

NOTICE: Although we believe the following to be a true and faithful rendering of the Declaration of Covenants of the Heritage Harbour Community Association, Inc., in the case of any conflict, the copy recorded in book 9533 page 115 of the Homeowners Depository of the Circuit Court of Anne Arundel County shall prevail.

DECLARATION OF COVENANTS

ARTICLE I

Definitions

Section 1. Definitions. The following words, when used in this Declaration, shall have the following meanings:

(a) "Association" shall mean and refer to HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC., and its successors or assigns.

(b) The "Property" shall mean and refer to all real property described in "EXHIBIT A" hereof and such additions thereto as may hereinafter be made pursuant to the provisions of Article II hereof.

(c) "Lot" shall mean any plot or parcel of land on which a dwelling is located or will be located within the Property. Lot includes a unit within a condominium association within the Property.

(d) "Common Areas" refer to those parts of the Property that include shorelines, open spaces, community facilities and Recreational Facilities and shall mean and refer to all real property now or hereinafter acquired by the Association for the benefit, use and enjoyment of its members, with all improvements thereon, to include private roads, drives, sidewalks, street lights, water lines, sewer lines, storm drainage structures and facilities and related appurtenances.

(e) "Recreational Facilities" shall mean and refer to such portions of the Common Area and shoreline as are developed and improved by swimming pools, tennis courts, golf courses, putting greens, bowling greens, archery and shooting ranges, club houses, etc. and similar improved recreational facilities

(f) "Passive Amenities" shall mean and refer to such portions of the Common Areas as are comprised of the shorelines of Broad Creek and South River, as the same are further identified, described and limited in the Agreement of March 24, 1977, and to such portions of the Common Areas as are developed or maintained as natural woodlands, existing lakes, marshlands, walking trails, bike paths and unimproved open areas.

(g) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot or condominium unit within the scope and intent of that certain Agreement between Heritage Harbour Corporation and certain owners of units in Hidden Cove Condominium and Village of Middle Cove Condominium, dated March 24, 1977, and recorded April 7, 1977 in Liber 2947 at page 199 among the Land Records for Anne Arundel County, Maryland, and shall, in addition, mean and refer to the record owners of the twelve (12) model lots.

ARTICLE II

Property Subject to Declaration

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

Section 2. Additions or Deletions. The Association may, subject to the provisions of this Declaration and the By-Laws of the Association, add property to or delete property from the provisions of this Declaration. Any addition or deletion made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration of Covenants and Restrictions among the Land Records for Anne Arundel County, Maryland. In the case of an addition, such Supplementary Declarations of Covenants and Restrictions shall extend the scheme of these Covenants and Restrictions to such property. Such Supplementary Declaration may contain such complementary modifications to the Covenants and Restrictions set forth in this Declaration as may be necessary to reflect a different character or use, if any, of such property provided, however, that in no event shall any such modification be substantially inconsistent with the provisions of this Declaration. In the case of a deletion, such Supplementary Declaration shall remove the deleted property from the scheme of these Covenants and Restrictions.

ARTICLE III

Membership in Association

Section 1. Membership. The Association shall have the following categories of membership.

(a) Class A Member. Any person, group of persons, corporation, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any Lot which is or becomes subject by covenants of record to assessment by the Association shall be a Class A Member of the Association, provided, however, that any such person, group of persons or entity who holds such interests solely as security for the performance of an obligation shall not be a member solely on account thereof.

(b) Recreational Member. Each unit Owner or tenant of record of Hidden Cove Condominium, Hidden Cove II Condominium, or Village of Middle Cove Condominium who shall have elected, pursuant to Article X, Section 1 hereof, to avail himself or herself of the privilege of using the Recreational Facilities shall be a Recreational Member for as long as their election continues and all fees and assessments required of him or her are timely paid.

(c) Associate Member. Any tenant of record of a Lot who has been extended the Class A Member's privileges for the use of Association facilities shall be an Associate Member.

(d) Recreational Associate Member. Any person permanently residing with a Class A Member or Recreational Member who is eighteen (18) years of age or older shall be a Recreational Associate Member.

ARTICLE IV

Member's Rights

Section 1. Voting Rights. Each Class A Member shall have the right to vote at meetings of members, elections of Directors, or in the balloting of members on issues requiring the approval of members. Each single Lot shall entitle only one vote in total regardless of the number of Class A Members holding interests therein.

Section 2. Member's Right of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and shall pass with the title of every Lot which is or becomes subject to these covenants, subject to and limited by the rights of the Association defined in Section 3 below.

Section 3. Rights of the Association. Every member's right to use the Common Areas is subject to the following rights of the Association.

(a) The right of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Areas and Recreational Facilities in a manner designed to promote the recreation, scenic enjoyment and welfare of the members and in aid thereof to mortgage said property.

(b) The right of the Association to levy reasonable admission and other fees for the use of any Recreational Facility situated upon the Common Areas by the members of the Association and their guests.

(c) The right of the Association to take such steps as are reasonably necessary to protect the property of the Association against mortgage default and/or foreclosures, provided, always, however, that the same are in conformity with the other provisions of the declaration.

(d) The right of the Association to limit the number of guests of members.

(e) The right of the Association, acting by and through its Board of Directors, to enforce the Covenants, By-Laws and duly authorized regulations by imposing sanctions on the non-complying members, including but not limited to suspending voting rights and the rights to use Common Areas and Recreational Facilities (except for the rights to use of streets, roadways and parking areas, which shall not be subject to suspension for any reason) for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of any of the published rules and regulations or any of the By-Laws and the Declaration of Covenants of the Association. In the imposition of any sanction or the procedure for handling any dispute arising therefrom, the rights of the members shall be protected by adherence to the due process of dispute settlement as set forth in the "Dispute Settlement Mechanism" of the Maryland Annotated Code, Real Property, Section 11-113. In any dispute involving sanctions or any other matter, arising between the Association and any member which results in litigation, the prevailing party will be reimbursed for his or her legal fee, as directed by a court or any arbitrator.

(f) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public or municipal agency, authority or utility for purposes consistent with the purpose of this Declaration; provided, however, that no such dedication or transfer shall be effective unless: (1) notice of the proposed dedication or transfer and actions to be taken thereunder is sent to each Class A Member at least ninety (90) days prior to the taking of any action; and (2) the proposed dedication or transfer has been approved by two-thirds (2/3) of the Class A Members of the Association and an instrument signed by the Secretary attesting to such approval has been duly recorded.

(g) The right of the Association, acting by and through its Board of Directors, to grant rights-of-way and/or easements per Article IX of these Covenants.

Section 4. Class A Member and Recreational Member Conditions. A Class A Member's and Recreational Member's right of enjoyment of Passive Amenities and Recreation Facilities is also subject to the following eligibility conditions.

(a) The member has not waived his/her rights of use by non-payment of assessments and fees or by any other means.

(b) The member is a resident owner of a Lot.

(c) If the Lot is unoccupied and owned by a non-resident owner(s), the entitlement to the use of facilities shall be limited to:

(1) the Class A Member or Recreational Member who holds the entire interest in the Lot; or

(2) the one Class A Member or Recreational Member designated by multiple non-resident owners. Such designation shall be submitted in writing to the Association and signed by all owners.

(d) If the Lot is occupied by an Associate Member and owned by a non-resident owner(s), the Class A Member or Recreational Member shall have waived his/her rights of use.

ARTICLE V

Age Limitations

Section 1. Age Limitations. Heritage Harbour is an age-restricted community subject to the following:

(a) Each Lot shall be the place of residence of at least one person aged fifty-five (55) years of age or older. Other residents of such Lot may be under fifty-five (55) years of age; except that, no permanent resident may be under eighteen (18) years of age.

(b) No Lot or Unit shall be conveyed or leased to any person under the age of fifty-five (55) years for purpose of such grantee's residence, unless a person fifty-five (55) years of age or older is to be a resident.

(c) In the event that title to any Lot shall become vested in any person under the age of fifty-five (55) years by reason of descent, distribution, foreclosure or operation of law, the covenants and restrictions of this Article V shall not work a forfeiture or reversion of title, but such person thus taking title shall not be permitted to reside in such Lot or unit until he shall have attained the age of fifty-five (55) years and becomes a Class A Member of the Association.

(d) Individuals may appeal to the Board of Directors for, and the Board is authorized to grant, exceptions in situations involving underage survivor owners in which arbitrary application of the age restriction on residency would work undue hardship.

Section 2. Visitors: Temporary Stays. Nothing in this article shall be deemed to preclude or prevent a person under the age of fifty-five (55) years of age visiting or staying in a Lot on a reasonable temporary basis for purpose of family visits or vacations. For purpose hereof, such stays or visits not exceeding four (4) weeks in duration shall be conclusively deemed reasonable and permitted, provided there is but one visit per year, or the aggregate of such visits does not exceed four (4) weeks per year.

ARTICLE VI

Assessments and Charges

Section 1. Annual Assessments. Each person, group or persons, corporation, trust or other legal entity, or any combination thereof, who becomes an owner of a Lot, by acceptance of a deed thereof, whether or not it shall be expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay the Association, in advance, a monthly sum (herein elsewhere sometimes referred to as "assessments") equal to one-twelfth (1/12) of the Class A Member's proportionate share of the sum required by the Association as estimated by its Board of Directors, to meet its annual expenses. The monthly installment of the annual assessment for any Lot shall become due and payable and a lien on the first day of each successive month.

(a) Costs Covered by Assessments. The annual costs covered by assessments include, but in no way are limited to:

(1) the cost of all operating expenses of the Common Areas, Passive Amenities, Recreational Facilities and all parts thereof including the costs of services furnished by others and the costs of facilities and services furnished by the Association; and

(2) the cost of necessary management and administration, including fees paid to any Management Agent; and

(3) the amount of all taxes and assessments levied against the Association or upon any property which it may own or which it is otherwise required to pay, if any; and

(4) the cost of fire and extended liability insurance on the Common Areas and the cost of such other insurance as the Association may effect; and

(5) the cost of furnishing water, electricity, heat, gas, garbage and trash collection and /or other utilities, to the Common Areas; and

(6) the cost of funding all reserves established by the Association; and

(7) the cost of repairs, maintenance, landscaping, improvements and replacements of the Common Areas and such furnishings and equipment for the Common Areas as the Board shall determine are necessary and proper; and

(8) the cost of exterior maintenance of an individual Lot, if any, as may from time to time be deemed necessary by the Board of Directors; and.

(9) the cost of providing such legal, accounting and consulting services as may be considered necessary to the management of the Association; and

(10) any amount necessary to discharge any lien or encumbrance levied against the Common Areas or any portion thereof.

(b) Assessment Installments. The Board of Directors shall determine the amount of the assessment annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors and of the Class A Members representing a majority of the outstanding Class A Memberships, installments of annual assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on a monthly basis herein above provided for.

(c) Notice of Assessments. The Board of Directors of the Association shall make reasonable efforts to fix the amount of the assessment against each and all of the Lots for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Class A Member upon reasonable notice to the Board. Written notice of the assessment shall thereupon be sent to the Class A Members. The omission of the Board of Directors, before the expiration of any assessment period, to fix assessments hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any Class A Member from the obligation to pay the assessment, or any installment thereof, for that or any subsequent assessment period, but the assessment fixed for the preceding period shall continue until a new assessment is fixed. No Class A Member may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the Common Areas or services or by abandonment of any Lot belonging to him.

Section 2. Special Assessments. In addition to the regular assessments authorized by this Article, the Association may levy in any assessment year a special assessment or assessments, applicable to that year

only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Common Areas or Recreational Facilities, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate, provided that any such assessment shall have the assent of two-thirds (2/3) of the members eligible to vote thereon. Voting on proposed special assessments may be:

(a) by ballot at an annual or special meeting of members eligible to vote duly called for this purpose, in accordance with the By-Laws of the Association; or

(b) by ballot mailed to each member eligible to vote, at his/her address as it appears on the membership records of the Association, or if no address appears, at his/her last known address, at least ninety (90) days before the last day for casting ballots.

Section 3. Non-Payment of Assessment. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the Lot belonging to the Class A Member against whom such assessment is levied and shall bind such Lot in the hands of the owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the Class A Member to pay such assessment shall, however, remain his personal obligation for the statutory period and a suit to recover a money judgement for non-payment of any assessment levied pursuant to this Declaration, or any installment thereof, may be maintained without foreclosing or waiving the lien herein created to secure the same.

(a) Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed the rate of eighteen percent (18%) per annum, and may, by resolution of the Board of Directors, subject the member obligated to pay the same to the payment of such penalty or "late charge" as the Board may fix. The Association may bring an action at law against the member personally obligated to pay the same, or foreclose the lien against the Lot then belonging to said Class A Member in the manner provided from time to time for assent to decree foreclosures in the State of Maryland. In either event, interest, costs and reasonable attorneys fees of not less than twenty percent (20%) of the sum claimed shall be added to the amount of each assessment. The Association is entitled to costs and reasonable attorney's fees for any collection efforts necessitated by a member's delinquency whether or not a foreclosure or other lawsuit is instituted.

(b) The Association may notify the holder of the first mortgage on any Lot for which any assessment levied pursuant to this Declaration becomes delinquent for a period in excess of sixty (60) days, but failure to give such notice shall not affect the validity of the lien.

(c) Any first mortgagee who obtains title to a Lot pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or Deed of Trust (or assignment in Lieu of Foreclosure) will be exempt from any "right of first refusal" hereafter adopted by the Association.

(d) In the event any proceeding to foreclosure the lien for any assessment due the Association pursuant to this article is commenced with respect to any Lot in the Property, then the owner of such Lot, upon resolution of the Board of Directors, may be required to pay a reasonable rental for such unit, and the Association shall be entitled to the appointment of a receiver to collect the same.

(e) The Board of Directors may post in any prominent location within the Property a list of members who are delinquent in the payment of any assessment or other fees which may be due the Association.

(f) Upon default in the payment of any one or more monthly installments of any assessments levied pursuant to this Declaration, or any other installment thereof, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 4. Assessment Certificates. The Association shall upon demand at any time furnish to any Class A Member liable for any assessment levied pursuant to this Declaration (or any other party legitimately interested in the same) a certificate in writing signed by an officer of the Association, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge set, from time to time, by the Board of Directors may be levied in advance by the Association for each certificate so delivered.

Section 5. Liens for Nonpayment of Assessments. The Association may establish liens for the nonpayment of assessments.

(a) The lien shall have preference over any other assessments, liens, judgements or charges of whatever nature, except the following:

(1) General and special assessments for real estate taxes on the Lot; and

(2) The liens of any first mortgage deeds of trust, mortgage instruments or encumbrances duly recorded on the Lot except to the extent of any lien priority over first mortgages for first trust holders provided by State Law; and

(3) The lien of any assessment levied pursuant to a condominium declaration.

(b) Notwithstanding any other provisions hereof to the contrary, any subordination to a first mortgage or first trust holder shall apply only to assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the Lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which said lien, if any, claimed shall have the same effect and be enforced in the same manner as provided herein.

(c) No amendment to this Section shall affect the rights of the holder of any such mortgage (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or of the indebtedness secured thereby) shall join in the execution of such amendment.

(d) The Board of Directors may extend the provisions of this Section to the holders of mortgage (or the indebtedness secured thereby) not otherwise entitled thereto.

Section 6. Additional Default. Any recorded first mortgage secured on a Lot shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to this Declaration, or any installment thereof, shall likewise be a default in such mortgage (or the indebtedness secured thereby), but failure to include such a provision in any such mortgage shall not affect the validity or priority thereof, and the protection extended to the holder of such mortgage (or the indebtedness secured thereby) by reason of Section 5 of this Article shall not be altered, modified, or diminished by reason of such failure.

ARTICLE VII

Reserve Funds

Section 1. Reserve Funds. The Association shall establish and maintain reserve funds for operations, for capital replacements and for capital improvements. Such funds shall be conclusively deemed to be common expenses of the Association.

Section 2. Reserve for Operations. The Association shall establish and maintain a reserve fund for the purpose of prudent provision for unanticipated operating expense contingencies.

(a) The operating reserve may be funded by excess funds at the end of the year from operations, by contributions and/or donations, or by allocating to these purposes a portion of the assessment for operating expenses as may be from time to time deemed necessary by the Board of Directors.

(b) Excess operating reserve funds shall be used to reduce future assessments for operating expenses or refunded to the members.

Section 3. Reserve for Replacements. The Association shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund of an assessment amount to be designated from time to time by the Board of Directors.

(a) The reserve for replacements may be expended for the purpose of effecting the replacement of the real and personal property of the Association, for operating contingencies of a non-recurring nature and for exterior maintenance of Lots, as the same is from time to time provided.

(b) Expenditures made for operating expense contingencies may be replaced from subsequent operating surpluses as may be deemed appropriate by the Board of Directors.

Section 4. Reserve for Capital Improvement. The Association shall establish and maintain a reserve fund for capital improvements.

(a) This capital improvement reserve may be funded by: (1) amounts received from sale of capital assets of the Association; (2) contributions and/or donations; (3) allocation and payment monthly of an assessment amount which may be designated from time to time by the Board of Directors; and (4) amounts received from refunds, rebates, bequests or other sources not specifically enumerated herein.

(b) The capital improvement reserve may be expended for the purpose of effecting upgrades, improvements and additions to the grounds, capital facilities and equipment associated with the Common Areas and for contingencies with regard to capital improvements.

(c) The portion of the Class A membership monthly assessment allocated to funding the capital improvement reserve may not exceed six percent (6%) of the prior year's total regular Class A monthly assessment without the affirmative vote of a majority of the members eligible to vote on such issues by ballot or by proxy either at a regular or special meeting of the members or by scheduled referendum.

(d) Any debt incurred for purposes of capital improvement must be serviced by funds available from the capital improvement reserve.

Section 5. Member's Interest. The proportionate interest of any member in any Reserves for Operations, Replacements or Capital Improvements shall be considered an appurtenance of the Lot and shall not be separately withdrawn, assigned, transferred or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

ARTICLE VIII

Architectural and Environmental Review Committee

Section 1. Architectural and Environmental Review Committee. The Board of Directors shall appoint an Architectural and Environmental Review Committee, hereinafter referred to as AERC. The AERC shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors of the Association and such persons shall serve at the pleasure of the Board of Directors. The affirmative vote of a majority of the members of the AERC shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article. At the discretion of the Board of Directors all powers and duties vested in such Committee may be constituted as advisory only, subject to confirmation of the Board of Directors. The Board of Directors may act as the AERC in its sole discretion.

Section 2. Activities Requiring Approval. No building, fence, wall, or other improvements or structures may be commenced upon the Property until complete plans and specifications have been submitted to and approved in writing by the AERC. Plans and specifications shall show the location, nature, shape, height, material, color, type of construction, and any other proposed form of change (including, without limitation, any other information specified by the AERC). The AERC shall review submitted plans in terms of safety, harmony of external design, color, and location to surrounding structures and topography and conformity with the design concept for the community. The following are examples of activities requiring prior review and approval by the AERC.

(a) Any change or other alteration (including any alteration in color or the removal or alteration of any windows or exterior doors) in any manner whatsoever to the exterior of any improvements constructed upon any Lot or upon any of the Common Areas.

(b) The commencement, direction, placement, movement, alteration or maintenance upon the Property of any building, fence, wall or other improvements or structures.

(c) The installation, erection or attachment, alteration or removal of any lighting, shades, screens, awnings, patio covers, decoration, fences, walls, aerials or antennas, radio or TV broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, or walls.

(d) The combination or otherwise joining two or more dwellings, or to partition the same after combination.

(e) Any change or alteration within any dwelling which will alter the structural integrity of the building or otherwise affect the property, interest or welfare of any other Lot owner, materially increase the cost of operating or insuring any of the common areas or impair any easement.

Section 3. Approvals.

(a) Upon approval by the AERC of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of the Association and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same.

(b) The AERC will endeavor to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of the Article within sixty (60) days after such plans and specifications (and all other materials and information required by the AERC) have been submitted to it in writing.

Section 4. Appeals. Any party dissatisfied with a decision of the AERC may, within fifteen (15) days after the rendering of such decision, make an appeal thereof to the Board of Directors. Not less than fifteen (15) or more than sixty (60) days after the noting of such appeal, the Board of Directors shall conduct a hearing thereon. The Board of Directors may affirm, reverse, modify or remand the decision appealed. The Board of Directors is hereby authorized and empowered to promulgate reasonable rules of procedure for the conduct of such appeals and hearings.

Section 5. Limitations. Construction or alterations in accordance with plans and specifications approved by the AERC 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 AERC and shall be substantially completed within twelve (12) months following the date of commencement, or within such other period as the AERC 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 AERC shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviation from the plans and specifications approved by the AERC without the prior consent in writing of the AERC. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the AERC 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. Certificate of Compliance. Upon the completion of any construction or alteration or other improvements or structure in accordance with plans and specifications approved by the AERC in accordance with the provisions of this Article, the AERC shall, at the request of the owner thereof, issue a certificate of compliance. Such certificate shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the AERC and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of the Declaration as may be applicable.

Section 7. Rules and Regulations, etc. The AERC may from time to time recommend to the Board of Directors the adoption and promulgation of such rules and regulations regarding the form and content of plans and specification to be submitted for approval and publish and record such statements of policy, standards, guidelines and establish such criteria relative to architectural styles or details, colors, set-backs, materials or other matters relative to architectural review and the protection of the environment, 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 AERC may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article.

Section 8. Prohibited Uses and Nuisances. The following uses and nuisances are prohibited, except with the prior written approval of the AERC or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the Common Areas.

(a) No noxious or offensive trade or activity shall be carried on upon any Lot or within any dwelling, 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 or other sound device, except such device as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any dwelling or upon the exterior of any other improvements.

(b) No animals, livestock, or poultry of any kind including ducks, geese and other fowl, regardless of number, shall be maintained, kept, boarded, or raised on any Lot or within any dwelling, except that this shall not prohibit the keeping of dogs, cats or caged birds as domestic pets provided they are not kept, bred or maintained for commercial purposes and, provided, further, that such domestic pets are not a source of annoyance or nuisance to the neighborhood or other members. The AERC shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other members. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the Common Areas unless accompanied by an adult 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, new or used building materials, or trash of any other kind shall be permitted on any Lot.

(d) Except as herein elsewhere provided, no junk vehicle, commercial vehicle, trailer, truck, camper, camp truck, house trailer, boat or other machinery or equipment of any kind or character (except for such equipment and machinery 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 areas and community facilities) shall be kept upon the Property nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. The Association may, in the discretion of the Board of Directors, provide and maintain a suitable area designated for the parking of such vehicles or the like.

(e) No trash and garbage containers shall remain in public view except on days of trash collection, or as provided by rule or regulation. No incinerator shall be kept or maintained upon any Lot. Garbage, trash and other refuse shall be placed in covered containers.

(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. No portion of any dwelling (other than the entire dwelling) shall be leased. 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 bond or authority, or to the Association, or any other person for any purpose.

(g) Except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, television cable or similar transmission line shall be installed or maintained on any Lot above the surface of the ground.

(h) No Lot shall be used for the purpose of boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth.

(i) No sound trees measuring in excess of four (4) inches in diameter two (2) feet above the ground shall be removed from any Lot or Common Areas by any member or resident without written approval of the Association acting through the AERC or duly appointed subcommittee. The AERC may from time to time recommend to the Board of Directors the adoption and promulgation of such additional rules and regulations regarding the preservation of trees and other natural resources and wildlife as it may consider appropriate.

(j) No structure of a temporary character, and no trailer, tent, shack, pen, kennel, run, stable, outdoor clothes dryer, playhouse, shed or other buildings shall be erected, used or maintained on any Lot at any time.

(k) Except for signs permitted by law and 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 Association, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any Lot including the window of any dwelling thereof. The prohibition aforesaid shall be deemed to include real estate or "for sale" or "for rent" signs, provided, however, that the Board of Directors shall cause to be maintained a bulletin board in a reasonably public area whereon can be affixed cards or hand bills advertising homes for sale or rent. The Board of Directors may, by rule or regulation, provide limited exception for real estate signs.

(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) Except as permitted by law, no outside television or radio aerial or antenna, or other aerial or antenna or similar device, for reception or transmission, shall be maintained upon the exterior of any dwelling.

(n) No member shall engage or direct any employee or contractor of the Association on any private business of the member during the hours such employee or contractor is employed by the Association, nor shall any member direct, supervise or in any manner attempt to assert control over any employee or contractor of the Association.

Section 9. Residential Use - Leasing.

(a) All dwellings shall be used for private residential purposes exclusively, except that a no-impact home-based business or a professional office may be maintained in a dwelling, provided that such maintenance and use:

(1) is limited to the person actually residing in the dwelling,

(2) is in strict conformity with the provisions of any applicable zoning law, ordinance or regulation,

(3) is consistent with the residential character of a dwelling unit,

(4) requires no external modifications to the unit which would detract from its residential appearance,

(5) uses no equipment or process that creates noise, vibration, glare, fumes, odors or electric interference detectable by neighbors,

(6) causes an increase in Association expenses, and

(7) does not involve use, storage or disposal of hazardous materials.

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, accountants and the like, but not including medical or dental clinics.

(b) No portion of any Lot (other than the entire Lot) shall be leased for any period. Any owner of any Lot who shall lease such Lot shall, promptly following the execution of any such lease, forward a conformed copy of such lease to the Association. All such leases shall be in writing. Any such lease shall contain provisions to the effect that:

(1) the rights of the tenant to use and occupy the premises which are the subject matter of the lease shall be subject and subordinate in all respects to the provisions of this Declaration and to the By-Laws of the Association and to such other reasonable rules and regulations relating to the use of the common areas and community facilities or other "house rules" that the Board of Directors may from time to time promulgate; and

(2) any failure by the tenant to comply with the provisions of such documents shall be a default under the lease.

Section 10. Party Walls. Each wall which is built as part of the original construction of the dwelling upon the Property and placed on the dividing line between lots or dwellings or partly on one lot and partly on another shall constitute a party wall, and to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply thereto, provided, however, that common walls between condominium units shall not be thus regarded.

(a) Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use. Nothing shall be done by any owner which impairs the structural integrity of any party wall or which diminishes the fire protection afforded of any party wall. No owner shall use any party wall for any purpose which creates a hazard or nuisance for any other owner who makes use of the party wall.

(b) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, of the right of any such owners to call for a larger contribution for the others under any rule of law regarding liability or negligence or willful acts or omissions.

(c) Weatherproofing. Notwithstanding any other provision of this Section, any owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(d) Right to Contribution Runs With Land. The right of any owner to contribution from any other owner under this Section shall be appurtenant to the land and shall pass to such owner's successors in title.

(e) Encroachments. If any portion of a party wall shall encroach upon any adjoining lot, or upon the Common Areas, by reason of the repair, reconstruction, settlement or shifting of any building, or otherwise, a valid easement for the encroachment and for the maintenance of the same as long as the building stands, shall exist.

(f) Applicability. The provisions of this Section shall not be applicable to condominium units as defined in the Maryland Condominium Act or walls which are part of the common elements of any condominium, or to walls which divide dwellings in a multi-family structure, if any should be built on the Property.

Section 11. Easements. The Common Areas and each Lot or dwelling shall be subject to easements to the benefits of the Association and the owners of the adjoining and abutting Lots and dwellings for maintenance and for the unobstructed and uninterrupted use of any and all pipes, ducts, flues, chutes, conduits, cables and wire outlets and utility lines of any kind, to easements for the maintenance, lateral support of adjoining and abutting dwellings, and to easements for such portions of any dwelling that may overhang any Lot or any portion of the Common Areas, and to easements for the leadwalks and sidewalks serving adjoining and abutting dwellings. Such easements shall not be subject to suspension for any reason.

Section 12. House Rules. There shall be no violation of any rules for the use of the Common Areas 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, provided, however, that no such "house rules" shall be adopted which would have the effect of diminishing the rights granted to the Owners under the Agreement between Heritage Harbour Corporation and the Owners, dated March 24, 1977.

Section 13. Reconstruction after Fire or Other Casualty Loss. In the event any dwelling not a condominium is partially or completely destroyed by fire or other casualty, and in the absence of a resolution to the contrary by the Board of Directors, the owner of such dwelling shall promptly restore or reconstruct such dwelling, at his own expense, in accordance with the original plans and specifications or with such amended plans and specifications as may be approved in writing by the Board of Directors at the request of such owner. The provisions of this section shall not apply to condominium units, as defined in the Maryland Condominium Act, when prohibited by the first trust holder, or when in conflict with any law, ordinance, municipal regulation or the like.

Section 14. Enforcement - Right to Remove or Correct Violations.

(a) In the event any violation or attempted violation of any of the covenants or restrictions contained in this Article shall occur or be maintained upon any Lot, or in the event of any other conduct in violation of any of the provisions and requirements of this Article, then the same shall be considered to have been undertaken in violation of this Article and without the approval of the AERC required herein, and upon written notice from the AERC, such violation shall be promptly removed or abated.

(b) In the event the violation is not removed, or the violation is not otherwise terminated or abated, within fifteen (15) days (or such shorter period as may be required in any such notice) after notice of such violation is delivered to the owner of the Lot upon which such violation exists, or to the member responsible for such violation if the same shall be committed or attempted on premises other than the Lot owned by such member, then the Association shall have the right, through its agents and employees (but only after a resolution of the AERC) to enter upon such Lot and to take such steps as may be necessary to remove or otherwise terminate or abate such violation. Such entry shall not be deemed a trespass. The cost thereof may be assessed against the Lot upon which such violation occurred and, when so assessed, a statement for the amount thereof shall be rendered to the owner of said Lot at which time the assessment shall become due and payable and a continuing lien upon such Lot, and a binding personal obligation of the owner of such Lot, in all respects (and subject to the same limitations) as provided in Article VI of this Declaration.

(c) The Association shall have the further right, through its agents, employees or committees, to enter upon and inspect any Lot at any reasonable time for the purpose of ascertaining whether any violation of the provisions of this Article or any of the other provisions or requirements of this Declaration, exist on such Lot; and neither the Association nor any such agent or employee shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

Section 15. Association's Right to Maintain. The Association will have the right, but not the obligation, to perform necessary exterior maintenance operations if the owner of the property requiring the same does not, after due notice of the necessity thereof, accomplish such maintenance or repairs. The cost thereof shall be charged by the Association to the owner of such unit and shall be treated in accordance with the provisions of Article VI hereof.

ARTICLE IX

Easements

Section 1. Easements for Utilities and Related Purposes. The Association is authorized and empowered to grant (and shall from time to time grant) such licenses, easements and/or rights-of way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities to the Property as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the Common Areas or the preservation of the health, safety, convenience and/or welfare of the owners of the Lots or Units.

ARTICLE X

Owners - Members

Section 1. Status of Owners. Such of the Owners who shall avail themselves of the privilege of using the Recreational Facilities by signing an annual agreement at the beginning of each year shall, for as long as their election continues and all fees and assessments required of them are timely paid, be considered Recreational Members, provided, however, that their right to vote in the conduct of the affairs of the Association shall be limited to the casting of votes upon issues relating to the Recreational Facilities and Passive Amenities only. Each single condominium unit shall be entitled to only one vote in total regardless of the number of Owners holding interests therein. No Owner shall be permitted to serve upon the Board of Directors unless his property shall have been submitted to this Declaration.

Section 2. Owners' Right of Enjoyment. Every Owner (as above defined) shall have the right and easement of enjoyment in and to the Passive Amenities, and such right and easement shall be appurtenant to and shall pass with the title to every Owner's condominium unit, subject to the limitations set forth in Article IV, and to the same rules, regulations and restrictions concerning the use of such Passive Amenities as may be imposed upon members, provided, however, no restriction shall be imposed upon any Owner on the basis of his or her age and the children of such Owners may not be excluded from the use of such amenities because of their age, but the hours of use of such children may be reasonably restricted, and provided further, that no fees, dues, assessments or other charges shall be imposed upon any Owner as a result of such Owner's use and enjoyment of the Passive Amenities.

Section 3. Owners' Privileges. Every Owner shall have the privileges and the option (which shall be appurtenant to and shall pass with the title to such Owners' condominium unit) of electing to use and enjoy the Recreational Facilities of the Association subject to the same rules, regulations and restrictions concerning the use of such Recreational Facilities as may, from time to time, be imposed upon members, provided, however, that no restrictions shall be imposed upon any Owner on the basis of his or her age and the children of such Owners may not be excluded from the use of swimming pools or tennis courts, because of their age, but the hours of use of such children may be reasonably restricted. The election to use the Recreational Facilities shall be conditioned upon each Owner's payment of a pro rata portion of the annual Assessment to the Association, as from time to time established by the Board of Directors, as pertaining to the operation and maintenance of the Recreational Facilities. In no event shall any Owner electing to use the Recreational Facilities be required to pay more for the use of such Recreational Facilities than other members are required to pay under Article VI of this Declaration.

Section 4. Charges to Owners. The Board of Directors of the Association shall periodically determine that portion of the assessment, determined as aforesaid, which reasonably relates to the use, operation and maintenance of the Recreational Facilities and a pro rata portion of the amount so determined shall be charged to the Owners electing to use the Recreational Facilities, provided, however, in no event shall the Owners be charged more than their pro rata share for the use of such Recreational Facilities.

Section 5. Conflict of Documents. In the event of a conflict between the Declaration and that certain Agreement, dated March 24, 1977, between Heritage Harbour Corporation and those persons identified as Owners herein, with respect to the use and enjoyment of the Passive Amenities and Recreational Facilities, the Agreement aforesaid shall be conclusively deemed to control.

ARTICLE XI

Miscellaneous

Section 1. Duration. Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of this Declaration, together with any amendments thereto, shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty years from the date of recordation of this Declaration. After this period, the said covenants shall be automatically extended for successive periods of ten (10) years each, unless an instrument signed by the majority of the then owners of the Lots, agreeing to change such periods has been made and recorded three (3) years in advance of such change.

Section 2. Amendment. This Declaration, (other than a provision relating to the duration of extensions of this Declaration which may be changed in the manner set forth above) may be amended by an instrument recorded by the Association upon the approval of such change by written ballot of a majority of the members eligible to vote thereon. No such amendment shall be valid unless notice of the proposed amendment has been mailed to each member eligible to vote at least ninety (90) days before the last date set for casting ballots, unless meeting a legal requirement necessitates a shorter waiting period. Each instrument recorded by the Association amending a provision of this Declaration shall contain an acknowledgment of the President of the Association that the requirements of this Section have been satisfied. This acknowledgment shall be prima facie evidence of compliance with the requirements of this Section.

Section 3. Restrictions on Changes. No such amendment shall be effective with respect to changes in any permanent easements or other permanent rights or interests relating to the Common Areas herein created. No such amendment shall create any unreasonable disproportion of assessments, nor diminish the rights of enjoyment of any member or Owner or otherwise embarrass or impair the status of any member or Owner.

Section 4. Construction and Enforcement.

(a) The provisions hereof shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the Property. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain or enjoin violation or to recover damages, or both, and against any Lot to enforce any lien created hereby; and the failure or forbearance by the Association or the owner of any Lot to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

(b) The provisions hereof may be enforced, without limitation, by the Association, by any owner or any mortgagee of any Lot which becomes subject to the provisions hereof and/or by any other person, firm, corporation or other legal entity who has any right to the use of any of the Common Areas or community facilities owned by the Association including, again without limitation, any person, firm, corporation or other legal entity who has a right to the use of any of the streets or roadways owned by the Association.

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

Section 5. Incorporation by Reference on Resale. In the event any owner sells or otherwise transfers his lot or unit, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, easements, charges and liens set forth in this Declaration.

Section 6. Notices. Any notice required to be sent to any Class A Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, by ordinary mail, postpaid, to the last known address of the person who appears as Class A Member or Owner on the records of the Association at the time of such mailing.

Section 7. No Dedication to Public Use. Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of Common Areas by any public or municipal agency,

authority, or utility and no public or municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any said Common Areas.

Section 8. Severability. Invalidation of any one of these covenants or restrictions by judgement, decree or order shall in no way affect any other provisions hereof, each of which shall remain in full force and effect.

Section 9. Consents and Authority to Amend. The authority of the Heritage Harbour Community Association, Inc. to make changes to the Declaration of Covenants and By-Laws is herein established.

(a) No notices to or consents, written or otherwise, from any mortgage holder, are required for the Association to make said amendments to the Declaration of Covenants and By-Laws as set forth in this Section of this Article.

(b) Any conflict, apparent or inferred, between this Declaration of Covenants and the By-Laws of the Association shall be interpreted and determined by the prevalence and superiority of the language of this Declaration of Covenants, and any By-Law provisions contrary to this Declaration of Covenants, shall not be enforceable.

(c) Unless at least seventy-five percent (75%) of the members eligible to vote on such issues have given their prior written approval, the Association shall not be entitled to:

(1) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common property owned, directly or indirectly by the Association, except that, the granting of easements for public utilities or for other public purposes consistent with the intended use of such common property by the Association shall not be deemed a transfer within the meaning of this clause; or

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

(3) fail to maintain fire and extended coverage on insurable common property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

(4) use hazard insurance proceeds for losses to any common property for other than the repair, replacement or reconstruction of such common property.

Section 10. Casualty Losses. No provision of the Declaration or the By-Laws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his Lot with respect to the distribution to such member of any insurance proceeds paid or payable on account of any damage or destruction of any of the Common Areas.

Section 11. Condemnation or Eminent Domain. No provision of this Declaration or the By-Laws of the Association shall entitle any member to any priority over the holder of any first mortgage of record on his Lot with respect to the distribution to such member of the proceeds of any condemnation or settlement award relating to the taking of any of the Common Areas.

Section 12. Captions and Gender. The captions contained in this Declaration are for convenience only, are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

Section 13. Rights of First Mortgagees. First mortgagees of Lots shall have the following rights.

(a) First mortgagees shall have the right to examine books and records of the Association.

(b) First mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any common property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such common property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement is reflected in an agreement in favor of all first mortgagees on Lots duly executed by the Association.

(c) No provision hereof or of the By-Laws shall be construed to give a member or any other party priority over any rights of first mortgagees on Lots pursuant to their mortgages in the case of a distribution to members of insurance proceeds or condemnation awards for losses to or taking of common property.

HERITAGE HARBOUR, INC.

By: _____
Frederick H. Lamartin, President

EXHIBIT A

All that property know and described as "Plat One, Section 411 Addition, HERITAGE HARBOUR", as per plat thereof recorded as Plat number 3679 in Plat Book 70 at page 4 among the Land Records for Anne Arundel County, Maryland, and all other property added by amendment to this Exhibit A and recorded among the Land Records for Anne Arundel County, Maryland.