

The Declarant may establish a working capital fund for the initial operation of the Association. Such working capital fund may be funded by a one-time assessment of two (2) times the monthly assessment for a Lot and shall be payable, if established, by the Declarant's grantee upon the earlier of settlement or occupancy of a completed dwelling located on any Lot.

Upon resolution of the Board of Directors, installments of annual general assessments may be levied and collected on a monthly, quarterly, semi-annual or annual basis. Any Class A member may prepay one or more installments of any annual general assessment levied by the Association, without premium or penalty.

Section 5.04. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment or special assessments applicable to that year for such purposes as the Board of Directors may deem appropriate, provided that any such assessment shall have the assent of a majority of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose; unless such special assessment is needed for any bona fide emergency, in which event the Board of Directors may approve the special assessment without a vote of the members of the Association. The Association may also levy a special assessment against any Owner to reimburse the Association for costs incurred in bringing any Owner and his/her Lot into compliance with the provisions of this Declaration, any Supplementary Declaration, the Articles of Incorporation, the Bylaws and the Rules of the Association. Such a special assessment may be levied upon the vote of the Board of Directors after notice to the Owner and an opportunity for a hearing before the Board of Directors.

Section 5.05. Notice and Quorum for any Action Authorized Under Section 5.04. Written notice of any meeting called for the purpose of establishing a special assessment in accordance with Section 5.04 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, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership of the Association (Class A and Class B) 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, and any additional meetings required due to a failure to obtain a quorum, shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.06. Variable Rate of Assessment.

(a) The Board of Directors may, from time to time, establish by resolution non-uniform rates of assessments for Lots

within the Property. Such rates shall be based on actual costs incurred by the Association relating to the operation and maintenance of the Property. For example, and for purposes of illustration only, the Board of Directors may establish variable rates of assessment for the SFD Lots and the Attached Dwelling Lots based on the differing types of dwelling units situated or intended to be constructed on such Lots (e.g. single-family, townhouse and condominium dwelling units) to reflect the estimated level of benefit that the Owners of each type of dwelling unit have or will receive from services provided by the Association. The imposition of non-uniform rates of assessment shall rest solely at the discretion of the Board of Directors.

(b) The Board of Directors may also include in the assessment against any Lot and the Owner thereof any costs or Common Expenses incurred by the Association directly caused or related to any activity(ies) of such Owner (or his/her lessee(s), guest(s) or invitee(s)). An Owner shall have ten (10) days from receipt of written notice of any assessment based upon the terms of this Section 5.06(b) to request, in writing, a hearing before the Board of Directors or a committee appointed by such Board to challenge such assessment. The Board of Directors shall have ten (10) days from receipt of such written request to advise the Owner of a hearing date. The Association and the Owner may be represented by counsel at such hearing and evidence (including, but not limited to, witnesses) may be presented. The decision of the Board of Directors or the committee shall be final. Any assessments levied pursuant to the terms of this Section 5.06(b) shall be collectible in the same manner as any other assessment under the terms of this Declaration. Notwithstanding anything herein to the contrary, the Declarant shall not be liable for any assessments against Lots owned by the Declarant based on this Section 5.06(b).

Section 5.07. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots within the Property on the first day of the month following the conveyance of the first Lot to a Class A member. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. 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. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer for the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association with the status of assessments on the Lots shall be binding on the Association as of the date of its issuance.

Section 5.08. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at a rate determined by the Board of Directors, up to the maximum rate of interest permitted under the laws of the State of Maryland. The Association may also charge a reasonable late fee against any Owner (and/or such Owner's Lot) who is more than ten (10) days delinquent in the payment of any assessment. Additionally, the Board of Directors may accelerate the installment of assessments such that the entire balance of the unpaid annual assessments for the remainder of the fiscal year shall also become due, payable and collectible in the same manner as the delinquent portion of such annual assessment. 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 (and all improvements thereon) provided the provisions of the Maryland Contract Lien Act, if applicable, are substantially fulfilled. 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/her Lot. The Owner shall also be obligated to pay all attorneys' fees, late fees and court costs incurred in connection with the collection of assessments if not paid when due.

Section 5.09. 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 deed of trust. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or deed of trust foreclosure or any proceeding in lieu thereof, 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. No amendment to this Section shall affect the rights of the holder of any first mortgage on any Lot (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or the indebtedness secured thereby) shall join in the execution of such amendment.

Section 5.10. Reserve Fund Budget and Contribution. The Board of Directors shall annually prepare a reserve fund budget which shall take into account the number and nature of the replaceable assets of the Association, the expected life of each asset, and the expected repair or replacement cost of each asset. Such assets shall include, but not be limited to, stormwater management facilities (e.g., ponds, basins, storm drainage pipes, inlets, oil grit separators, drainage areas and underground facilities) any equipment, machinery or apparatus appurtenant or related thereto. The Board of Directors shall set the required reserve fund contribution, in an amount sufficient to meet the projected reserve needs of the Association, as shown on the reserve fund budget, with respect both to amount and timing by the imposition of annual assessments over the period of the budget.

The reserve fund contribution shall be fixed by the Board of Directors and included within the budget and assessment, as provided in Section 5.03. Such reserve fund contribution shall be payable as part of the general assessment, applicable to all Lots (except as otherwise provided with respect to Lots owned by the Declarant in Section 5.03), to the extent such reserve fund will be utilized to replace assets which are determined by the Board of Directors to benefit substantially all Owners. A copy of the reserve fund budget shall be distributed to each Owner in the same manner as the operating budget.

Section 5.11. Lots Added During the Fiscal Year. Notwithstanding any other provision of this Article, whenever any property is added to the Property pursuant to Article II hereof, the assessment against each Lot being added (other than unoccupied Lots which are owned by the Declarant and exempt from assessment in accordance with Section 5.03 hereof) shall be calculated in the same manner and due in the same number of installments as the assessment for the remainder of the fiscal year against Lots already a part of the Property. In addition, the Owner of the Lot being added shall pay a prorated portion of any amount payable for the period between the later of (i) the date the Lot was conveyed to an Owner other than the Declarant or the date the Lot becomes subject to assessment pursuant to the terms hereof or (ii) the date such Lot was added to the Property and the due date of the next installment. Such proration of the assessment due for any Lot shall be based upon the total assessment due and a 365-day fiscal year. Payment of the prorated portion will be due no later than the due date of the first installment to be paid by the Owner of any Lot added.

Section 5.12. Assessment from Lots Subject to Condominium Unit Owners Associations (Council of Unit Owners). With respect to any annual or special assessments provided for herein which are payable by Owners of Lots which have been subjected to a condominium regime, the Board of Directors may elect by resolution to collect such assessments directly from the Council of Unit Owners of such condominium regime. In such event, payment of such assessments shall be an obligation of such Council of Unit Owners; provided that each Owner shall remain personally liable for the assessment against such Owner's Lot and each such Lot shall remain subject to a lien for assessments established by this Declaration. If the Board of Directors elects to collect assessments from such Council of Unit Owners, then all notices regarding assessments against such Lots shall be sent to such Council of Unit Owners; provided that notice of any action to enforce an Owner's personal obligation to pay assessments or to foreclose the lien against such Owner's Lot shall also be sent to the Owner of the Lot. This Section shall not limit or waive any of the Association's remedies for non-payment of assessments.

Section 5.13. Credits for Lots Providing Utilities to Common Areas. Without limiting the generality of the other provisions of this Declaration which provide for other than fixed and uniform assessments, the Declarant or the Association may, at its election, make a utility connection to any dwelling located on a Lot to serve all or a portion of the Common Areas, provided, however, that:

(i) the average monthly consumption charge for all facilities within the Common Areas that are connected to the utility meter for any Lot shall not exceed Fifty Dollars (\$50.00) per month for each meter;

(ii) the Declarant or the Association shall, in cooperation with appropriate utility companies and/or engineering advisors, establish a monthly credit against the assessment for the Lot to which such utility is connected, which credit shall equal one hundred ten percent (110%) of the reasonable estimate of utility consumption charges for the Common Area that are connected to such Lot;

(iii) the Owner of the Lot to which such connection is made shall, in a timely manner, pay all utility fees and charges accruing with respect to his/her Lot so as to prevent the interruption of service to those facilities within the Common Areas which are served by such Owner's utility connection; and

(iv) the Owner of the Lot to which such connection is made shall not interfere, obstruct, limit or otherwise prevent the Declarant or the Association from utilizing such utility connection.

Any Owner upon whose Lot such connection is made shall be entitled, from time to time, and upon good cause, to request that the Association re-establish and/or re-evaluate the usage charge estimated pursuant to the provisions of subparagraph (ii) hereof. Any dispute as to such amount shall be settled in accordance with arbitration procedures established by the American Arbitration Association. The Declarant or the Association, depending on which is utilizing the connection, shall be responsible for any damage to real or personal property or injury to persons caused or directly related to the Declarant's or Association's use of a utility connection on a Lot pursuant to this Section 5.13. Upon receipt of a bill or invoice from the Owner claiming damage or injury, the Declarant or Association, as applicable, shall reimburse the Owner for the amount of damage or injury indicated thereon. Any dispute with regard to the liability for such damage or injury or the amount thereof shall be settled in accordance with arbitration procedures established by the American Arbitration Association.

ARTICLE VI
ARCHITECTURAL CONTROL

Section 6.01. Architectural Change Approval. No building, fence, wall, mailbox or other structure shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made (including, but not limited to, changes in color, changes or additions to driveway or walkway surfaces and landscaping modifications) until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography and conformity with the design concept for the Property by the Board of Directors of the Association, or by a covenant committee composed of three (3) or more representatives appointed by the Board of Directors of the Association ("Covenant Committee"). In the event said Board, or its designated committee, fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Approval by the Covenant Committee or by the Board shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability of water flow or drainage, location of utilities, or other qualities of the item being reviewed, nor shall such approval be submitted in lieu of applicable governmental approvals and permits or be deemed to constitute a determination as to compliance with local zoning ordinances, governmental guidelines or restrictions. The Board or the Covenant Committee shall have the right to charge a reasonable fee for reviewing each application in an amount not to exceed Fifty Dollars (\$50.00). Any exterior addition to or change or alteration made without application having first been made and approval obtained as provided above shall be deemed to be in violation of this covenant and the addition, change or alteration may be required to be restored to the original condition at the Owner's cost and expense. In any event, no such exterior addition to or change or alteration shall be made without approvals and permits therefor having first been obtained by the Owner from the applicable public authorities or agencies. In addition, no changes, alterations or additions may be constructed which are not in compliance with local governmental guidelines or restrictions. Notwithstanding any provision of this Declaration to the contrary, the provisions of this Article VI shall not be applicable to the Declarant or any part of the Property owned by the Declarant.

Section 6.02. Initiation and Completion of Approved Changes. Construction or alterations in accordance with plans and specifications approved by the Board of Directors or the Covenant Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Board of Directors or the Covenant Committee

(whether by affirmative action or by forbearance from action as provided in Section 6.01), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Board of Directors or the Covenant Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Board of Directors or the Covenant Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Board of Directors or the Covenant Committee without any prior consent in writing of the Board of Directors or the Covenant Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Board of Directors or the Covenant Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 6.03. Certificate of Compliance. Upon completion of any construction or alterations or other improvements or structures in accordance with plans and specifications approved by the Board of Directors or the Covenant Committee in accordance with the provisions of this Article, the Board of Directors or the Covenant Committee shall, at the request of the Owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Board of Directors or the Covenant Committee and construction or installation in full compliance with the provisions of this Article and with such other provisions and requirements of this Declaration as may be applicable.

Section 6.04. Covenant Committee Rules and Regulations; Appeal of Covenant Committee Decision. The Board of Directors or the Covenant Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and/or establish such criteria relative to architectural styles or details, or other matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of this Declaration. The decisions of the Covenant Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Covenant Committee may appeal the decision of the Covenant Committee to the Board of Directors and, upon the request of such member, shall be entitled to a hearing before the Board of Directors. Two thirds (2/3) of the Board of Directors shall be required to reverse the decision of the Covenant Committee, provided that

the Declarant's approval shall also be required until lapse of the Class B memberships as provided herein.

Section 6.05. Exterior Appearance. Except as specifically provided herein to the contrary, and without limiting the generality of this Article VI, the following shall apply to every Lot and dwelling unit within the Property, unless otherwise expressly provided by the Covenant Committee or the Board of Directors:

(a) storm windows installed by any Owner or resident, provided such installation is approved by the Covenant Committee or the Board of Directors, shall be painted the same color as the window trim.

(b) the installation of any storm door(s) must receive prior approval of the Board of Directors or the Covenant Committee, including, but not limited to, the style, color and material of said storm door(s). Storm doors must be of traditional design, must be either full or three-quarters view clear glass, and must be painted or stained to match the front door or the trim around the front door.

Notwithstanding anything to the contrary contained in this Section 6.05, the provisions of said Section 6.05 shall not apply to any Lot or dwelling unit owned by the Declarant.

ARTICLE VII USE RESTRICTIONS

In addition to all other covenants contained herein, the use of the Property and each Lot therein is subject to the following:

Section 7.01. Permitted Uses. The Lots shall be used for residential purposes exclusively, and no building shall be erected, altered, placed or permitted to remain on any such Lot other than one used as a dwelling, except that a professional office may be maintained in a dwelling, provided that (i) such maintenance and use is limited to the person actually residing in the dwelling, (ii) no full-time employees or staff other than a person actually residing in the dwelling are utilized, and (iii) such maintenance and use is in strict conformity with the provisions of any applicable zoning law, ordinance or regulation. As used in this Section, the term "professional office" shall mean rooms used for office purposes by a member of any recognized profession, including doctors, dentists, lawyers, architects and the like, but not including medical or dental clinics. Nothing contained in this Article, or elsewhere in this Declaration, shall be construed to prohibit the Declarant from the use of any Lot or dwelling, or improvement thereon, for promotional or display purposes, or as "model homes", a sales and/or construction office, or the like.

Section 7.02. Prohibited Uses and Nuisances. Except for the activities of the Declarant during the construction or development of the Property, or except with the prior written approval of the Board of Directors of the Association or the Covenant Committee, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the Common Area:

(a) no noxious or offensive trade or activity shall be carried on upon any Lot or within any dwelling or any other 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 other members. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security, fire or emergency purposes and as are approved by the Board of Directors or the Covenant Committee, shall be located, installed or maintained upon the exterior of any dwelling or upon the exterior of any other improvements constructed upon any Lot, if such device is offensive to other members;

(b) the maintenance, keeping, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited on any Lot or within any dwelling, or other part of the Property, except that this shall not prohibit dogs, cats, caged birds or other small domestic pets provided (i) they are not kept, bred or maintained for commercial purposes; (ii) such domestic pets are not an unreasonable source of annoyance or nuisance to the neighborhood or other members; and (iii) such pets are maintained in strict conformance to all laws and ordinances. The Board of Directors or, upon resolution of the Board of Directors, the Covenant Committee, shall have the authority, after a hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other members, and such determination shall be conclusive. Dogs and cats shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Dogs and cats shall not be permitted upon the Common Area unless accompanied by a responsible person and unless they are carried or leashed. The Board of Directors shall have the right to adopt such additional rules and regulations regarding pets as it may from time to time consider necessary or appropriate;

(c) no burning of any trash and no accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, building materials, or trash of any other kind shall be permitted on any Lot or other part of the Property;

(d) except for parking within garages, and except as herein elsewhere provided, no junk vehicle, commercial vehicle (including vans used for commercial use), truck (as defined by the Maryland Department of Motor Vehicles and/or by common usage and practice except for light pick-up trucks of one-half (1/2) ton

capacity or less which are not used for commercial purposes), unlicensed or inoperable motor vehicle (which shall include, without limitation, any vehicle which would not pass applicable state inspection criteria), trailer, camp truck, house trailer, boat, recreational vehicles with sleeping accommodations or other similar vehicle or equipment of any kind or character (except for such vehicle equipment as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and except for such equipment and machinery as the Association may require in connection with the maintenance and operation of the Common Area) shall be kept upon the Property (unless within an enclosed garage) or upon the public or private streets adjacent to the Property nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon;

(e) trash and garbage containers shall not be permitted to remain in public view except on the evenings prior to and the days of trash collection. Trash, garbage and all refuse must be placed in securely fastened plastic bags which are contained within rigid, plastic containers with secure lids, or in such receptacles as may be provided or approved for recycling purposes by Montgomery County. No incinerator shall be kept or maintained upon any Lot;

(f) no Lot shall be divided or subdivided and no portion of any Lot (other than the entire Lot) shall be transferred or conveyed for any purpose. The provisions of this subsection shall not apply to the Declarant and, further, the provisions hereof shall not be construed to prohibit the granting of any easement or right-of-way to any municipality, political subdivision, public utility or other public body or authority, or to the Association, the Declarant or any other person;

(g) no tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on public streets or on private streets and roadways;

(h) no decorative lawn ornaments, decorative wire fencing, no structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, shed or other buildings shall be erected, used or maintained on any Lot at any time;

(i) except for entrance signs, directional signs, signs for traffic control or safety, community "theme areas" and such promotional sign or signs as may be maintained by the Declarant or the Association, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any Lot or dwelling, provided, however, that one temporary real estate sign not exceeding six (6) square feet in area may be erected upon any Lot or attached to any dwelling placed upon the market for sale or rent. Any such temporary real estate sign shall be removed

promptly following the sale or rental of such dwelling. The provisions and limitations of this subsection shall not apply to any institutional first mortgagee of any Lot who comes into possession of the Lot by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure;

(j) no water pipe, sewer pipe, gas pipe, drainage pipe, wire, cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground and no wire, cable or other similar transmission line may be attached to the exterior of any structure on any Lot; provided, however, the foregoing shall not prohibit transmission lines, wires, pipes or cables which are required in order to provide any utility service to a Lot including water, sewer, telephone, gas and cable television;

(k) play equipment, including, without limitation, playhouses, swinging or climbing apparatus, and other equipment associated with either adult or juvenile recreation, shall not be attached in any manner to the exterior of any dwelling and shall only be permitted in the rear yard of a Lot containing a single family detached dwelling unit; provided, such permanent equipment or apparatus is approved in writing by the Board of Directors or Covenant Committee and is well maintained by the Owner of the Lot upon which it is situated. Basketball poles, backboards and hoops may not be erected within any Lot unless approved by the Board of Directors or the Covenant Committee;

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

(m) no outside or exterior television aerial or radio antenna, or other aerial or antenna, including, without limitation, satellite dishes or antenna, for either reception or transmission, shall be maintained upon the Property except that such aerials or antennae may be erected and maintained entirely within the interior of dwellings located upon the Property;

(n) vegetable gardens shall be maintained only within the rear yard of Lots, and shall be maintained in a neat and attractive manner;

(o) lawn furniture shall be used and maintained in rear yards only;

(p) no equipment or machinery (including, without limitation, equipment or machinery for use in connection with the

maintenance of any dwelling) shall be stored in the front, rear or side yard on any Lot;

(q) no member shall make any private or exclusive or proprietary use of any of the Common Areas except with the specific approval of the Board of Directors or the Covenant Committee and then only on a temporary basis, and no member shall engage or direct any employee or agent of the Association on any private business of the member during the hours such employee or agent is employed by the Association, nor shall any member direct, supervise or in any manner attempt to assert control over any employee or agent of the Association;

(r) no fence shall be more than six feet (6') in height. Board on board or stockade type fences shall not be permitted except where the Board of Directors or the Covenant Committee permits such use to screen small areas of the rear yard. Chainlink and other wire fencing is specifically prohibited; provided, however, that thin wire fencing used in conjunction with a split rail or similar fencing for the purpose of enclosing pets is permitted if approval is obtained from the Board of Directors or the Covenant Committee.

(s) bed sheets, plastic sheets, newspapers, plastic storm windows or other similar window treatments shall not be hung or placed in or on any window on any dwelling located on any Lot;

(t) except as provided in Section 7.02(v), no garage or outbuilding properly erected on a Lot shall at any time be used for human habitation, temporarily or permanently, nor shall any structure of a temporary character be used for human habitation;

(u) no drying or airing of any clothing or bedding shall be permitted outdoors and within any Lot other than within rear yards and between the hours of 8 a.m. and 5 p.m. on Monday through Friday (except when any such days shall fall upon a holiday) and clothes-hanging devices such as lines, reels, poles, frames, etc., shall be stored out of sight other than during the times aforementioned;

(v) notwithstanding anything to the contrary contained in this Declaration, no garage may be altered, modified or changed in any manner which would inhibit or in any way limit its function as a parking area for vehicles without the approval of the Board of Directors or the Covenant Committee and, except when being used for the parking and exiting of motor vehicles, garage doors shall be kept in the closed position at all times. Notwithstanding the foregoing, any Lot owned by the Declarant upon which is situated a dwelling unit in which the garage has been modified to serve as living area shall be exempt from this paragraph and any grantee of the Declarant, and its successors and assigns, shall also be exempt

until such time as the garage is restored or a garage is constructed on such Lot.

(w) exterior floodlights or spotlights are not permitted within any Lot unless approved by the Board of Directors or the Covenant Committee.

Section 7.03. Leasing and Transfers.

(a) No portion of a dwelling unit, other than an entire dwelling unit, may be leased or rented. All leases shall be on forms approved by the Association and shall (i) contain provisions advising the tenant of his/her obligation to comply with all provisions of this Declaration, the Bylaws and the rules and regulations of the Association and (ii) provide that the Association shall have the right, after providing reasonable notice and an opportunity to cure, to terminate the lease upon default by the tenant in observing any of the provisions of this Declaration, the Bylaws or rules and regulations of the Association, or of any other document, agreement or instrument governing the dwelling units and/or the Property. The Owner(s) of a leased Lot shall notify the Association in writing of the Owners' current address. The Owner(s) of a leased or rented dwelling unit shall be jointly and severally liable with his/her tenant(s) to the Association to pay any claim for injury or damage to persons or property caused by any action or omission, including, without limitation, the negligence of the tenant(s). Every lease shall be subordinate to any lien filed by the Association, whether before or after such lease was entered into. The minimum term any dwelling unit may be rented or leased shall be six (6) months, and in no event may a transient tenant be accommodated in any dwelling unit.

(b) Prior to the sale, conveyance or transfer of any Lot or dwelling unit to any person, the Owner shall notify the Board of Directors in writing, by certified mail, return receipt requested of the name and address of the person to whom the proposed sale, conveyance or transfer is to be made and provide to it such other information as the Board of Directors may reasonably require. Failure to comply with the provisions of this Section 7.03(b) shall not void, prohibit or otherwise invalidate the sale, conveyance or transfer of any Lot or dwelling unit nor may it have any affect upon any mortgage or deed of trust thereon.

Section 7.04. Parking. Parking within the Property shall be subject to the following restrictions:

(a) The Association shall be entitled to establish supplemental rules concerning parking on any portion of the Common Area and Lots, including, without limitation, providing for the involuntary removal of any vehicle violating the provisions of this Declaration and/or such rules.

(b) The Declarant, its successors and assigns, and its nominee or nominees and any agents, servants and/or employees thereof shall be exempt from the provisions of this Section 7.04.

Section 7.05. House Rules, Etc. There shall be no violation of any reasonable rules for the use of the Common Area or "house rules" or other community rules and regulations not inconsistent with the provisions of this Declaration which may from time to time be adopted by the Board of Directors of the Association and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in this Declaration authorized to adopt such rules. In order to adopt rules and regulations regarding the use of the Common Area, the Board of Directors must provide a copy of the proposed rule(s) or regulation(s) to each Owner not less than ten (10) days prior to the Board of Directors meeting at which such rule(s) or regulation(s) are scheduled to be discussed and/or adopted. If a majority of the Owners disapprove the proposed rule(s) or regulation(s), such rule(s) or regulation(s) shall not be adopted or be effective. In order to be effective, the proposed rule(s) or regulation(s) must be adopted by a resolution of the Board of Directors at the aforesaid meeting and a copy of the same provided to each Owner. Each Owner is responsible to provide the tenants or other occupants of his/her Lot, if applicable, with a copy of such rule(s) and regulation(s).

Section 7.06. Exemptions. None of the foregoing restrictions shall be applicable to improvements constructed by or to the activities of:

(a) Declarant, its officers, employees, agents or assigns, in their development, marketing, leasing and sale of Lots or other parcels within the Property; or

(b) To the Association, its officers, employees and agents, in connection with the proper maintenance, repair, replacement and improvement of the Common Areas.

Section 7.07. Declaration of Easements and Rights. The following easements and rights are hereby declared or reserved:

(a) For a period of ten (10) years from the recordation of this Declaration, Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Lots or Common Areas.

(b) Each Lot within the Property is hereby declared to have an easement, not exceeding one foot (1') in width, over all adjoining Lots and Common Areas for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of improvements such as driveways and fences, or any other similar cause. There shall be valid easements for the maintenance of said encroachments so long