showing in reasonable detail the nature, kind, shape, height, materials, location and approximate cost of such Improvement, have been submitted to and approved by the Committee expressly and in writing. In considering whether to recommend such approval to the Board, the Committee may consider the suitability of such proposed Improvement with relation to such Lot and the other Lots, and may base such consideration upon such, if any, information concerning the nature, kind, shape, heights, materials, location and approximate cost of such Improvement as is furnished to the Committee, as aforesaid, all to the end that such Improvement shall be in harmony with and have no adverse affect upon its immediate surroundings and the other Lots.

(b) If any Owner submits to the Committee a written application for approval of any Improvement as aforesaid, and if the Committee has not recommended such and the Board has not disapproved, in writing, said application within sixty (60) days of receipt thereof, such approval shall thereupon be deemed to have been given.

(c) The affirmative vote of a majority of the Members of the Committee shall be required for it to recommend any action to the Board; provided, that such majority may designate one Member to act for it before the Board.

ARTICLE VII

MAINTENANCE

Section 1. Common Areas. The Association shall be responsible for the care and maintenance of the Common Areas and improvements thereon including the Storm Water Management Pond and related plantings, hiking trail, forested areas, landscaping including street trees, and the Community sign and its associated landscaping located on the Common Area or described in Exhibit B or on any Storm Water Management Area or on any easement on any Lot or Parcel annexed hereto.

Section 2. Individual Lots.

(a) The Owner of each Lot shall otherwise be responsible for the care, maintenance, repair and replacement of his Lot, Dwelling and all Improvements situate thereon, therein and thereunder, including all privately owned sidewalks, if any, located on the premises.

(b) In the event that any Owner shall fail to maintain any Lot or the premises and the Improvements situate thereon in a manner satisfactory to the Board, the Association, after approval by a majority vote of the Board, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and/or restore the Lot, the premises and any Improvements

erected thereon. Such right of entry, repair, maintenance and restoration shall be exercisable only upon fifteen (15) days' prior written notice given to the Owner thereof, unless, in the discretion of the Board, a genuine emergency necessitates a shorter period of time. The costs of any such repairs, maintenance and/or restoration shall be added to and become part of the lien for assessments to which such Lot and Owner is subject. Enforcement of the right to recover these assessments may be had pursuant to Article V, Section 9 hereof.

ARTICLE VIII
POWERS AND DUTIES OF THE ASSOCIATION

Section 1. Powers and Duties. In addition to the powers and duties enumerated in its Articles of Incorporation and By-Laws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

(a) Own, maintain, improve, construct, reconstruct (in the event of deterioration or destruction) and manage all of the Common Areas and all facilities such as the Storm Water Management Pond and area except to the extent that the Town of Manchester performs such duties as further described herein, Improvements and landscaping thereon, and all property acquired by the Association, and to pay all the costs thereof;

(b) Pay property taxes and other charges assessed against the Common Areas;

(c) Have the authority to obtain, for the benefit of the Common Areas, all, water, gas and electric service and refuse collection;

(d) Grant easements where necessary for utilities and sewer facilities over the Common Areas to serve the Common Areas;

(e) Maintain such policy or policies of insurance on the Common Areas as the Board deems necessary or desirable in furthering the purposes of and protecting the interest of the Association and its Members;

(f) Have the authority to employ a manager and other persons and professionals such as Attorneys and Accountants and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed to manage the Associates shall not exceed one (1) year in term unless approved by a majority of the Members of the Association, with the exception of an insurance contract that may be for a period not to exceed three (3) years;

(g) Enforce applicable provisions of this Declaration, the Articles of Incorporation, and the By-Laws of the Association and establish and enforce (by injunction, suit or fine) uniform rules pertaining to the use of the Common Areas and Lots;

(h) Have the authority to contract for fire, casualty, liability and other insurance on behalf of the Association; and

(i) Have the authority, in the sole discretion of the Board, to designate and assign specific parking spaces for use by the Owners of specific Lots.

Section 2. Maintenance of Records. The Association shall maintain adequate books and records and a mortgagee shall have the right to examine the books and records of the Association during regular business hours and upon reasonable notice.

ARTICLE IX

PROHIBITED USES AND NUISANCES

Section 1. Itemization. Except for the activities of the Declarant during original development, construction and marketing period for the Lots and any annexations thereto:

(a) No noxious or offensive trade or activity shall be carried on upon any part of the Property, nor shall anything be done therein or thereon which may be or become an annoyance or nuisance to the neighborhood or Owners of Lots;

(b) The maintenance, keeping, boarding, and/or raising of animals, livestock or poultry of any kind, regardless of number, shall be and is hereby prohibited on any Lot or part of the Property, except that this shall not prohibit the keeping of not more than two (2) dogs or cats, provided they are not kept, bred or maintained for commercial purposes;

(c) No burning of any trash and no accumulation or storage of litter, new or used building materials or trash of any kinds shall be permitted on any lot;

(d) Except as herein elsewhere provided: no junk vehicle or vehicle which does not display current registration; trailer; truck; camper; camp truck; house trailer; recreational vehicle; boat; or the like shall be kept upon any lot except as determined by the Board (except for bona fide emergencies), nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. The Association may, in the discretion of the Board, provide and maintain suitable areas designated for the parking of such vehicles or the like;

(e) Trash and garbage containers shall be kept in a clean and sanitary condition and shall not be permitted to remain in public view except on days of trash collection. Such containers shall be kept in the rear of any Lot, or in an area designated by the Board;

(f) No structurally sound or healthy trees shall be removed from any Lot without written approval of the Board or duly appointed committee;

(g) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained or used on any Lot or Common Areas at any time unless approved, in writing, by the Board and the Architectural Committee. Temporary playhouses or the like may be so maintained provided their primary purpose is the maintenance and/or promotion of juvenile recreation subject to application to and approval by the Board or by the Architectural Committee, as the case may be;

(h) No signs of any character shall be erected, posted, or displayed upon, in or about any Lot; PROVIDED, HOWEVER, that one temporary real estate sign not exceeding six (6) square feet in area, may be erected upon any Lot placed upon the market for sale or rent;

(i) No structure, planting or material other than sidewalks shall be placed or permitted to remain upon any Lot which may damage or interfere with any easement for the installation or maintenance of utilities, or which may change, obstruct or retard direction or flow of any drainage channels;

(j) No part of the Common Areas shall be used for commercial activities of any character. This subsection shall not apply to the use of homes by the Declarant for display, promotional or sale purposes;

(k) Decks, porches, patios, and platforms shall be maintained in a neat, safe, and orderly manner;

(l) The rear deck or patio of a home on a Lot may be equipped with an awning for protection from the elements, which awning may also have side panels for privacy. All awnings must be approved by the Architectural Committee as herein provided;

(m) Between 11:00 p.m. and 9:00 a.m., there shall be no loud or unusual noises; and musical instruments, radios, televisions, record players, phonographs, hi-fi sets and amplifiers shall be used in such manner as not to disturb the other Lot owners; and

(n) A vehicle, which has been designated for or adopted to the transportation of goods or persons for profit as its primary

purpose, or displays a logo, decal (other than a decal placed on the bumper of the vehicle) lettering, symbol, or ornament affixed for the purpose of advertising any person, service, product, or entity other than the make, model, manufacturer, or dealer of the vehicle, or which has a gross weight of over 10,000 pounds is defined herein as a commercial vehicle. Such commercial vehicles shall not be kept or parked on the Common Areas or Lot except as hereinafter provided. Passenger cars, mini-vans, vans, and pick-up trucks of less than 3/4 ton capacity, which have not been designated for or adopted for the transportation of goods or persons for profit and upon which no advertisement appears, may be kept or parked on the Lots. It is the intent of the Declarant that commercial vehicles may be parked or kept overnight and on weekends on Lots. The Board shall adopt rules to regulate the parking of commercial vehicles on Lots in accordance with the Board's rulemaking power under Article VIII, Section 1(g). Notwithstanding the above, the Board, in its sole discretion, may designate the common areas on which commercial vehicles may be parked or kept and may designate the times and days of the week during which such vehicles may be parked on the Common Areas and Lots.

(o) No outside television or radio aerial, antenna or dish, or other aerial or antenna for reception or transmission, shall be maintained upon any home without the prior written consent of the Board or the Architectural Committee which approval shall be speedily given. It is the expressed desire of the Declarant that no such aerial or antenna be located so as to extend upward above the highest point of the home to which it is attached, and that no aerial or antenna shall be placed on the outside of any home except on the rear building wall of said home. This sub-paragraph shall be subject to such federal regulations as are now or hereafter established to regulate antennas for the reception of video signals.

(p) There shall be no above-ground swimming pools.

(q) Subject to Rules of the Association as to design, color, and materials, fences shall only be permitted with the prior written consent of the Board upon recommendation by the Architectural Committee. Fences shall only be permitted rearward of the rear wall of any house except as may be permitted by the Board. Chain link fences and fences over five feet tall shall not be permitted on any lot.

(r) There shall be no violation of any Rules for the use of the Common Areas and Lots which may from time to time be adopted by the Board, promulgated among the membership by them in writing and filed in the Homeowners Association Depository and the Board is hereby authorized to adopt such Rules and to impose sanctions, including fines, for violation thereof.

Section 2. Rights of the Association to Remove or Correct a Violation of this Article. The Association may, after resolution by the Board, in the interest of the general welfare of all the Owners of the Lots, and after reasonable prior notice to the Owner, enter upon any Lot at any reasonable hour for the purpose of removing or correcting any violation or breach or any attempted violation of any of the covenants and restrictions contained in this Article, or for the purpose of abating anything herein defined as a prohibited use or nuisance any such action shall not be deemed a trespass.

Section 3. Declarant's and Builder's Exemption. During the period of development, construction and marketing, the Declarant, and any Builder whose plans have been approved by the Declarant acting as the Architectural Committee, shall be exempt from the provisions of this Article.

ARTICLE X **EASEMENTS**

Section 1. Property Subject to Easements. The easements created pursuant to this Article shall inure to the benefit of all Owners within the Association, pursuant to Article II hereof.

Section 2. Easements. In addition to the easements reserved on the Plats described in Exhibit A and B, and such Plats as are subsequently recorded pursuant to any annexation of the property described in Exhibit C, which are for the benefit of the Declarant, its successors and assigns, and mortgagees;

(a) Declarant, for itself, its successors and assigns, hereby declares that every Owner shall have a perpetual easement in, upon, through and over the land shown on the above-referenced Plats, for ingress and egress to all Lots and Common Areas, and for use of all sidewalks, walkways, and roadways upon the Property.

(b) Declarant reserves unto itself, its successors and assigns, a perpetual easement in, upon, through and over the land comprising the Common Areas and any annexations thereto, for installation, maintenance, repair and replacement of all sewer, water, power, telephone and other communication systems, pipes, lines, mains, conduits, poles, transformers (and all other equipment or machinery) necessary or incidental to the proper functioning of any utility system serving the Property, *and any storm water management ponds and facilities and/or sediment control ponds and facilities and any related plantings or landscaping necessary or incidental to the proper functioning of the "Development".*

(c) Declarant reserves unto itself, its successors and assigns, an easement in, upon, through and over the land

comprising the Common Areas for the purpose of forest banking and for using the land to satisfy any forest banking, forestation, aforestation or reforestation or the granting of forest conservation easements as a requirement of the Declarant, its successors or assigns under the Carroll County Ordinance, as the same may be amended from time to time. *If any such land is designated as forest conservation area such land shall not be disturbed by any Owners or the Association and shall be left in the state required by the County under its reforestation requirements.*

(d) The Declarant for itself, its successors and assigns hereby declares that the Parcels described in Exhibit C, whether or not annexed into the Association, shall have a perpetual easement in, upon, through and over the roads within the Association if such be private and not public for the purpose of vehicular and pedestrian ingress and egress and through the Common Areas for the purpose of connection, installation, grading, maintenance, repair and replacement of all Utility Lines, any Storm Water Management Ponds and facilities and/or sediment control ponds or facilities and any related plantings or landscapings necessary or incidental to the proper functioning of the Association and the Parcels described in Exhibit C. And further that as to any Parcels so described that are not annexed into the Association but use any of the private roads, Utility Lines, storm water management pond(s) or facilities, they shall pay to the Association, when billed, their pro-rate share of the costs of those facilities allocated to them on an equitable basis by the Association.

Section 3. YMCA Easements. There shall be a perpetual easement to the YMCA in Parcels C, E and F as shown on the Plats for the use of the Common Areas without the payment of fees to the Association for such use.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Enforcement. The Association, by and through its Board, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, fines and charges now or hereafter imposed by the provisions of this Declaration. In the event the Association institutes legal action to compel enforcement, it shall be entitled to recover all court costs and reasonable attorney's fees incurred from the violating Owner. 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 provision which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, 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 during the first twenty (20) year period by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded. Notwithstanding the foregoing, this Declaration shall not be amended without the written consent of seventy-five percent (75%) of the First mortgagees and seventy-five percent (75%) of the Owners to permit the Association or the Owners to:

(a) By act or omission, seek to abandon or terminate the Association or the provisions of this Declaration relating to architectural standards, exterior maintenance and Common Areas maintenance;

(b) Change the method of determining the obligations or assessments which may be levied against an Owner;

(c) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas, provided, however, that the grant of easements for public utilities or for other public purposes shall not be deemed a transfer within the meaning of this clause;

(d) Use hazard insurance proceeds for losses to the Common Areas for other than the repair, replacement or reconstruction of Improvements on Common Areas except as provided by statute; or

(e) Fail to maintain fire and extended coverage insurance on the Common Areas on a current replacement cost basis in an amount less than one hundred percent (100%) of insurable value based on present replacement cost.

Section 4. FHA/VA Approval. Anything set forth in Section 3 of this Article to the contrary notwithstanding, the Declarant shall have the absolute unilateral right, power and authority to modify, revise, amend or change any of the terms or provisions of this Declaration, as from time to time amended or supplemented. This unilateral right, power and authority of the Declarant may be exercised only if either the Veterans Administration or the Federal Housing Administration or any successor agencies thereto or other federal, state or local government agencies shall require such action as a condition precedent to the approval by such agency, of the Properties or any part thereof or any Lots thereon, for federally approved mortgage financing purposes under applicable Veterans Administration,

approved mortgage financing purposes, thereafter any amendments to the Declaration made during any period of time when there are Class B Members, shall also require the prior consent of the agency giving such approval. Notwithstanding anything in this Declaration to the contrary, annexation of properties in addition to those listed in Exhibit C, dedication of Common Areas and amendment of this Declaration of Covenants, Conditions and Restrictions, requires HUD/VA prior approval so long as there is a Class B membership.

IN WITNESS WHEREOF the undersigned, being the Declarant herein, has caused these presents to be executed in its names, the day and year first above written.

WITNESS:

MANCHESTER BLACK FARM, LLC

Judy A. Barger

Martin K. P. Hill (SEAL)
MARTIN K. P. HILL, Managing Member

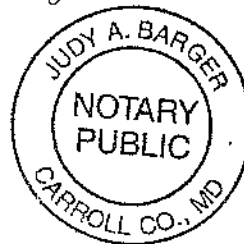
STATE OF MARYLAND, COUNTY OF CARROLL, to wit:

On this 30th day of MARCH, 2007, before the undersigned officer, personally appeared MARTIN K. P. HILL, who acknowledged himself to be the managing member of MANCHESTER BLACK FARM, LLC, and that he executed the foregoing instrument for the purposes therein contained as his act.

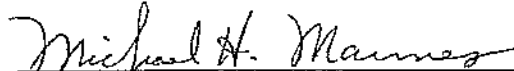
IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Judy A. Barger
NOTARY PUBLIC

My Commission Expires: 5-1-2010



This is to certify to the Clerk of the Court of Carroll County that the within instrument has been prepared by or under the supervision of the undersigned Maryland attorney.


Michael H. Mannes

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

EXHIBIT A

DESCRIPTION OF PROPERTY

All that certain real property located in the 6th Election District of Carroll County, Maryland, in the Town of Manchester and more particularly described as the Lots described below as shown on the Plats entitled "Section Two of Hallie Hill Farm (a Cluster Subdivision), Sheets 1 thru 17", to be recorded among the Plat Records of Carroll County, Maryland:

Lots 1 through 116.

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

EXHIBIT B

DESCRIPTION OF COMMON AREAS

All that certain real property located in the 6th Election District of Carroll County, Maryland in the Town of Manchester and more particularly described on the Plats entitled "Section Two of Hallie Hill Farm (a Cluster Subdivision), Sheets 1 through 17" to be recorded among the Land Records of Carroll County, Maryland, known as:

Parcels AA, B, C, D, E, F, and P.

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

EXHIBIT C

DESCRIPTION OF PARCELS WHICH MAY BE ANNEXED

All that real property located in the 6th Election District of Carroll County, Maryland, in the Town of Manchester and more particularly described as the Parcels described below as shown on the Plats entitled "Section Two of Hallie Hill Farm (a Cluster Subdivision), Sheets 1 thru 17", to be recorded among the Plat Records of Carroll County, Maryland:

Parcels G, H, I, J, L, and O.

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

GLOSSARY

Act	6.4
Architectural Standards Committee	6.15
Association	6.5
Board	6.5
Builder	6.5
Committee	6.15
Common Areas	6.5
covenants	6.4
Declarant	6.4
Declaration	6.5
Dwelling	6.5
Exhibit B	6.5
Improvement(s)	6.5
Lot	6.5
Maryland Contract Lien Act	6.10
Member	6.6
Mortgagee	6.6
Owner	6.6
Properties	6.6
Property	6.4
restrictions	6.4

Mail to: Michael H. Mannes, Esquire
Michael H. Mannes, P.A.
108 Water Street - Suite 200
Baltimore, MD 21202-1001

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

GLOSSARY

Act	6.4
Architectural Standards Committee	6.15
Association	6.5
Board	6.5
Builder	6.5
Committee	6.15
Common Areas	6.5
covenants	6.4
Declarant	6.4
Declaration	6.5
Dwelling	6.5
Exhibit B	6.5
Improvement(s)	6.5
Lot	6.5
Maryland Contract Lien Act	6.10
Member	6.6
Mortgagee	6.6
Owner	6.6
Properties	6.6
Property	6.4
restrictions	6.4

Mail to: Michael H. Mannes, Esquire
Michael H. Mannes, P.A.
108 Water Street - Suite 200
Baltimore, MD 21202-1001

HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

Section 7

Copies of the proposed Articles of Incorporation and By-Laws of Hallie Hill Farm Section Two Homeowners Association, Inc. follow this sheet.

ARTICLES OF INCORPORATION

OF

HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

The undersigned subscriber, Michael H. Mannes, whose post office address is 108 Water Street, Suite 200, Baltimore, Maryland 21202-1001, being at least eighteen (18) years of age, does hereby act as Incorporator with the intention of forming a corporation under and by virtue of the General Laws of the State of Maryland, and for such purpose hereby makes, executes, and adopts the following Articles of Incorporation:

ARTICLE I. The name of the Corporation shall be:

HALLIE HILL FARM SECTION TWO HOMEOWNERS ASSOCIATION, INC.

ARTICLE II. The post office address of the principal office of the Corporation shall be located in Carroll County, State of Maryland, at 4175 Hanover Pike, Manchester, Maryland 21102.

ARTICLE III. The resident agent of the Corporation shall be Michael H. Mannes, whose address is 108 Water Street, Suite 200, Baltimore, Maryland 21202-1001. Said resident agent is a citizen and actual resident of the State of Maryland.

ARTICLE IV. The Corporation does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to provide for the management, maintenance, preservation, and architectural control of the Common Areas to be acquired; and to promote the health and welfare of the Owners of the Lots; and for that purpose to:

A. Exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in that certain Declaration of Covenants, Conditions and Restrictions for Hallie Hill Farm Section Two Homeowners Association, Inc. (hereinafter called the "**Declaration**") applicable to the Property and recorded or to be recorded in the Land Records of Carroll County, Maryland, by MANCHESTER/BLACK FARM, LLC or its Assigns, as the Declaration may be amended from time to time as therein provided, said Declaration and amendments being incorporated herein as if set forth at length;

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 incident to the conduct of the business of the Corporation, including all licenses, taxes or

governmental charges levied or imposed against the property of the Corporation;

C. Acquire (by gift, purchase or otherwise), own, hold, improve, build on, 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 Corporation;

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 Common Areas, if any, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument 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 Areas, if any, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of Members; and

G. Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Stock Corporation Law of the State of Maryland by law may own or hereafter have or exercise.

ARTICLE V. Every person or entity who is an Owner of a fee interest in any Lot which is, or becomes subject by that certain Declaration hereinabove referred to, or any amendments thereto, to assessment by the Corporation, including contract sellers, shall be a member of the Corporation. The foregoing is not intended to include persons, institutions or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Corporation.

ARTICLE VI. The Corporation shall have two classes of voting membership:

A. Class A Membership. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one 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 vote be cast with respect to any Lot. If additional property is annexed into the Association then Class A votes shall be allocated to the Lots, one vote per Lot when transferred from the Class B member to a Class A member.

B. Class B Membership. The Class B Member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned. The conversion of Class B Membership into Class A recited hereinafter shall not be construed to apply to nor to deprive the Declarant of any rights herein conferred on the Declarant. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

1. after all parcels or Lots have been annexed into the Association, when the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership; or

2. seven (7) years from the date of recordation of the Declaration; PROVIDED, HOWEVER, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid seven (7) year period shall be extended by a period of time equal to the length of the delays or three (3) years, whichever is less.

ARTICLE VII. The Corporation shall have a lien on each Lot owned in order to secure payment of any sums which shall be due or become due from the holders thereof for any reason whatsoever. Owners shall be assessable as provided in the Declaration and By-Laws.

ARTICLE VIII. In the event any Class A Member sells, assigns, or otherwise transfers of record the fee interest in any Lot in which he holds the interest required for membership, such Member shall be deemed to have contemporaneously assigned the membership appurtenant to said Lot to the transferee of the Lot and delivered it to him for transfer on the books of the Corporation. The foregoing requirement shall not obtain in the event a Lot is transferred as aforesaid merely as security for the performance of an obligation.

ARTICLE IX.

A. The Corporation shall not be operated for profit. There shall be no distributions of gains, profits or dividends to any of the Members nor shall any part of the income of the Corporation be distributed to its Board of Directors (as

defined in the By-Laws) or officers. In the event there are any excess receipts over disbursements as a result of performing services, such excess shall be applied against future expenses. The Corporation may pay compensation to its Members, directors and officers for services rendered, upon approval of sixty-six and two-thirds percent (66-2/3%) of the entire membership. The Corporation may pay compensation to the directors constituting the original Board of Directors, upon an affirmative vote of a majority of the original Board. Upon dissolution or final liquidation, the Corporation may make distribution to its Members as is permitted by the Court having jurisdiction thereof, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income.

B. The Corporation is not authorized to issue capital stock. Membership in the Corporation and the transfer thereof, as well as the number of Members, shall be upon such terms and conditions as provided in the Declaration and By-Laws. The Members of the Corporation shall not be personally liable for the debts, liabilities or obligations of this Corporation. The voting rights of the Members shall be as set forth in the Declaration and By-Laws.

ARTICLE X. The affairs of the Corporation shall be managed by a Board of Directors. The number of directors shall never be less than three (3) nor more than seven (7) and in no event shall be an even number. The number of directors constituting the original Board of Directors shall be three (3) and the names and addresses of the persons who are to serve until the first annual meeting of Members and until their successors are duly chosen and qualified are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Martin K. P. Hill	4175 Hanover Pike Manchester, Maryland 21102
Jennifer H. Bubczyk	4175 Hanover Pike Manchester, Maryland 21102
James F. Piet	4175 Hanover Pike Manchester, Maryland 21102

The qualifications, powers, duties, and tenure of the directors and the manner by which they are to be chosen shall be as set forth in the By-Laws of the Corporation. Officers of this Corporation shall be elected by the Directors and shall serve as provided in the By-Laws. The number of Directors may be changed by amendment of the By-Laws of the Corporation.