

DECLARATION
OF
COVENANTS, CONDITIONS
AND RESTRICTIONS

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THIS DECLARATION, made on the date hereinafter set forth by PAGE CONSTRUCTION CORP., hereinafter referred to as "Declarant,"

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain properties in Gaithersburg, Montgomery County, State of Maryland, which is more particularly described on Exhibit "A" attached hereto and made a part hereof;

AND, WHEREAS, Declarant will convey the said properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the real property. These easements, covenants, restrictions and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to the Shady Grove Village Community Council Corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned (sic) by the Association for the common use and enjoyment of the members of the Association.

Section 4. "Lot" shall mean and refer to any plot of land shown within any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Properties, but excluding those having such interest as security for the performance of an obligation, and excluding Declarant.

Section 7. "Declarant" shall mean and refer to Page Construction Corp., its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II
ANNEXATION OF ADDITIONAL PROPERTIES

After January 1, 1971, annexation of additional property shall require the assent of two-thirds (2/3) of the members at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The presence of members or of proxies entitled to cast sixty (60%) per cent of the votes shall constitute a quorum. If the required quorum (sic) at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that two-thirds (2/3) of the membership are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

ARTICLE III MEMBERSHIP

Every person or entity, excluding Declarant, who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest as security for the performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

ARTICLE IV VOTING RIGHTS

Members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article III. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE V PROPERTY RIGHTS

Section 1. Members' Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

- (a) the right of the Association to limit the number of guests of members;
- (b) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property;
- (d) The right of the Association to suspend the voting rights and right to use of the recreational facilities by a member for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations;
- (e) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility;
- (f) The right of the Association to regulate parking on all Lots and Common Area.

Section 2. Parking. Each Purchaser covenants and agrees to abide by the rules and regulations as to parking automobiles and other vehicles as may be promulgated and established initially by the Developer, Page Construction Corp., and thereafter by the Shady Grove Village Community Council. It has been deemed for the good of the community that no one Purchaser shall acquire or be entitled to any vested rights in the parking area immediately in front of the house being acquired, notwithstanding that the said parking area may be located on all or a portion of the Lot being acquired.

Section 3. Delegation of Use. Any member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 4. Title to the Common Area. The Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Area to the Association, free and clear of all encumbrances and liens, but subject to easements, covenants and conditions contained herein or recorded prior hereto and subject to easements, covenants, conditions, and/or conveyances or dedications for utilities, recreational areas and/or facilities or for public purposes, regardless of when recorded, as may be required or deemed desirable by Declarant or assigns in the orderly development of the property, prior to the conveyance of the last Lot.

ARTICLE VI
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, excluding Declarant, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) Special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Lot, shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the Properties (including administrative and overhead expense) and in particular for the improvement and maintenance of the Properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common area, and of the homes situated upon the Properties.

Section 3. Basis of Assessments. The initial assessment is hereby established and declared to be Seventy-Two (\$72.00) Dollars per year. From and after January, 1971, the annual assessment may be increased or decreased at any meeting of the members by a majority vote, provided that, any such assessment shall not be increased to any amount in excess of One Hundred Twenty Dollars (\$120.00) without the assent of two-thirds (2/3) of the votes of all members who are voting in person or by proxy at the annual meeting, if any, specified in the Bylaws or at a special meeting duly called for this purpose, written notice of which special meeting shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that, any such assessment shall have the assent of two-thirds (2/3) of the votes of all members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 5. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and shall be collected on a monthly basis, unless the Board of Directors shall otherwise determine.

Section 6. Quorum for any Action Authorized under Sections 3 and 4. At the meeting called, as provided in Sections 3 and 4 hereof, the presence at the meeting of members or of proxies entitled to cast sixty (60%) per cent of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 3 and 4, and the required quorum at any such subsequent meeting 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 7. Date of Commencement of Annual Assessments; Due Dates; Maintenance by Declarant.

- (a) The annual assessments provided for herein shall commence as to any Lot on the first day of the month following the conveyance by Declarant or assigns of any Lot to an Owner. Assessments shall be made on the basis of the fiscal year February 1 through January 31 but this shall not prevent or impair the fixing of assessments after the commencement of said fiscal year, retroactive to the beginning of said fiscal year. If the annual assessment is changed in accordance with Section 7 above, 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 at any time furnish a certificate in writing signed by an office of the Association setting forth whether the assessments on a specified Lot

have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

- (b) Declarant covenants and agrees to pay the annual assessment for each recorded townhouse Lot improved with an unoccupied finished townhouse owned by Declarant or assigns within the Properties described on Exhibit "A" attached hereto and made a part hereof commencing on January 1, 1971.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of six (6%) per cent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, pursuant to a decree of foreclosure under such mortgage or any proceedings in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein: (a) all properties dedicated to and accepted by a local public authority; (b) the Common Area and other property owned by the Association; and, (c) all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Maryland, unless such properties are used for dwelling purposes.

ARTICLE VII PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of 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.

Section 3. 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 Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the owners under any rule of law regarding liability for negligent or will acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an 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.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VIII
ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration or improvement, including change of colors therein or thereon, be made until the plans and specifications showing the nature, kind, shape, height, materials, color 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 by the Board of Directors of the Association or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) 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.

ARTICLE IX
SPECIAL MAINTENANCE

In the event that there is an obvious need for maintenance or repair which is caused through the willful or negligent act of the Owner, his family or guests or invitees, and if such maintenance or repair is sent by the Board of Directors, the Board of Directors may cause such maintenance or repair to be performed. The cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject. The Board of Directors, through its officers or agents, should have the right to enter upon such Lot to perform maintenance or repairs without incurring any liability therefore.

ARTICLE X
USE RESTRICTIONS

Section 1. No property shall be used except for residential purposes or for professional offices (if allowed under zoning) or for a builder's construction or sales office during the construction and sales period.

Section 2. No building, accessory building or structure, shed, awning, porch or porch covering, garage, trailer, tent, driveway, back fence, hedges, screens, barns, driveways, walls or other structure shall be allowed, construed or altered upon any property or dwelling thereon without the plans and specifications of such having been approved by the Architectural Control Committee or the Board of Directors as to quality of workmanship, design, colors and materials and harmony of same to the project as a whole. No structure built upon any of the said property shall have any part of the exterior (including front door and trim) painted without the proposed color thereof having been approved by the said Architectural Control Committee or Board of Directors.

Section 3. No front or side yard fence, wall or walls, or other similar type structure shall be allowed except those constructed by or on behalf of Page Construction Corp., or its assigns, or with approval of Architectural Control Committee or Board of Directors. Fences separating rear terraces as may be erected by Page Construction Corp., shall not be painted by shall, when necessary, be restrained to the same color as when originally erected.

Section 4. No fence, wall, hedge or shrub over three (3) feet high shall be allowed to be erected, planted or constructed upon any property which is located at the intersection of two streets. The purpose of such covenant is to avoid obstruction of view at intersections.

Section 5. No exterior clothesline or hanging device (excepting an umbrella-type structure with a diameter not exceeding seven (7) feet for use in rear of dwelling only) shall be allowed upon any property.

Section 6. Storm doors shall be either wood (in which case the same shall be painted the color of the door or trim) or white anodized aluminum.

Section 7. No dwelling shall be permitted upon any property having a ground floor area of less than 400 square feet where the said dwelling consists of two stories of 800 square feet where the said dwellings consist of one story.

Section 8. No roof-top antenna except on rear portion of roof and no roof-top antenna in excess of ten (10) feet of roof line.

Section 9. No boats on cradles or trailers may be parked in streets, driveways, yards or common parking areas.

Section 10. No vehicles except as may be classified as passenger cars or station wagons shall be regularly parked in residential areas.

Section 11. No noxious or offensive activities shall be carried on upon any property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 12. No sign of any kind shall be displayed to the public view on any property except (a) one professional sign of not more than one square foot or (b) one sign of not more than five square feet advertising the property when it is for sale or rent, such sign to be removed not later than the completion of the sale or rental.

Section 13. No animals, livestock or poultry of any kind shall be raised, bred or kept on any property, except that dogs, cats or other household pets may be kept provided that they are not kept, bred or maintained for a commercial purpose.

Section 14. No property shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 15. No individual sewage disposal system shall be permitted on any property.

Section 16. No individual water supply system shall be permitted on any property.

ARTICLE XI EASEMENTS

Easements for installation and maintenance of utilities and drainage facilities and for other public purposes and access to all property are reserved as shown on the recorded plat of the project or as may be or may have been required, necessary or desirable to be recorded or given prior to the date hereof or subsequent hereto. Within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or access to the property subject to such easements. Such easements may contain rights of ingress and egress.

ARTICLE XII GENERAL PROVISIONS

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

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

Section 3. Amendment. The covenants and restrictions of this Declaration 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 the term of twenty (20) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. The covenants and restrictions of this Declaration may be amended by an instrument signed by not less than fifty-one percent (51%) of the Lot Owners. Any amendment must be properly recorded. The covenants and restrictions of this Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than sixty (60%) per cent of the Lot Owners, and thereafter by an instrument signed by not less than fifty-one (51%) per cent of the Lot Owners. Any amendment must be properly recorded.

Section 4. Deeds of Trust. The use herein of the word "mortgage" shall be deemed to mean "deeds of trust" where such security instruments are used in lieu of or instead of a mortgage or mortgages.

Section 5. Non-Applicability to Other Property. The covenants, conditions and restrictions set forth herein shall apply on to the property described on Exhibit "A" attached hereto and made a part hereof and shall create no rights, benefits, burdens or obligations with respect to any other property owned by Declarant, its successors or assigns.

PAGE CONSTRUCTION CORP.

Attest:

By _____

(Corporate Seal)