

After recording return to:
Holland & Knight LLP
3 Bethesda Metro Center, Suite 800
Bethesda, Maryland 20814
Attn: Jerald S. Cohn

**DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS
MASTER ASSOCIATION, INC.
MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

TABLE OF CONTENTS

ARTICLE ONE - Definitions

ARTICLE TWO - Property Subject to Declaration

Section	2.1	Initial Property Subject to Declaration
Section	2.2	Annexations
Section	2.3	Deannexations

IMP FD SURE \$ 5.00
RECORDING FEE 75.00
TOTAL 80.00
Res# 6801 Acpt # 88488
DKN 1485 Bkr # 2419
Oct 30, 2002 09:20 am

ARTICLE THREE - Membership and Voting Rights

Section	3.1	Organization
Section	3.2	Membership
Section	3.3	Membership Classes: Voting Rights
Section	3.4	Additional Members

ARTICLE FOUR - Covenant for Contributions

Section	4.1	Payment of Common Area Expenses
Section	4.2	Common Expenses
Section	4.3	Preparation and Approval of Annual Budget
Section	4.4	Reserves

ARTICLE FIVE - Remedies of Master Association for Non-Payment of Contributions

ARTICLE SIX - Common Area Improvements

ARTICLE SEVEN - Declaration of Easements and Rights

Section	7.1	Easements Over Common Area
Section	7.2	Ingress-Egress
Section	7.3	Cooperation in Granting Easements
Section	7.4	Easements for Maintenance
Section	7.5	No Dedication

ARTICLE EIGHT - Exclusion of Individual Residential Lots

ARTICLE NINE - Management

- Section 9.1 Management Agent
- Section 9.2 Duration of Management Agreement

ARTICLE TEN - General Provisions

- Section 10.1 Personal Property and Real Property for Common Use
- Section 10.2 Implied Rights
- Section 10.3 Limitation of Liability
- Section 10.4 Enforcement
- Section 10.5 Severability
- Section 10.6 Duration and Amendment
- Section 10.7 Changes and Modifications by Declarant
- Section 10.8 Condemnation or Eminent Domain
- Section 10.9 Declarant's Right to Amend
- Section 10.10 Taxes
- Section 10.11 Successors of Declarants
- Section 10.12 Incorporation by Reference on Sale
- Section 10.13 Declarant's Reserved Rights
- Section 10.14 Perpetuities
- Section 10.15 Declarant's Development
- Section 10.16 Captions and Gender

**DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS
MASTER ASSOCIATION, INC.**

MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS MASTER DECLARATION is made effective this 24th day of October, 2002, by D.C. DEVELOPMENT, LLC, a Maryland limited liability company (the "Declarant").

WHEREAS, Declarant is the owner of certain real property located in Garrett County, Maryland, more particularly described in Exhibit "A" attached hereto and incorporated herein (the "DCD Property"); and

WHEREAS, Declarant intends to develop all or a portion of the Property as a residential and recreational community consisting of various housing types, open spaces, recreational facilities and amenities which will serve and benefit all the owners, guests and tenants thereof; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of certain amenities and opportunities in the aforesaid real property and for the maintenance of the land and improvements thereon; and

WHEREAS, Declarant desires to subject the real property described on Exhibit "A" (the "Common Area") to the covenants, conditions, restrictions, and easements hereinafter set forth, each and all of which is and are for the benefit of said real property and each owner and user thereof; and

WHEREAS, Declarant has caused or will cause a Maryland non-profit membership corporation known or to be known as the Deep Creek Mountain Resort Property Owners Master Association, Inc. (the "Master Association") to be formed to serve the owners and users of the real property subject to this Declaration with respect to the matters included in this Declaration, the Articles of Incorporation and Bylaws, including without limitation (1) the contribution, collection and application of all contributions or charges imposed, (2) the enforcement of all covenants, conditions, easements and restrictions and (3) the control of the creation, operation, management and maintenance of the Common Improvements (as hereinafter defined) and community services; and

NOW, THEREFORE, Declarant hereby declares that all of the Common Area, together with all improvements now or hereafter located thereon, and such additions thereto as may hereafter be made pursuant to Article 2 hereof, shall be subject to the covenants, conditions, restrictions, and easements hereinafter set forth and the Common Area shall be transferred, sold, conveyed, leased, hypothecated, encumbered, used, occupied and improved subject to the covenants, conditions, restrictions and easements set forth below, which shall run with the Common Area and be binding on all parties having any right, title or interest in all or any portion of the Common Area, their heirs, personal representatives, successors, transferees and assigns, and which shall inure to the benefit of each Member (as hereinafter defined) thereof;

AND FURTHER, Declarant hereby delegates and assign to the Master Association, subject to the provisions hereof, the powers of owning, maintaining and administering the Common Area, administering and enforcing this Master Declaration, collecting and disbursing the contributions and charges hereinafter created.

ARTICLE 1 DEFINITIONS

Section 1.1. "Annual Budget" shall mean and refer to the budget adopted by the Board of Directors with respect to the Common Expenses of the Master Association in accordance with Article 4 of this Master Declaration.

Section 1.2. "Annual General Contribution" shall mean and refer to contributions payable by Members to fund the Common Expenses of the Master Association pursuant to Article 4 hereof.

Section 1.3. "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Master Association, as established pursuant to the Bylaws.

Section 1.4. "Common Expenses" shall mean and refer to all Common Expenses, as further defined in Section 4.2 hereof.

Section 1.5. "Common Area" shall mean and refer to the Common Area, including certain private roadways, parks and biker, pedestrian and/or equestrian trails located thereon, and shall include all real property associated therewith and improvements thereon owned, leased or maintained by the Master Association for the non-exclusive common use and enjoyment of the Members and the respective individual residential property owners of each Member together with any improvements, easements, rights of way, licenses and appurtenances related thereto, as shown on the attached Exhibit "A".

Section 1.6. "Common Improvements" shall mean and refer to certain private roadways, all biking, hiking or horse trails and the lakeside park located in the Common Area.

Section 1.7. "Community" shall mean and refer to any group of lots designated as constituting all or a portion of a specified community of lots by Declarant or the Board of Directors based on such factors as are deemed appropriate by Declarant or the Board, including, without limitation, the location and proximity of such lot, any special features or amenities within or serving such lots and any special services provided to or requested by the owners and/or residents.

Section 1.8. "Community Associations" shall mean and refer to any existing or future homeowners association in existence or created by the Declarant within or contiguous to the Property.

Section 1.9. "Contribution" shall mean and refer to all fees and charges, including all installments thereof, as may be due the Master Association by the Declarants in accordance with this Master Declaration.

Section 1.10. "Governing Documents" shall mean and refer collectively and severally to the Articles of Incorporation of the Association, the Master Declaration, Supplementary Declarations, and the Association Bylaws, and all resolutions, rules and regulations promulgated by the Board, as such may be amended from time to time.

Section 1.11. "Land Records" shall mean and refer to the Land Records maintained by the Clerk of the Circuit Court for Garrett County, Maryland.

Section 1.12. "Master Declaration" shall mean and refer to the covenants, conditions, restrictions and easements and all other provisions set forth in this entire document, and in any Supplementary Declarations, and in any duly adopted amendments hereto and thereto.

Section 1.14. "Member" shall mean and refer to the Declarant and each of the Community Associations who holds any class of membership in the Master Association.

Section 1.15. "Property" shall mean and refer to all the real property subject to this Master Declaration.

Section 1.16. "Supplementary Declaration" shall mean and refer to any declaration of covenants, conditions, restrictions and easements which is properly adopted pursuant to the applicable provisions of this Master Declaration and recorded among the Land Records of Garrett County, Maryland, which amends, supplements or modifies the provisions of the Master Declaration.

ARTICLE 2 PROPERTY SUBJECT TO DECLARATION

Section 2.1. Initial Property Subject to the 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 Garrett County, State of Maryland, and is more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof.

Section 2.2. Annexations. Any real property contiguous to or in the vicinity of the real property shown on Exhibit "A" may be annexed within the jurisdiction of the Association by the Declarant without the consent of the Class A Members of the Association, if any, for a period of twenty (20) years from the date of recordation by the Declarant of this Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid twenty (20) year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less. The scheme of this Declaration shall not, however, be extended to include any such additional real property unless and until the same is annexed within the jurisdiction of the Association by the recordation of a Supplementary Declaration as hereinafter provided.

Except as otherwise provided hereinabove, annexations of real property within the jurisdiction of the Association shall require the consent of two-thirds (2/3) of each class of Members.

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration among the Land Records of Garrett County, Maryland, which Supplementary Declaration shall extend the scheme of the within Declaration of Covenants, Conditions, Easements and Restrictions to such annexed property. Any Supplementary Declaration made pursuant to the provisions of this Article may contain such complementary or supplemental additions and modifications to the covenants and restrictions set forth in the within Declaration as may be considered necessary by the maker of such Supplementary Declaration to reflect the different character or use, if any, of the annexed property. Every owner of a property to be annexed as provided herein shall have an easement of enjoyment in and to the Common Areas, and such other rights of use as provided in Article 7 herein.

Section 2.3. Deannexations. Subject to the other terms and conditions of this Declaration, so long as there are any Class B Members, the Declarant may deannex any property annexed within the jurisdiction of the Association pursuant to Section 2.02 above for a period of twenty (20) years from the date of recordation of this Declaration. Such deannexed property shall no longer be subject to the covenants and restrictions of the governing documents except for (i) any easements, rights, reservations, exemptions, powers or privileges reserved to the Declarant pursuant to the governing documents which affect the deannexed property and (ii) any other easements, rights, reservations, exemptions, powers or privileges which are expressly reserved to the Declarant in the instrument among the Land Records of Garrett County, Maryland, withdrawing the effect of the covenants, conditions, easements and restrictions of the governing documents from the deannexed property.

ARTICLE 3 MEMBERSHIP AND VOTING RIGHTS

Section 3.1. Organization.

(a) Deep Creek Mountain Resort Property Owners Master Association, Inc. The Master Association is a non-stock corporation organized and existing under the laws of the State of Maryland, charged with the duties and vested with the powers prescribed by law and as set forth in the Governing Documents, as such may be amended from time to time, provided none of the Governing Documents shall be amended or otherwise changed or interpreted, for any reason, so as to be inconsistent with the Master Declaration.

(b) Institutional Plan. The Master Declaration and the Governing Documents shall guide the controlled and orderly evolution of the Master Association into a community institution. Additional operating and administrative committees, organizations and affiliated associations and entities may be established from time to time by the Board of Directors of the Master Association, in accordance with the Governing Documents. Without limiting the generality of the foregoing, it is anticipated that additional Community Associations shall be formed for the operation and maintenance of future Communities; however, each such

Community Association shall (to the extent of Common Area conveyed to it from time to time) be subject to the Master Declaration and no Community Association may independently take any action to lessen or abate the rights of the Members or to increase costs.

Section 3.2. Membership. Each Community Association, now in existence or to be formed in the future, shall be a Member of the Master Association.

Section 3.3. Membership Classes: Voting Rights. The Master Association shall have two (2) classes of voting Members. Class A shall consist of all existing or future Community Associations. Each Class A member shall be entitled to one (1) vote for each Class A membership. Each Class B member shall be entitled to three (3) votes for each Class B membership. Class B shall consist of the Declarant, its nominee, or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity or any combination thereof, who shall obtain any Class B membership by specific assignment in writing from Declarant. Each Class B membership shall lapse and become a nullity upon the first to happen of the following:

- (i) When all lots have been acquired by Class A Members; or
- (ii) Twenty (20) years from the date of recordation of the Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid twenty (20) year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or
- (iii) Upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of the Class B membership as provided for in this Article, the Declarant shall thereafter become a Class A member of the Association as to each and every lot in which the Declarant then holds the interest otherwise required for such Class A membership.

Section 3.4. Additional Members. Any Community Association created to manage any portion of the Property shall automatically be a member of the Master Association upon incorporation.

ARTICLE 4 COVENANT FOR CONTRIBUTIONS

Section 4. 1. Payment of Common Area Expenses. Each Member shall pay to the Master Association its pro rata share of the Common Area Expenses (its "Pro Rata Share") as determined by the Annual Budget prepared by the Master Association in accordance with Section 4.3. Each Member shall be responsible for collecting the Pro Rata Share from its members pursuant to the assessment and collection practices of said Member's Member Declaration. Failure by a Member to collect sufficient funds from its members shall not excuse such Member from its obligation to pay its Pro Rata Share.

Section 4.2. Common Expenses. Unless otherwise expressly provided herein, the Common Expenses of the Master Association shall include all costs and expenses incurred in connection with the following:

(a) Charges for the maintenance, replacement and repair of the Common Area, including the Common Improvements;

(b) Utility charges, management fees, insurance premiums, operation of the architectural committees, preparation of the budget, collection of Contributions, attorneys' fees and administrative expenses pertaining to the Common Area and the Common Improvements;

(c) Reserves for repairs and other expenses of a non-recurring nature pertaining to the Common Area and Common Improvements; and

(d) Improvements, service contracts and employees' salaries pertaining to the Common Area and Common Improvements.

(e) Costs to construct, maintain, repair and replace Common Improvements within the Common Area.

Section 4.3. Preparation and Approval of Annual Budget. For each fiscal year of the Master Association, the Board of Directors shall prepare an Annual Budget, as follows:

(a) Annual Budget. The Board of Directors shall make a reasonable effort to prepare or cause to be prepared an Annual Budget at least ninety (90) days before the beginning of each fiscal year of the Master Association. The proposed Annual Budget shall contain, at a minimum, an estimate of the total amount of income the Master Association expects to receive, as well as an estimate of the Common Expenses that are expected for the coming fiscal year. The Annual Budget shall also include an amount sufficient to establish and maintain a reserve fund in accordance with Section 4.4 hereof. The Annual Budget shall be adopted at an open meeting of the Board of Directors. The Board of Directors shall thereafter send to each Member a copy of the approved Annual Budget which sets forth the amount of the Member's Pro Rata Share. The Annual Budget shall constitute the basis for determining the amount of the Pro Rata Share of each Member. The Annual Budget and the Annual General Contribution established therein shall become effective as of the date specified by the Board of Directors, and shall be payable on an annual basis on a date specified by the Board of Directors, unless a special meeting of the Master Association is called and duly held in accordance with the Bylaws of the Master Association and at such special meeting the Annual Budget and the Annual General Contribution established therein are disapproved by the majority Members present at the meeting in which event the current Annual General Contribution shall remain in effect until the Board of Directors adopts a new Annual Budget.

(b) Amendments to Annual Budget. Any expenditure not reflected in an approved Annual Budget, including, without limitation, any expenditure intended to be funded by a Special Contribution, which is deemed to be necessary by the Board of Directors that, if made, would result in an increase in the amount of Contributions for the current fiscal year of the Master Association, shall be approved by an amendment to the Annual Budget adopted by

affirmative vote of a majority of the votes of the members of the Board of Directors present at a duly held meeting.

(c) General. The failure or delay of the Board of Directors to prepare or adopt an Annual Budget for any fiscal year of the Master Association shall not constitute a waiver or release in any manner of a Member's obligation to pay Contributions as herein provided, and in the absence of any Annual Budget, each Member shall continue to pay Contributions at the then existing rate applicable to such Member as established for the previous fiscal year until an Annual Budget for the current fiscal year is adopted. Upon resolution of the Board of Directors, installments of Contributions may be levied and collected on a monthly, quarterly, semi-annual or annual basis.

Section 4.4. Reserves. The Master Association shall establish and maintain a reserve fund for the construction, maintenance, repair and replacement for those Common Improvements which require substantial periodic maintenance, repair or replacement, or a reserve fund for such other purposes for which Common Expenses may be collected pursuant to Section 4.1 hereof (the "Maintenance Reserve Fund"). The Board of Directors shall set the required contribution by each Member to the Maintenance Reserve Fund (the "Maintenance Reserve Fund Contribution"), if any, annually, in an amount sufficient to meet the projected reserve needs of the Master Association. The Maintenance Reserve Fund Contribution shall be included as part of the Master Association's Annual Budget, and shall be payable as part of the Annual General Contribution. In addition to the Maintenance Reserve Fund, the Master Association may establish a general operating reserve fund.

ARTICLE 5

REMEDIES OF MASTER ASSOCIATION FOR NON-PAYMENT OF CONTRIBUTIONS

Any Contribution declared by the Master Association which is not paid within fifteen (15) days after the due date established for such Contribution by the Board of Directors, may, upon resolution of the Board, bear interest from the due date until paid at the rate of interest established by the Board, not to exceed the maximum, if any, rate of interest permitted under the laws of the State of Maryland. The Board of Directors may also impose a reasonable late fee against any Member for failure to pay any Contribution within fifteen (15) days after the due date for such Contribution, which late fee shall not exceed five percent (5%) of the delinquent Contribution.

ARTICLE 6

COMMON AREA IMPROVEMENTS

Each Community Association may make improvements to its real property under its control, provided that the construction of any substantial improvements within any portion of the Common Area (by way of illustration, but not limited to, a pool, tennis court, beach facilities, boating facilities, park) must be approved by no less than a majority of the Board of Directors.

ARTICLE 7
DECLARATION OF EASEMENTS AND RIGHTS

The following easements and rights are hereby declared or reserved:

Section 7.1. Easement Over Common Area. The owners of property within the communities known as Sandy Shores, Sandy Shores Vista, Waters Edge at Wisp, Waters Edge II, Waters Edge III, Villages of Wisp, Southridge, Highline and Boulder Ridge are hereby granted an easement over the Common Area and Common Improvements.

Section 7.2. Ingress-Egress. Each Member hereby grants and conveys to each other Member for the benefit of all of the owners of any portion of the property within any Community Association (the "Benefited Lots") a non-exclusive easement and right-of-way in common with all owners of the Benefited Lots for ingress and egress by foot and/or motorized and/or non-motorized vehicle over and across all portions of the Common Area now or hereafter improved for foot and/or vehicle travel and which are necessary or desirable to provide access to and from the Benefited Lots, the dedicated rights-of-way surrounding the Property, and between and among the Benefited Lots and the owners of property within the communities known as Sandy Shores, Sandy Shores Vista, Waters Edge at Wisp, Waters Edge II, Waters Edge III, Villages of Wisp, Southridge, Highline and Boulder Ridge.

Section 7.3. Cooperation in Granting Easements. The Members hereby agree to cooperate with each other in the granting of such other easements and licenses as may be reasonably required to facilitate the completion of the development of the Common Area, including, without limitation, easements and licenses for (i) entry upon the portions of the Common Areas owned by a Member to permit and facilitate the completion of the Common Improvements; (ii) ingress and egress over and across the Common Areas owned by a Member; and (iii) construction, grading, erosion and sediment control over and across the Common Areas owned by a Member; provided, however, the locations of all such easements and licenses shall be approved by the owner of the property burdened thereby, such approval not to be unreasonably withheld, and provided, further, that no such easement or license will be required to be granted by any party hereto which would, in the reasonable judgment of the granting party, materially and adversely interfere with the intended development of any other portion of its property or the Community which said Member serves. All such easements may be confirmed, at the request of any party hereto, by the recordation of an appropriate instrument among the Land Records.

Section 7.4. Easements for Maintenance. Each Member hereby grants and conveys to the Master Association, an irrevocable, non-exclusive, permanent easement and right-of-way for entry on, and for ingress and egress over and across, the Common Area, with individuals, materials and equipment, to the extent reasonably necessary or desirable in the performance of maintenance of the Common Improvements.

Section 7.5. No Dedication. Nothing contained in this Section 7, including the creation and establishment of the easements herein provided, shall be deemed to constitute the dedication of any portion of the Property to public use. Nothing in this Agreement shall

constitute the consent, expressly or by implication, of any Member to the unrestricted use or possession of the whole or any portion of the common areas, as defined in the particular Member Declaration, located on such Member's property by the public, as such, and each Member shall have the right from time to time to take reasonable measures, including the erection of temporary barricades, if necessary, to prevent the public, as such, from obtaining rights in those areas, but no measures taken by any Member pursuant to this Section shall have a material adverse effect on the enjoyment of an easement granted to another Member in this Agreement.

ARTICLE 8 EXCLUSION OF INDIVIDUAL RESIDENTIAL LOTS

Upon subdivision of the Property and transfer of a lot from a Declarant, its successor, transferee or assign to an individual residential owner as evidenced by recordation of a deed in the Land Records, this Master Declaration shall terminate as to that individual lot.

ARTICLE 9 MANAGEMENT

Section 9.1. Management Agent. The Board of Directors may employ a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing, including, but not limited to, the following:

- (a) establishing (with the approval of the Board of Directors) and providing for the collection of the Contributions in a manner consistent with applicable law and this Master Declaration; and
- (b) designating, hiring and dismissing such personnel as may be required for the good working order, maintenance and efficient operation of the Master Association; and
- (c) providing such other services for the Master Association as may be consistent with applicable law and this Master Declaration.

Section 9.2. Duration of Management Agreement. Any management agreement entered into by the Master Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon thirty (30) days' written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1) year periods.

LIBER 927 PAGE 0473
ARTICLE 10
GENERAL PROVISIONS

Section 10.1. Personal Property and Real Property for Common Use. The Master Association may acquire, lease, hold, and dispose of tangible and intangible personal property and real property, subject to the requirements of this Master Declaration.

Section 10.2. Implied Rights. The Master Association may exercise any other right or privilege given to it expressly by this Master Declaration or the Bylaws or any lease, easement or other agreement or document affecting the Master Association, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 10.3. Limitation of Liability. The Master Association shall not be liable for any failure of any services to be obtained by the Master Association or paid for out of the Common Expense funds, or for injury or damage to persons or property caused by the elements or resulting from water which may leak or flow from any property, improvements or facilities under the control or supervision of the Master Association, or from any wire, pipe, drain, conduit or the like; provided, that the Members of the Master Association and the Board of Directors, acting on behalf of the Master Association, have acted in a prudent and reasonable manner. Notwithstanding the limitation of liability contained in the foregoing sentence, if any such failure or injury or damage is caused by the gross negligence or willful misconduct of the Members of the Master Association or the Board of Directors, acting on behalf of the Master Association, the Master Association shall be liable for the reasonable and foreseeable consequences of such failure or such injury or damage. No diminution or abatement of Contributions, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to any property, improvements or facilities under the control or supervision of the Master Association, or from any action taken by the Master Association to comply with any of the provisions of this Master Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Section 10.4. Enforcement. The Master Association, or a Declarant, shall have the right to enforce, by any proceeding at law and/or in equity, all restrictions, conditions, covenants, reservations, easements, liens, charges or other obligations or terms now or hereafter imposed by the provisions of this Master Declaration, the Articles of Incorporation and Bylaws of the Master Association, and any rule or regulation promulgated by the Master Association pursuant to its authority as provided in the Master Declaration, Articles of Incorporation or Bylaws. Failure by the Master Association, a Community Association, or a Declarant, to enforce any restriction herein contained or any provision of the Bylaws, Articles of Incorporation, or rules and regulations of the Master Association shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a presumption that any violation or breach or attempted violation or breach of any provision of this Master Declaration, the Bylaws, Articles of Incorporation, or rules and regulations of the Master Association cannot be adequately remedied by action at law or exclusively by recovery of damages. If the Master Association, a Community Association or a

Declarant, successfully brings an action to extinguish a violation or otherwise enforce the provisions of this Master Declaration, the Bylaws, Articles of Incorporation, or rules and regulations of the Master Association, the costs of such action, including legal fees, shall become a binding obligation of the Member committing or responsible for such violation.

Section 10.5. 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 10.6. Duration and Amendment. Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of this Master Declaration shall run with and bind the land for a term of forty (40) years from the date this Master Declaration is recorded, after which time they shall be automatically extended for successive periods of thirty (30) years. This Master Declaration may be amended by an instrument signed by, or the affirmative vote of Members representing two-thirds (2/3) of the votes entitled to be cast by those present at a duly called and conveyed meeting provided however, that any rights of Declarant cannot be amended without Declarant's consent, and any provision of this Master Declaration that requires unanimous consent of the Board of Directors cannot be amended with less than the applicable unanimous consent. The President of the Master Association shall have the power and authority to sign any duly adopted amendment on behalf of the Master Association. Any amendment must be recorded in the Land Records.

Section 10.7. Changes and Modifications by Declarant. Declarant shall have the right, for a period of twenty (20) years following the date of recordation of this Master Declaration, without the consent of the Members of the Master Association or any other party, to modify, amend or change any of the provisions of this Master Declaration as Declarant may deem necessary or desirable to correct errors or omissions herein. Declarant shall also have the right for a period of twenty (20) years following the date of recordation of this Master Declaration, without the consent of the Members of the Master Association or any other party, to modify, amend or change any of the provisions of this Master Declaration as may be requested by any Member; provided, however, that no such modification, amendment or change shall materially and adversely affect any Member, substantially increase the financial obligations of any Member or reserve any additional or special privileges for Declarant not previously reserved, or eliminates or modifies any existing rights or privileges of any Developer, Declarant, or Board Member, without the prior written consent of the affected Member(s).

Section 10.8. Condemnation or Eminent Domain. In the event any part of the Common Area or Common Improvements is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Master Association shall give prompt written Notice of any such proceeding or proposed acquisition to the Members. No provision of this Master Declaration or the Articles of Incorporation or the Bylaws of the Master Association shall entitle any Member to any priority over the Member of the property being condemned with respect to the distribution to such Member of the proceeds of any condemnation or settlement relating to a taking of any of the Common Improvements.

Section 10.9. Declarant's Right to Amend. Notwithstanding any provision to the contrary contained in the Articles of Incorporation or Bylaws of the Master Association itself or this Master Declaration, Declarant hereby reserves for itself, its successors, transferees and assigns, for a period of twenty (20) years from the date of recordation of this Master Declaration, the right to execute on behalf any such agreements, documents, amendments or supplements to this Master Declaration, the Articles of Incorporation and Bylaws of the Master Association which may be required by Garrett County, Fannie Mae, Freddie Mac, the FHA, the VA, the GNMA or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Master Association.

Each and every Member, does automatically and irrevocably name, constitute, appoint and confirm Declarant, its successors, transferees and assigns, as attorneys-in-fact for the purpose of executing any such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing.

(b) The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest and shall be binding upon the heirs, personal representatives, successors, transferees and assigns of the Members. Further, said power of attorney shall not be affected by the death or disability of any principal and is intended to deliver all right, title and interest of the principal in and to said power of attorney.

Section 10.10. Taxes. Each Member is responsible for the payment of all real estate taxes and assessments levied on any portion of the Common Area located on the Member's property.

Section 10.11. Successors of Declarants. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of Declarants hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by Declarant by an instrument, in writing, without notice to the Master Association.

Section 10.12. Incorporation by Reference on Sale. In the event any Member sells or otherwise transfers any portion of the Common Area, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this Master Declaration.

Section 10.13. Declarant's Reserved Rights. No amendment to this Master Declaration may remove, revoke, or modify any right, reservation or privilege of Declarant without the prior written consent of Declarant or any successors or assignees of this Master Declaration.

Section 10.14. Perpetuities. If any of the covenants, restrictions, or other provisions of this Master Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 10.15. Declarant's Development. As long as the Declarant has an interest in developing the Property, the Master Association may not use its financial resources, directly or indirectly, to defray the costs of opposing any development activities reasonably consistent with the general intention of the development of the Property.

Section 10.16. Captions and Gender. The captions contained in this Master Declaration are for convenience only and are not a part of this Master Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Master Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

IN WITNESS WHEREOF, the Declarants have caused these presents to be duly executed and sealed with the intention of making this Master Declaration a sealed instrument, effective the date of its recordation among the land records.

D.C. DEVELOPMENT, LLC

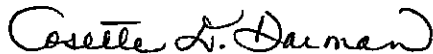
By: 

I. Robert Rudy, Managing Member

STATE OF Maryland
COUNTY OF Garrett

The foregoing instrument was acknowledged before me this 29th day of October, 2002, by I. Robert Rudy, Managing Member of DC Development, LLC, a Maryland limited liability company, on behalf of the limited liability company.

(SEAL)

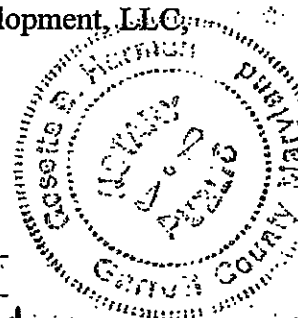


Cosette D. Harman

Notary Public-State of Maryland

Commission Number: _____

My commission expires 10/27/2003



ATTORNEY CERTIFICATION

I hereby certify that the foregoing Declaration of Covenants, Conditions and Restrictions was prepared by or under the supervision of an attorney admitted to the practice of law in the State of Maryland.



Jerald S. Cohn

BSA1 #19462 v6

Exhibit A

The DCD Property

All those certain tracts, pieces or parcels of lands lying and being in Election District No. 6 of Garrett County, Maryland which were conveyed to D.C. Development, LLC by the following deeds recorded among the Land Records of Garrett County, Maryland:

- 1) From Karen F. Spiker, Trustee by deed recorded December 7, 1994 in Liber 643, page 296.
- 2) From Karen F. Spiker, Trustee by deed recorded December 22, 1994 in Liber 644, page 351.
- 3) From Robert S. Stockslager, Successor Trustee, by deed recorded April 28, 1997 in Liber 706, page 515.
- 4) From Rolling Ridge Joint Venture, LLP by deed recorded September 11, 1997 in Liber 717, page 844.
- 5) From Recreational Industries, Inc. by deed recorded June 14, 2001 in Liber 843, page 457.
- 6) From Marsh Mountain, LLC by deed recorded June 27, 2002 in Liber 903, page 632.

Excluding or excepting those certain subdivisions/developments listed as follows:

- 1.) Boulder Ridge Subdivision as shown on a plat recorded among the Land Records of Garrett County, Maryland in Plat Case DKM 3, file 64.
- 2.) Highline as shown on plats recorded among the Land Records of Garrett County, Maryland; in Plat Book 4, file 118, in Plat Case DKM 2, files 2, 23, 31, 67, 76, 80, 108, 181 and in Plat Case DKM 3, files 20 and 40. Also all the unrecorded portion of Highline within the 3.995 acre parcel described as follows:

Beginning at the westernmost corner of Lot 37 of Highline (Plat Case DKM 2, file 181) thence four courses through lands of D C Development (Liber 717, page 844)
North 39°12'28" West 429.87 feet,

North 20°26'56" East 113.46 feet,

North 80°28'43" East 431.08 feet,

**South 18°09'28" East 183.37 feet, thence with a trail easement for
ski slope access**

South 27°55'40" East 80.00 feet, thence

**South 44°45'35" West 129.76 feet with a thirty foot access right of
way, thence**

South 25°03'34" West 70.03 feet crossing Snowshoe Court, thence

**South 56°31'12" West 199.78 feet with the aforementioned Lot 37 to
the beginning.**

- 3.) Sandy Shores as shown on plats recorded among the Land Records
of Garrett County, Maryland in Plat Book 4, files 74, 88, 93, 98, 99,
104, 125 and 133.**
- 4.) Sandy Shores Vista as shown on plats recorded among the Land
Records of Garrett County, Maryland in Plat Book 4, files 109, 115,
121 and 124, and in Plat Case DKM 2, files 7, 11, 22, 36, 38, 40, 52,
60, 72, 82, 91, 115, 132, 151, 157 and 177.**
- 5.) Southridge at Deep Creek Mountain Resort as shown of plats
recorded among the Land Records of Garrett County, Maryland in
Plat Case DKM 3, files 25, 32, 37, 41, 48, 50, 51, 52, 55 and 65.**
- 6.) The Summit as shown on plats recorded among the Land Records
of Garrett County, Maryland in Plat Case DKM 2, file 96 and in Plat
Case DKM 3, files 70 and 74.**
- 7.) Water's Edge at Wisp as shown on plats recorded among the Land
Records of Garrett County, Maryland in Plat Book 4, files 16, 33, 57,
78 and 94 and in Plat Case DKM 2, files 146 and 185.**

BYLAWS OF
DEEP CREEK MOUNTAIN RESORT
PROPERTY OWNERS ASSOCIATION, INC.

BYLAWS

OF

DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC.

TABLE OF CONTENTS

ARTICLE 1 -- NAME AND LOCATION	3
ARTICLE 2 -- DEFINITIONS	3
ARTICLE 3 -- MEETING OF MEMBERS.....	3
Section 3.1. <u>Annual Meetings</u>	3
Section 3.2. <u>Special Meetings</u>	3
Section 3.3. <u>Notice of Meetings</u>	3
Section 3.4. <u>Quorum</u>	3
Section 3.5. <u>Voting and Delinquent Payment</u>	4
Section 3.6. <u>Absentee Ballots</u>	4
Section 3.7. <u>Proxies</u>	4
Section 3.8. <u>Meetings</u>	5
ARTICLE 4 -- BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE	6
Section 4.1. <u>Number</u>	6
Section 4.2. <u>Term of office</u>	6
Section 4.3. <u>Removal</u>	6
Section 4.4. <u>Compensation</u>	7
Section 4.5. <u>Action Taken Without a Meeting</u>	7
ARTICLE 5 -- NOMINATION AND ELECTION OF DIRECTORS.....	7
Section 5.1. <u>Nomination</u>	7
Section 5.2. <u>Election</u>	7
ARTICLE 6 -- MEETING OF DIRECTORS.....	7
Section 6.1. <u>Regular and Special Meetings</u>	7
Section 6.2. <u>Quorum</u>	7
ARTICLE 7 -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS	7
Section 7.1. <u>Powers</u>	7
Section 7.2. <u>Duties</u>	8
ARTICLE 8 -- OFFICERS AND THEIR DUTIES	8
Section 8.1. <u>Enumeration of Officers</u>	8
Section 8.2. <u>Election of Officers</u>	9
Section 8.3. <u>Term</u>	9
Section 8.4. <u>Special Appointments</u>	9
Section 8.5. <u>Resignation and Removal</u>	9
Section 8.6. <u>Vacancies</u>	9
Section 8.7. <u>Multiple Offices</u>	9

Section 8.8. <u>Duties</u>	9
Section 8.9. <u>Compensation</u>	10
ARTICLE 9 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS	10
Section 9.1. <u>Liability</u>	10
Section 9.2. <u>Indemnification</u>	10
Section 9.3. <u>Interested Directors</u>	10
ARTICLE 10 -- COMMITTEES.....	11
ARTICLE 11 -- INSURANCE.....	11
Section 11.1. <u>Insurance</u>	11
Section 11.2. <u>Limitations</u>	12
ARTICLE 12 -- BOOKS AND RECORDS/FISCAL MANAGEMENT	12
Section 12.1. <u>Fiscal Year</u>	12
Section 12.2. <u>Principal Office - Change of Same</u>	12
Section 12.3. <u>Books and Accounts</u>	12
Section 12.4. <u>Auditing</u>	13
Section 12.5. <u>Inspection of Books</u>	13
Section 12.6. <u>Fidelity Insurance</u>	13
ARTICLE 13 -- CORPORATE SEAL	13
ARTICLE 14 -- AMENDMENTS.....	13
ARTICLE 15 -- INTERPRETATION/MISCELLANEOUS.....	13
Section 15.1. <u>Conflict</u>	13
Section 15.2. <u>Notices</u>	14
Section 15.3. <u>Severability</u>	14
Section 15.4. <u>Waiver</u>	14
Section 15.5. <u>Captions</u>	14
Section 15.6. <u>Gender, etc.</u>	14

BYLAWS
OF
DEEP CREEK MOUNTAIN RESORT
PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE 1 -- NAME AND LOCATION

The name of the corporation is DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 212 Marsh Hill Road, McHenry, Maryland, 21541 but meetings of Members and Directors may be held at such places within the State of Maryland as may be designated by the Board of Directors.

ARTICLE 2 -- DEFINITIONS

Unless otherwise defined in these Bylaws, words or phrases defined in the Deep Creek Mountain Resort Property Owners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded in the Garrett County Land Records (the "Declaration") shall have the same meaning in these Bylaws. The Declaration is incorporated by reference.

ARTICLE 3 -- MEETING OF MEMBERS

Section 3.1. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association. Each subsequent regular meeting shall be held on the same day of the same month of each year thereafter or such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2. Special Meetings. Special meetings may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-third (1/3rd) of all the votes of the Class A membership.

Section 3.3. Notice of Meetings. Written notice of each meeting shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, or by hand delivering a copy of such notice, at least ten (10) days (but not more than ninety (90) days) before such meeting to each Member of each class entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.4. Quorum. The presence at the meeting of Members of each class entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the respective classes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or

represented at any meeting, the Members present shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 3.5. Voting and Delinquent Payment. Voting at meetings of members shall be by written ballot. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership which such member owns on each question or issue. Each of the Class B Members shall have the right to cast three (3) votes for each Class B membership which such member owns on each question or issue. Each Class B membership shall lapse and become a nullity upon the first to happen of the following:

- (i) Twenty (20) years from the date of recordation of the Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid twenty (20) year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or
- (ii) Upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of the Class B membership as provided for in this Article, the Declarant shall thereafter become a Class A member of the Association as to each and every property interest in which the Declarant then holds the interest otherwise required for such Class A membership.

The vote of Members representing fifty-one percent (51%) of the total of the votes of all the memberships at the meeting, in person or by proxy, calculated as aforesaid shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or the Articles of Incorporation, the Declaration or these By-Laws, a different vote is required, in which case, such express provision shall govern and control.

No Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

All election materials prepared with Association funds must list candidates in alphabetical order and must not suggest a preference among candidates.

Section 3.6. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the Member on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.7. Proxies. At all meetings of the Association, each Member may vote in person or by proxy. Every proxy shall be revocable unless stated otherwise and is coupled with an interest sufficient in law to support an irrevocable power. No proxy shall be valid after eleven

(11) months from its date, unless otherwise provided in the proxy. All proxies shall be in writing and shall be filed with the Secretary, in such form as is approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of Maryland shall be deemed to be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein to the contrary, only a directed proxy may be utilized to vote for members of the Board of Directors. A nondirected proxy may be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.8. Meetings.

(a) All meetings of the Association shall be open to every Member and/or their representative. Such meetings may be held in closed session for the following purposes:

(i) Discussion of the employment, assignment, appointment, promotion, demotion, compensation, discipline, removal or resignation of employees over whom the Association has jurisdiction, or any other personnel matter affecting one or more particular individual(s);

(ii) Protection of the privacy or reputation of individuals in matters not related to Association business;

(iii) Consultation with legal counsel;

(iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

(v) Investigative proceedings concerning possible or actual criminal misconduct;

(vi) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure;

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the Members present, for some other exceptional reason;

(viii) Acquisition of capital items previously specifically approved as part of a published budget adopted in an open meeting;

(ix) Discussion of short-term investments of funds of the Association in liquid assets if authorized by an investment policy previously adopted in an open meeting;

(x) Conducting collective bargaining negotiations or considering related matters and issues; or

(xi) Discussions concerning public security, including the deployment of personnel in connection therewith and the development and implementation of emergency plans.

(b) If a meeting is held in closed session pursuant to the procedures established above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of each closed meeting, the record of the vote of each member of the Board of Directors by which any meeting was closed,

and the authority under this Section 3.8 for closing any meeting shall be made available so as to reasonably notify Members of the Association within fourteen (14) days after the meeting.

ARTICLE 4 -- BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of the Association shall initially be managed by a Board of Directors initially consisting of three (3) natural persons at least eighteen (18) years of age who shall be designated by Declarant and who shall hold office until the election of their successors at the first annual meeting of the Association, following the lapse of the Class B membership. Until the lapse of the Class B membership, all three (3) Directors shall be appointed by Declarant.

Commencing with the first annual meeting of the Association following the lapse of the Class B membership, the Board of Directors shall consist of an uneven number of not less than three (3) nor more than seven (7) Directors who shall be elected by the Members in accordance with these Bylaws and the Declaration.

Before expiration of the Declarant's rights as provided in the Declaration, the number of Directors shall be determined from time to time by Declarant; thereafter, the number of Directors from each class shall be determined by a vote of the Members at any annual or special meeting of Members and the number of Directors from each class may be changed by a vote of the Members at any subsequent annual or special meeting of the Members; provided, however, that: (a) the limitations of this Section 4.2 shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 4.2. Term of Office. Except for members of the Board of Directors appointed by Declarant, who shall serve until removed and/or replaced by Declarant or until replaced by a Director elected by the Members as provided herein, the term of office of each member of the Board of Directors shall be two (2) years. In the alternative, the Members may resolve at any annual or special meeting following the expiration of Declarant's rights as provided in the Declaration, to establish the term of office for all Directors to be one (1) year, or to establish staggered terms for the Directors from one (1) to three (3) years. Any change in the number of Directors or term of office of Directors shall not act to extend or curtail the term of office of any incumbent Director. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 4.3. Removal. After the first annual meeting of the Members following lapse of Class B membership, any Director may be removed from the Board with or without cause, by a majority vote of the Association. Prior to the first annual meeting of the Members following the lapse of Class B membership, any Director may be removed from the Board with or without cause, by the Declarant. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4.4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 4.5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors and by filing such approval with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 5 -- NOMINATION AND ELECTION OF DIRECTORS

Section 5.1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee commencing with the first annual meeting of Members following the membership lapse of the Class B membership. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the class. The Nominating Committee, if any, may be appointed by the Board of Directors before each annual meeting of the Members and such appointment may be announced at each annual meeting. The Nominating Committee, if any, may make as many nominations for election to the Board of Directors for the class as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or Non-members.

Section 5.2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Votes shall not be counted until after the time allotted by the Association for voting has ended. Cumulative voting is permitted.

ARTICLE 6 -- MEETING OF DIRECTORS

Section 6.1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods, at such time and place as shall have been made known to all Members in writing or upon written notice provided by mail or hand delivery not less than seventy-two (72) hours nor more than ninety (90) days before the date of the meeting.

Section 6.2. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the entire Board of Directors.

ARTICLE 7 -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers. The Board of Directors shall have power to:

(a) adopt and publish "Rules and Regulations" governing the use of the Common Areas, and to establish penalties for the infraction thereof; and

(b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

Section 7.2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-sixth (1/6) of the Members who are entitled to vote;

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

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

(d) borrow money, and, in accordance with the provisions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication, sale or transfer shall be effective unless accomplished in accordance with the provisions of the Declaration;

(f) participate in mergers and consolidations with other non-profit non stock corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall be accomplished in accordance with the provisions of the Declaration; and

(g) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

ARTICLE 8 -- OFFICERS AND THEIR DUTIES

Section 8.1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Board of Directors.

Section 8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 8.3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until their successors are duly elected and qualified, unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 8.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officers appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7. Multiple Offices. Except for the offices of President and Vice President, any other office may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article 8 and except as otherwise provided in this Section 8.7.

Section 8.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to a management agent):

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments but is not required to co-sign all checks and promissory notes.

Vice President

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

Secretary

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

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account, cause an annual audit or other review of the Association's books to be made by a public accountant or appropriate party at the completion of each fiscal year, at the discretion of the Board; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Board, and deliver copies thereof to the Members.

Section 8.9. Compensation. No officer shall receive compensation for any service rendered to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

ARTICLE 9 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 9.01 Liability. The Association may indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which such officer or Director may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith.

Section 9.02 Indemnification. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

Section 9.03 Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. A contract or other transaction between the Association and any of its Directors, or between the Association and any

corporation, firm or other entity in which any of its Directors is a director or has a material financial interest is not void or voidable solely because of the common directorship or interest, or because the Director is present at the meeting of the Board of Directors which authorizes, approves or ratifies the contract or transaction, or because the vote of the Director was counted for the authorization, approval or ratification of the contract or transaction, if any of the following exist:

(a) the fact of the common directorship or interest is disclosed or known to the Board of Directors and the Board of Directors authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested Directors, even if the disinterested Directors constitute less than a quorum; or

(b) the fact of the common directorship or interest is disclosed or known to the Members of the Association entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the Members entitled to vote other than the votes appurtenant to memberships owned by the interested Director or corporation, firm or other entity; or

(c) the contract or transaction is fair and reasonable to the Association at the time it was authorized, approved or ratified.

Common or interested Directors or the votes which they are entitled to cast or which are entitled to be cast by an interested corporation, firm or other entity may be counted in determining the presence or a quorum at a meeting of the Board of Directors or at a meeting of the owners, as the circumstances may require, at which the contract or transaction is authorized, approved or ratified. If a contract or transaction is not authorized, approved or ratified in the manner provided for in subparagraphs (a) or (b) of this Section, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to the Association at the time it was authorized, approved or ratified.

ARTICLE 10 – COMMITTEES

The Board of Directors may appoint committees as deemed appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 6.1 of these Bylaws.

ARTICLES 11 - INSURANCE

Section 11.01. Insurance. In addition to the insurance coverage required to be maintained by the Declaration, the Board of Directors of the Association may obtain and maintain, to the extent reasonably available, the following:

(a) workmen's compensation insurance for employees of the Association to the extent necessary to comply with any applicable law;

(b) a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any

such officer or Director shall have been made a party by reason of his or her services as such; and; and

(c) such other policies of insurance, including Director and officer liability insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these Bylaws, as are or shall thereafter be considered appropriate by the Board of Directors.

Section 11.02. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions, or other provisions, as appropriate:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "B/III" or better in the current edition of Best's Key Rating Guide (or its equivalent).

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of other property or their mortgagees and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insurers named thereon.

(e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the Members of the Association and their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

ARTICLE 12 -- BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 12.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, ~~except~~ for the first fiscal year of the Association which shall begin on the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 12.2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in the Articles of Incorporation of the Association. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

Section 12.3. Books and Accounts. Books and accounts of the Association shall be kept under the discretion of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological

order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the general and limited Common Areas and Facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 12.4. Auditing. At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if any, the Association shall furnish the Members with an annual financial statement, including the receipts and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 12.5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice to the President of the Board of Directors. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 12.6. Fidelity Insurance. The Board of Directors may require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity insurance or equivalent coverage against acts of dishonesty. The premiums on such insurance shall be paid by the Association.

ARTICLE 13 --CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., a Maryland corporation.

ARTICLE 14 -- AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the Association by a vote of a majority of such quorum of Members present in person or by proxy.

ARTICLE 15 -- INTERPRETATION/MISCELLANEOUS

Section 15.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. If there is any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 15.2. Notices. Unless another type of notice is specifically provided for, any and all notices called for in these Bylaws shall be given in writing, including by electronic mail.

Section 15.3. Severability. If any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 15.4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 15.5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 15.6. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, we, being all of the Directors of DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., have hereunto set our hands this 8th day of January, 2003.

WITNESS:

Name

Karen Myers

Karen Myers

Steven R. Richards

Steven R. Richards

I. Robert Rudy

I. Robert Rudy

Gary A. Daum

Gary A. Daum

* * *

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary or Assistant Secretary of DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., a Maryland nonstock corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the 8th day of January, 2003.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 8th day of January, 2003.

Steven W. Richards
By: Steven W. Richards
Title: Secretary

After recording return to:
Holland & Knight LLP
3 Bethesda Metro Center, Suite 800
Bethesda, Maryland 20814
Attn: Erica A. Leatham

RECORDING FEE 75.00
IMP FD SEARCH 25.00
TOTAL 95.00
Res# CAG1 Rcpt # 27461
DNM 1485 Bkr # 1561
Oct 24, 2005 00:43 am

KENDALL CAMP SUBDIVISION

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

TABLE OF CONTENTS

ARTICLE ONE	2
Definitions	2
Section 1.1	2
ARTICLE TWO	4
Common Area Property Rights	4
Section 2.1 Grant of Lots	4
Section 2.2 Grant of Common Areas	4
Section 2.3 Owner's Easements of Enjoyment	4
Section 2.4 Delegation of Use	4
Section 2.5 Structures	4
Section 2.6 Rules	4
Section 2.7 Association Management	5
ARTICLE THREE	5
Reserved Rights of Declarant	5
Section 3.1 Reserved Rights of Declarant	5
Section 3.2 Grading	5
Section 3.3 Sales and Construction Offices	5
Section 3.4 Easement for Utilities	6
Section 3.5 Amendment of Plat	6
ARTICLE FOUR	6
Membership and Voting Rights	6
Section 4.1 Membership	6
Section 4.2 Voting	6
ARTICLE FIVE	7
Covenant for Maintenance	7
Section 5.1 Creation of Lien and Personal Obligations for Assessments	7
Section 5.2 Purposes of Assessments	7
Section 5.3 Reserve Fund	7
Section 5.4 Maximum Annual Assessment	7
Section 5.5 Special Assessments	8
Section 5.6 Notice and Quorum for any Action Authorized under Sections 5.4 and 5.5	8
Section 5.7 Uniform Rate of Assessment	8
Section 5.8 Additional Assessments	9
Section 5.9 Surplus Receipts	9
Section 5.10 Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment of Assessments	9
Section 5.11 Effect of Nonpayment of Assessments; Remedies of the Association	9

Section 5.12	Maryland Contract Lien Act.....	9
Section 5.13	Subordination of the Lien to Mortgages.....	10
Section 5.14	Assessment of Lots Owned by Declarant.....	10
ARTICLE SIX.....		11
Maintenance by Owner.....		11
ARTICLE SEVEN.....		11
Architectural Review.....		11
Section 7.1	Building Restrictions.....	11
Section 7.2	Committee Criteria.....	12
Section 7.3	Disapproval of Plans.....	12
Section 7.4	Approval of Plans.....	12
Section 7.5	Non-Approved Structures.....	12
Section 7.6	Completion of Construction.....	12
Section 7.7	Examination Fee.....	13
Section 7.8	Declarant Exemption.....	13
Section 7.9	Architectural Committee Rules.....	13
Section 7.10	Conditional Approvals.....	13
ARTICLE EIGHT.....		14
Restrictions on Lots.....		14
Section 8.1	Uses.....	14
Section 8.2	Subdivision.....	14
Section 8.3	Signs.....	14
Section 8.4	Motor Vehicles.....	14
Section 8.5	Animals.....	14
Section 8.6	Noises and Nuisances.....	14
Section 8.7	Trash.....	14
Section 8.8	Antennas and Dishes.....	15
Section 8.9	Enforcement.....	15
Section 8.10	Structures.....	15
Section 8.11	Rules.....	15
Section 8.12	Cutting Trees.....	15
Section 8.13	Equipment/Furniture Covers.....	16
Section 8.14	Clotheslines.....	16
Section 8.15	Hot Tubs.....	16
Section 8.16	Window/Door Blinds and Coverings.....	16
ARTICLE NINE.....		16
Party Walls.....		16
Section 9.1	General Rules of Law to Apply.....	16
Section 9.2	Sharing and Repair and Maintenance.....	16
Section 9.3	Destruction by Fire or Other Casualty.....	16
Section 9.4	Weatherproofing.....	16
Section 9.5	Right to Contribution Runs With Land.....	16
ARTICLE TEN.....		17
Annexation.....		17
Section 10.1	Additional Property.....	17
Section 10.2	Annexation by Declarant.....	17
Section 10.3	Recording.....	17
ARTICLE ELEVEN.....		17
Ski Slopes.....		17
Section 11.1	Ski Slopes.....	17

Section 11.2	Ski Slope Interference.....	17
Section 11.3	Notice of Snow Ski Resort.....	17
Section 11.4	Resort Operators Liability.....	17
ARTICLE TWELVE		18
General Provisions.....		18
Section 12.1	Other Covenants Affecting the Property.....	18
Section 12.2	Enforcement.....	18
Section 12.3	Severability.....	18
Section 12.4	Amendment.....	18
Section 12.5	Notices.....	19
Section 12.6	Right of Entry.....	19
Section 12.7	No Reverter or Condition Subsequent.....	20
Section 12.8	Remedies.....	20
Section 12.9	Headings.....	20

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

KENDALL CAMP SUBDIVISION

THIS DECLARATION, made this 10th day of September, 2005 by D. C. DEVELOPMENT, LLC, a Maryland limited liability company, hereinafter referred to as "Declarant."

WITNESSETH

WHEREAS, Declarant is the owner of certain property situate in Garrett County, State of Maryland, more particularly described in Schedule A, attached hereto and made a part hereof (hereinafter referred to as the "Property"); and

WHEREAS, Declarant intends to develop or cause to be developed on the Property a residential community and to provide for the preservation of the values and amenities in the community and for the uniform and orderly development thereof, and for the creation and maintenance of certain common facilities as hereinafter set forth, all of which is for the benefit of the Property and the owners thereof; and

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

WHEREAS, Declarant has caused or will cause a non-profit membership corporation known or to be known as "KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC." (the "Association") to be formed in order to perform certain functions on behalf of the owners of lots within the Property, including, but not limited to, the enforcement of the covenants, conditions and restrictions herein set forth, and management of the common areas to be owned by the Association, and collection and disbursement of the assessments and charges' hereinafter created; and

WHEREAS, Declarant has caused a separate Declaration of Covenants Establishing Infrastructure Facility Charges to be recorded in the Land Records of Garrett County, Maryland in Liber 927 at folio 0505 to establish certain covenants and liens on the individual lots within the Property for the purposes of collecting from the owner(s) of the lots the cost of the construction and installation of certain infrastructure facilities; and

WHEREAS, Declarant has caused a Deep Creek Lake Mountain Resort Property Owners Master Declaration of Covenants, Conditions and Restrictions to be recorded in the Land Records of Garrett County, Maryland in Liber 927 at folio 0462 to provide for the maintenance of certain areas common to all property currently owned, to be acquired and/or maintained by Declarant, its successors and/or assigns, including, but not limited to the Property.

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

ARTICLE ONE Definitions

Section 1.1 As used herein, the following words and terms are defined to mean as indicated:

1.1.1 **"Architectural Committee"** shall be composed of those three or more individuals so designated from time to time by (i) Declarant during the Development Period and (ii) by the Board of Directors after the Development Period. Those individuals appointed by the Board of Directors after the Development Period may be removed from the Architectural Committee at any time by the Board of Directors at its discretion. The initial Architectural Committee shall be I. Robert Rudy, Gary A. Daum, Karen Frazee Myers, and Steve Richards.

1.1.2 **"Association"** shall mean and refer to Kendall Camp Property Owners Association, Inc., a Maryland not for profit corporation, as formed or to be formed by Declarant.

1.1.2 **"Board of Directors"** means the Board of Directors from time to time of the Association.

1.1.3 **"Common Areas"** means those lots or areas of land within the Property shown on the subdivision plats prepared by or for Declarant hereafter recorded among the Land Records of Garrett County, aforesaid, and is intended to be the entire Property, save and except for Lots. The Common Areas shall include all common open space, roads, streets and parking areas within the Property as shown on said Plats, unless the same are dedicated to the County or State for public use. Common Areas shall also include all exterior building walls and roofs; however, party walls (as subsequently defined in Article Nine) are specifically excluded from the Common Areas.

1.1.4 **"Declarant"** means D. C. Development, LLC, and its successors and assigns to which it shall convey or otherwise transfer its right, title and interest to all or any part of the Property and in so doing expressly designates the transferee as a Declarant hereunder.

1.1.5 **"Development Period"** means the period that is ten (10) years from the date this Declaration is recorded among the Land Records of Garrett County, Maryland. With respect to any Land annexed to the Property by Declarant as herein permitted, the "Development Period" shall mean the time that is ten (10) years from the time that such land is annexed to the Property by recording of an Amendment hereto among the Land Records of Garrett County.

1.1.6 **"Lot"** means a lot or parcel of ground in the Property shown as such on the subdivision plats prepared by or for Declarant and recorded or hereafter recorded among the Land Records of Garrett County and designated a "Lot." As used herein, "Lot" shall not include the Common Areas within the Property as shown on said plats.

1.1.7 **"Member"** means a person or entity who holds membership in the Association as provided in this Declaration hereafter.

1.1.8 **"Owner"** means the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.1.9 **"Property"** shall mean that certain property described in Schedule A attached and such additions thereto as may hereafter be brought within the jurisdiction of the Association and subjected to this Declaration as herein provided.

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

ARTICLE TWO

Common Area Property Rights

Section 2.1 Grant of Lots. Declarant shall hereafter hold, grant and convey the Lots, subject to the covenants, conditions and restrictions herein set forth, which are for the benefit of, binding upon and shall run with the land, and are for the benefit of Declarant, the Association and the Owners, their heirs, personal representatives, successors, and assigns

Section 2.2 Grant of Common Areas. Declarant covenants that it will convey the Common Areas to the Association, except roads that are dedicated to public use, and the Association shall accept from Declarant the Common Areas, with such improvements as Declarant may construct thereon and shall hold them subject to the provisions hereof.

Section 2.3 Owner's Easements of Enjoyment. Every Owner shall have a right and non-exclusive easement in and to the Common Areas, which easement shall be appurtenant to every Lot. In addition, every Owner shall have a right and non-exclusive easement of enjoyment in and to the common areas of Villages of Wisp Planned Residential Development (as described on Amended Plats One, Two, Three of Waterside at Wisp and recorded in the Land Records of Garrett County at Book C.C.D.3, pages 35A, 35B and 35C, respectively), except for any lake access privileges appurtenant thereto.

2.3.1 The Association shall have the exclusive right to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas;

2.3.2 The Association shall have the exclusive right to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

Section 2.4 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on a Lot.

Section 2.5 Structures. Except as otherwise permitted by the provisions of this Declaration, no Structure shall be erected, placed or maintained on any Common Area except: (i) Structures designed exclusively for the common use or assigned use of Owners (e.g. a pavilion housing a hot tub or similar facility for the exclusive use of the Owners, or their designee in accordance with Section 2.4 above) and (ii) drainage, storm and utility systems. The Common Areas may be graded, planted with trees and shrubs and other plants placed and maintained thereon for the use, comfort and enjoyment of the Owners or for the establishment, retention or preservation of the natural growth or topography of the Common Areas.

Section 2.6 Rules. The Association shall have the right to prescribe reasonable rules and regulations governing the use of the Common Areas, which rules and regulations shall be applied equally to all Owners. The Association shall have the right to suspend voting rights of an Owner in the Association for any period of not less than ten (10) days for an infraction of its published rules and regulations

Section 2.7 Association Management. The Association may improve, develop, supervise, manage, operate, examine, inspect, care for, repair, replace, restore and maintain the Common Areas, including, by way of illustration, and not limitation, streets, roadways, sidewalks and parking areas, and all trees, shrubbery and other plants and landscaping together with any items of personal property placed or installed thereon, at the cost and expense of the Association.

ARTICLE THREE

Reserved Rights of Declarant

Section 3.1 Reserved Rights of Declarant. The Association shall hold the Common Areas conveyed to it by Declarant subject to the following:

3.1.1 The reservation to Declarant of an easement over any part of the Common Areas for the purpose of ingress and egress and the installation and maintenance of public and private utilities.

3.1.2 The reservation to Declarant of an easement over any part of the Common Area for the purpose of storage of building supplies, construction equipment and other similar property on the Common Areas during the Development Period. This reserved right shall expire one (1) year after completion of construction of all improvements by Declarant on all Lots, within the section in which the Common Areas subject to such reserved easement are located.

3.1.3 The reservation to Declarant of an easement over the Common Area for the purpose of establishing trail easements within the common areas to other owners of lots in nearby subdivisions as part of a master trail system, provided Owners within Kendall Camp are also granted easements for access and usage of said master trail system.

Section 3.2 Grading. Declarant further reserves the right at or after the time of grading of any street or any part thereof for any purpose, to enter upon any abutting Lot and grade a portion of such Lot adjacent to such street, provided such grading does not materially interfere with the use or occupancy of a residence built or to be built on such Lot, but Declarant shall not be under any obligation or duty to do such grading or to maintain any slope. No right shall be conferred upon any Owner or Member by the recording of any plat relating to the development of said Property in accordance with such plat, Declarant expressly reserving unto itself the right to make such amendments to any such plat or plats as shall be advisable in its best judgment and as shall be acceptable to public authorities having the right to approval thereof.

Section 3.3 Sales and Construction Offices. During the Development Period, Declarant may construct, maintain and operate real estate sales and construction offices, model homes, displays, signs and special lighting on any part of the Common Areas or on any Lot which Declarant has not yet conveyed.

Section 3.4 Easement for Utilities. Declarant reserves an easement on, over and under the Lots and Common Areas for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve the Property and the Lots therein, including, but not limited to, the right to lay, install, construct and maintain pipes, drains, mains, conduits, lines and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable television, and other public or private services or utilities deemed by Declarant necessary or advisable to provide adequate service to any Lot now or hereafter laid out or established on the Property, or in the area or on the area in which the same is located, together with the right and privilege of entering upon the Common Area for such purposes and making openings and excavations thereon which openings and excavations shall be restored in a reasonable period of time.

Section 3.5 Amendment of Plat. No right shall be conferred upon any Owner or Member by the recording of any plat relating to the development of the Property described herein to require the development of said Property in accordance with such plat. Declarant expressly reserving unto itself the right to make such amendments to any such plat or plats as shall be advisable in its best judgment. The rights reserved shall include the right to redefine the boundaries of unsold Lots, to annex additional land to the Property and to provide for new Lots not previously depicted on the plat. Declarant may not alter the boundaries of lots which have been sold.

ARTICLE FOUR

Membership and Voting Rights

Section 4.1 Membership. Every Owner of a Lot which is subject to assessment shall be a "Member" of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment

Section 4.2 Voting. The Association shall have two (2) classes of voting membership:

4.2.1 Class A. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be together deemed as a single Member. The vote for such Lot shall be exercised as the Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

4.2.2 Class B. The Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned by Declarant. The Class B membership shall cease,

subject to revival upon additional land being annexed to the Property pursuant to this Declaration, and be converted to Class A membership on the happening of the last to occur at the following events:

- (a) the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) December 31, 2015.

ARTICLE FIVE

Covenant for Maintenance

Section 5.1 Creation of Lien and Personal Obligations for Assessments. The Declarant, for each Lot, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges, (ii) special assessments for capital improvements, and (iii) additional assessments, all such assessments to be established and collected as hereinafter provided. The annual, special and additional assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 5.2 Purposes of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of Lots within the Property and for the improvement and maintenance of the Common Areas and as is otherwise consistent with the rights and responsibilities of the Association hereunder and for the benefit of the Members.

Section 5.3 Reserve Fund. The annual assessments shall include an amount adequate to establish a reserve fund for replacement of capital improvements in the Common Areas. A proportionate amount of each assessment payment received by the Association applicable to the reserve fund shall be received and held by the Association in trust, and shall be held separate and apart from other Association funds. Such trust funds shall be retained by the Association and used only for capital improvements and/or replacement of Common Areas facilities of the Association upon the approval of a majority of Owners. The Common Area facilities may include, but are not limited to, a pavilion, hot tub(s), fire pit and a contained trash disposal area.

Section 5.4 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to a Class A Member, the maximum annual assessment shall be \$1,800.

5.4.1 From and after January 1 of the year immediately following the conveyance of the first Lot to a Class A Member, the maximum annual assessment may be increased each fiscal year of the Association not more than ten percent (10%) above the annual assessment for the previous fiscal year without a vote of the membership of the Association. However, the annual assessment for Class One (1) lots may be increased in any fiscal year by more than ten percent (10%) above the annual assessment for the previous fiscal year without a vote of the membership of the Association by the actual amount of any increase in dock permit fees as imposed by the State of Maryland Department of Natural Resources, its successor or assign.

5.4.2 From and after January 1 of the year immediately following the conveyance of the first Lot to a Class A Member the maximum annual assessment may be increased above ten (10%) percent of the annual assessment for the previous fiscal year by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

5.4.3 The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 5.5 Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, and/or to meet any other emergency or unforeseen expenses of the Association provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5.6 Notice and Quorum for any Action Authorized under Sections 5.4 and 5.5. Written notice of any meeting called for the purpose of taking an action authorized under Sections 5.4 or 5.5 shall be sent to all Members not less than fifteen (15) 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 (60%) percent of all the votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (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 5.7 Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots within the same Class and may be collected on a monthly basis, or other periodic basis not more often than monthly, or less often than annually, as provided by the Board of Directors; provided, however, that notwithstanding any provision hereof to the contrary, Declarant shall not be required to pay any assessment for any Lot owned by Declarant until construction of improvements for a home on the Lot have been completed and the improvements

have been occupied.

Section 5.8 Additional Assessments. Additional assessments may be fixed against any Lot only as provided for in this Declaration. Any such assessments shall be due as provided by the Board of Directors in making any such assessment.

Section 5.9 Surplus Receipts. Any surplus of receipts over expenses of the Association for any fiscal year shall be either applied to reduce the assessments necessary to meet the budget adopted by the Association for the next fiscal year or paid into the reserve fund of the Association, as determined by resolution of the Board of Directors.

Section 5.10 Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment of Assessments.

5.10.1 The annual assessments provided for herein shall commence as to all Lots on the first day of January, 2006. The first annual assessment shall be fixed by the Board of Directors and shall be adjusted according to the number of months remaining in the calendar year. Thereafter, the Board of Directors shall 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 of the Association setting forth whether the assessments on a specified Lot have been paid.

5.10.2 If additional land is annexed to the Property as herein permitted, the annual assessments as to the Lots added to the Property by such annexation shall commence on the first day of the month following the conveyance of the first Lot within the annexed land to a Class A Member.

Section 5.11 Effect of Nonpayment 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 at the rate of ten (10%) percent per annum and shall be subject to a late charge of Five (\$5.00) Dollars or five (5%) percent of the assessment, whichever is greater, and the Board of Directors shall have the right to declare the entire balance of the annual assessment and accrued interest thereon to be immediately due and payable. In addition, the Owner shall be liable for all costs of collecting any such assessment, including reasonable attorney's fee and court costs. All such interest, late charges and costs of collection shall be deemed to be an additional assessment hereunder. The Association may bring an action at law against the Owner personally obligated to pay the same and/or, without waiving any other right, may foreclose the lien against the Lot. 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 5.12 Maryland Contract Lien Act. The Association may establish and enforce the

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

Section 5.13 Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any recorded first mortgage or deed of trust now or hereafter placed against a Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, any contract purchaser of a Lot shall be entitled, on written request to the Association, to a statement in writing from the Association setting forth the amount of any unpaid assessments against the Owner of the Lot due the Association and such purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments made by the Association against the Lot in excess of the amount set forth in such statement. The sale or transfer of any Lot pursuant to foreclosure or any proceeding in lieu thereof, of a mortgage senior in priority to the assessment lien, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from any lien therefor.

Section 5.14 Assessment of Lots Owned by Declarant. Lots owned by Declarant are exempt from all annual assessments or charges, special assessments and any additional assessments as may be levied by the Association; provided, however, that such exemption shall automatically expire with respect to any such Lot upon conveyance of such Lot by Declarant.

ARTICLE SIX
Maintenance by Owner

The Owner of each Lot shall keep his Lot, and all improvements thereon, in good order and repair, including, but not limited to, the seeding, watering and mowing of all lawns, yards, and frontages along subdivision roads and private driveways, keeping all sidewalks neat, clean and in good repair, and free of ice and snow, the pruning and cutting of all trees and shrubbery and the painting (or other appropriate external care) of all buildings and Structures on the Lot, all in a manner and with such frequency as is consistent with good property management and maintenance. If, in the opinion of the Architectural Committee, any Owner fails to perform the duties imposed hereunder, the Association, on affirmative action of a majority of the Board of Directors, after fifteen (15) days written notice to the Owner to remedy the condition in question, and upon failure of the Owner to remedy the condition, shall have the right (but not the obligation), through its agents and employees, to enter upon the Lot in question and to repair, maintain, repaint and restore the Lot and the improvements or Structures thereon and the cost thereof shall be a binding, personal obligation of such Owner, and as an additional assessment, upon the Lot in question.

ARTICLE SEVEN
Architectural Review

Section 7.1 Building Restrictions. No Structure shall be commenced, erected or maintained on any Lot nor shall the exterior appearance of any Structure on any Lot be changed or altered, nor shall the natural state of any area of any Lot be disturbed or altered after completion by Declarant and conveyance thereof to a Class A Member, nor shall the natural state of the any area of any Lot be disrupted or altered after completion by construction of the improvements thereon by Declarant, and conveyance thereof to a Class A Member, nor shall any work be commenced or performed which may result in a change of the exterior appearance of any such Structure, until the plans and specifications showing the nature, kind, shape, dimensions, materials, floor plans, color scheme, location, landscaping details, proposed topographical changes, together with the estimated cost of said work and the Owner's proposed construction schedule, and together with a designation of said party or parties to perform the work have been submitted to and approved in writing by the Architectural Committee.

The Architectural Committee may establish criteria upon which to approve or disapprove builders, contractors and other parties performing work subject to Architectural Committee approval, and may require that all such work be performed only by approved parties.

The Architectural Committee may designate upon each Lot a specified area in which all structural improvements must be located.

If the Architectural Committee fails to approve or disapprove plans and specifications in writing 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.

Section 7.2 Committee Criteria. The Architectural Committee shall consider such plans and specifications for approval upon the basis of, among other things, the harmony of external design and location in relation to surrounding Structures and topography, the nature and durability of the materials, quality of workmanship, choice of colors and materials, grade elevations and/or drainage, the ability of the party or parties designated by the Owner to complete the work proposed in accordance with the plans and specifications submitted, including, without limiting the foregoing, such factors as background, experience, skill, quality of workmanship, financial ability, etc. In reviewing the plans, the Architectural Committee may also consider factors of public health and safety, the effect the proposed work will have on the use, enjoyment and value of surrounding properties, and/or the outlook or view of other neighboring properties and the suitability of the proposed improvements or alterations with the general aesthetic values of the surrounding area.

Section 7.3 Disapproval of Plans. In any case where the Architectural Committee shall disapprove the plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement in writing of the grounds upon which such action was based. In any such case, the Architectural Committee shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal can be prepared and submitted for approval. However, the final decision of the Architectural Committee is binding.

Section 7.4 Approval of Plans. The applicant shall submit for approval two sets of plans and specifications. Upon approval by the Architectural Committee, one copy of such plans and specifications shall be retained by the Committee, and the other bearing the approval of the Committee in writing shall be returned to the applicant.

Section 7.5 Non-Approved Structures. If any Structure shall be altered, erected, placed or maintained upon any Lot, or any new use commenced on any Lot, in violation of the provisions hereof, such Structure or new use shall be removed or discontinued, and such use shall be terminated so as to extinguish such violation. If within fifteen (15) days after notice from the Board of Directors of such violation, the Owner of the Lot upon which such violation exists shall not have taken reasonable steps towards the removal or termination of the same, the Association, through its agents and employees, shall have the right to enter upon the Lot and to take such steps as it deems necessary to extinguish such violation and the cost thereof shall be a binding, personal obligation of the Owner of the Lot, and an additional assessment upon the Lot.

Section 7.6 Completion of Construction. Upon completion of construction of any Structure in accordance with the provisions hereof, the Architectural Committee, upon request of

the applicant, shall issue a Certificate of Compliance in form suitable for recordation among the Land Records of Garrett County aforesaid, identifying such Structure and the Lot on which such Structure is placed, and stating that the Structure has been completed pursuant to the terms hereof. Preparation and recording of such Certificate shall be at the expense of the applicant. Any Certificate of Completion issued pursuant hereto shall be *prima facie* evidence of the facts therein stated, and as to any purchaser or encumbrancer in good faith, and for value, or as to any title insurer, such Certificate shall be inclusive evidence that all Structures on the Lot noted in such certificate comply with the provisions hereof.

Section 7.7 Examination Fee. The Architectural Committee may charge and collect a reasonable fee for the examination of the plans and specifications submitted for approval. Such payment shall be made at the time such plans and specifications are submitted, provided that such charge shall not exceed the amount chargeable by the appropriate governmental authority for the application for and processing of building permits for Structures on the Lot with regard to which such plans and specifications are submitted. Such fee shall be retained by the Association, and not by the Architectural Committee; however, the Architectural Committee may employ or consult with an expert to assist in its review of the plans and specifications. Said fee may be used to compensate said expert for services performed. The members of the Architectural Committee shall serve without compensation unless specifically approved by the Members.

Section 7.8 Declarant Exemption. The provisions of this Article Seven shall not apply to any Structures commenced, erected or maintained by Declarant on any Lot, or within the Property.

Section 7.9 Architectural Committee Rules. The Architectural Committee to the extent of its functions hereunder and rights specifically provided herein, may adopt and promulgate reasonable rules and regulations regarding the administration, interpretation and enforcement of the provisions of this Declaration.

Section 7.10 Conditional Approvals. In granting any permit, authorization, or approval, as herein provided, the Architectural Committee may impose any appropriate conditions or limitations thereon as they shall deem advisable under the circumstances of each case.

ARTICLE EIGHT
Restrictions on Lots

Section 8.1. Uses. All Lots shall be used for single family residential purposes only, except that Declarant may use any Lot as a model home and for sales, management and/or construction offices during the Development Period. No structure of a temporary character whether a basement, tent, shack, trailer, camper, or other out-building will be placed on any Lot at any time as a permanent or temporary residence.

Section 8.2. Subdivision. No Lot shall be subdivided

Section 8.3. Signs. No signs, billboards, or advertising structures of any kind shall be placed or erected on any Lot unless such sign has been approved by the Architectural Committee. Signs erected by the Declarant shall not be subject to the provisions set forth herein.

Section 8.4. Motor Vehicles. All vehicles, boats, trailers, campers, non-passenger vehicles and the like may be parked only in designated parking areas or in private driveways. No boats, recreational vehicles, unlicensed automobiles, junked vehicles, or trucks rated more than 3/4 ton, may be parked or stored within the subdivision for longer than seven days in any calendar year unless parked or stored in an enclosed garage.

Section 8.5. Animals. No animals may be kept, maintained or bred on any Lot, except that dogs, cats or similar domestic household pets may be kept on a Lot, provided they are not kept, bred or maintained for any commercial purpose and provided further that they are kept in such a manner as to avoid becoming a nuisance to neighbors or adjoining property owners. Upon request of any Owner, the Architectural Committee shall determine, in its sole discretion, whether a particular animal shall be considered a "similar domestic household pet" or whether it constitutes a "nuisance".

Section 8.6. Noises and Nuisances. No nuisance shall be maintained, allowed or permitted on any part of the Property and no use thereof shall be made or permitted which may be noxious or detrimental to health or which may become an annoyance or nuisance to the neighborhood between the hours of 11:00 P.M. and 8:00 A.M. No Owner or occupant of a Lot shall make any loud or unusual noises. Musical instruments, radios, televisions and record players, phonographs and the like shall be used at all times only in such manner so as to not unreasonably disturb persons elsewhere on the Property. Because of the nuisance and noise associated with construction activities, such activities are specifically prohibited except between the hours of 7:00 A.M. and 5:00 P.M. Mondays through Saturdays, except with written permission from the Board of Directors.

Section 8.7. Trash. No lumber, metals, bulk materials, garbage, refuse or trash shall be kept, stored or allowed to accumulate on any lot (other than in an approved Structure); no Lot shall

be used or maintained as a dumping ground for any material; trash, garbage or other waste shall not be kept on any Lot except in sanitary container. All equipment and containers for the storage or disposal of such material shall be kept in a good, clean and sanitary condition; during construction of any approved Structure on a Lot, the Owner shall keep the construction site free of unsightly accumulations of rubbish and scrap materials, and construction materials, trailers, shacks and the like employed in connection with such construction shall be kept in a neat and orderly manner. To maintain the neat and orderly appearance of the community and to reduce the nuisance behavior of bears and other animals, the Association will maintain a bear-proof common trash disposal receptacle and area that is available to all members. No household garbage or trash shall be stored in the open on any Lot.

Section 8.8. Antennas and Dishes. Exterior antennas and satellite dishes shall not be permitted on any Lot, except that DSS dishes no larger than 18 inches in diameter may be permitted with Architectural Committee approval on any Lot not provided with underground cable television service.

Section 8.9 Enforcement. The Declarant and any Owner shall have the right to enforce, by a 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 Declarant 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 8.10 Structures. No Structure may be erected or maintained on any Lot in violation of Article Seven above, requiring approval of the Architectural Committee.

Section 8.11 Rules. In order to assure the peaceful and orderly use and enjoyment of the property, the Board of the Association may from time to time adopt, modify and revoke in whole or in part, such reasonable rules and regulations, to apply equally to all similarly situated Lots and Members, governing the conduct of persons on or use of a Lot and the Common Areas, as the Association may deem necessary. All such rules shall be binding upon all Members of the Association, occupants and visitors to the Property. The Association may impose a fine, suspend voting or infringe upon any other rights of an Owner or other occupant for violation of the rules upon compliance with applicable law, if any and this Declaration.

Section 8.12 Cutting Trees. It is intended that the community retain its wooded aesthetic character; accordingly, no cutting of any lot is permitted, except those trees which must be removed to allow construction of a residence or a driveway or the installation of utilities on a Lot. In order to remove any other trees from a Lot, permission must be secured from the Architectural Committee for trees larger than 4 inches in diameter. The Architectural Committee shall exercise good judgment, understanding that lot and home values are predicated upon the quality and quantity of the view from said Lot. For any trees that are removed without permission of the Architectural Committee, a penalty of up to \$1,000 per tree may be imposed by the Architectural Committee along with the requirement to replant trees of a specified specie, size, and 10-year life

guarantee. For any violations of these provisions, the Architectural Committee has the authority to issue a cease-and-desist order for the continuance of construction on the lot until an agreed-upon remedy has been approved by said Architectural Committee.

Section 8.13 Equipment/Furniture Covers. Any equipment or furniture stored on the deck of any Lot, if covered, must be covered with dark grey, dark brown or black covers. Any other color equipment or furniture covers are expressly prohibited.

Section 8.14 Clotheslines. No clotheslines may be installed on or around the Lot; nor shall Owners be permitted to dry clothing or other items on deck railings.

Section 8.15 Hot Tubs. Owners may install hot tubs only on the deck so designated for each unit by the builder.

Section 8.16 Window/Door Blinds and Coverings. No window or door covering may have a reflective surface or bright color visible from the exterior and no window or door shall have vertical slat coverings.

ARTICLE NINE

Party Walls

Section 9.1 General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Lots and placed on the dividing line between the Lots shall constitute a party wall, and to the extent not inconsistent with the provisions of the 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 9.2 Sharing and 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 9.3 Destruction by Fire or Other Casualty. If a party wall is damaged or destroyed 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, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 9.4 Weatherproofing. Notwithstanding any other provision of this Article, 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.

Section 9.5 Right to Contribution Runs With Land. The right to any Owner to

contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successor in title.

ARTICLE TEN

Annexation

Section 10.1 Additional Property. Additional residential Lots and Common Areas may be annexed to the Property in accordance with the provisions of this Article.

Section 10.2 Annexation by Declarant. Additional land may be annexed to the Property by Declarant and made into residential Lots and Common Areas of the Property without the consent of Members within ten (10) years of the date this Declaration is recorded among the Land Records of Garrett County.

Section 10.3 Recording. Any annexation made to the Property pursuant to this Article Nine shall be done and become effective upon recording of an amendment to this Declaration by Declarant among the Land Records of Garrett County specifying the additional land to be annexed to the property.

ARTICLE ELEVEN

Ski Slopes

Section 11.1 Ski Slopes. The Property adjoins and is partially surrounded by property that is not part of the Villages at Wisp Planned Unit Development. The adjoining and surrounding property is now owned by Developer or a related entity thereof and has been or may be leased to a ski resort operator and used as part of snow ski resort.

Section 11.2 Ski Slope Interference. If the adjoining and surrounding property aforesaid is used as part of snow ski resort, the operation thereof may create conditions that result in some unavoidable interference with the Property and improvements thereon. Such interference may include, but is not limited to: (1) snow making operations which may cause ice and snow to form and accumulate on exposed areas of improvements on the Property; (2) snow-making and slope grooming operations, generally scheduled late at night or all night, which may generate noise that may be heard on the Property and in the improvements thereon; and (3) lights from night skiing operations, which may illuminate certain areas of the Property.

Section 11.3 Notice of Snow Ski Resort. Purchasers of Lots and the Association shall take and hold title to the Property, and any part thereof, including Lots and Common Areas, subject to notice of the provisions set forth in this Article.

Section 11.4 Resort Operators Liability. The owner of the adjoining and surrounding property, as a lessor thereof, and the operator of any ski resort thereon, as tenant, may agree that

the tenant shall not be liable to lessor, its successors or assigns (which may be deemed to include purchasers of Lots and the Association) for damage or claims arising out of the activities referred to above, unless caused by any negligence on the part of the tenant.

ARTICLE TWELVE

General Provisions

Section 12.1 Other Covenants Affecting the Property.

12.1.1 A separate Declaration of Covenants Establishing Infrastructure Facility Charges (the "Infrastructure Covenants") was recorded in Liber 927 at folio 0505 of the Land Records of Garrett County, Maryland to create a separate lien and annual assessment on individual Lots within the Property and the assessment created therein is separate and distinct from any assessment created under the provisions of Article Five. The lien established by the Infrastructure Covenants shall be superior in priority to the lien for assessments established by Article Five hereof.

12.1.2 The Owner(s) acknowledge that a Deep Creek Mountain Resort Property Owners Master Declaration of Covenants, Conditions and Restrictions, consisting of all the property owners' associations located within the Villages of Wisp Planned Residential Development (as approved by the Garrett County Planning Commission) and other property owned by Declarant, has been or will be established for the maintenance of certain areas common to the Villages of Wisp Planned Residential Development and other property owned by the Declarant, including, but not limited to a master trail system, private roadways and lakeside park.

Section 12.2 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 12.3 Severability. Invalidity 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 12.4 Amendment.

12.4.1 The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by no less than seventy-five (75%) percent of each class of Members who are entitled to vote at a meeting of Members. Any amendment must be recorded.

12.4.2 No amendment may alter or affect any rights granted hereunder to Declarant without the prior written consent of Declarant. No amendment affecting assessments, any property right, the right of any Owner to have, use or enjoy any easement or to use the Common Area, or the vested right of any party secured by a mortgage or deed of trust shall be valid or of any effect unless such amendment has been approved in writing by such party having such right or interest.

Section 12.5 Notices. All notices required or provided for in this Declaration shall be in writing and hand delivered or sent by United States mail. If hand delivered, the notices shall be sent to the addresses shown below and shall be deemed to have been given on the date hand delivered to the party receiving the same. If United States mails are used, the notices shall be sent to the addresses shown below, certified or registered mail, return receipt requested, postage prepaid, and shall be deemed to have been given on the date deposited in the United States mails. Notice shall be addressed as follows:

To Declarant: 212 Marsh Hill Road
McHenry, MD 21541
Attn.: Karen Myers

To the Association: To the Resident Agent of the Association
at his address, as shown by the records
of the State Department of Assessments
and Taxation of the State of Maryland.

To Owner/Members
as follows: To the last known address of the Owner/Member
as shown on the records of the Association
at the time of such mailing.

Section 12.6 Right of Entry. Violation or breach of any provision herein contained shall give Declarant or the Association, to the extent that any of them may have a right of enforcement thereover, their respective agents, legal representatives, heirs, successors and assigns, in addition to all other remedies, the right (but not the obligation), after five (5) days notice to the Owner of the Lot, to enter upon the Lot or the land as to which such violation or breach exists, and summarily to abate and remove, at the expense of the Owner thereof, any Structure or condition that may be or exists thereon contrary to the intent and meaning of the provisions hereof; and the said parties shall not thereby be deemed guilty of any manner of trespass for such entry, abatement of removal, except that if any agent of Declarant or the Association shall be responsible for actually committing a trespass by behavior going beyond the intent of the authority conferred by this Section, in such event neither Declarant nor the Association shall be responsible for the unauthorized acts of such agent(s). Nothing herein contained shall be deemed to affect or limit the rights of the Owners of the Lots when entitled to do so, to enforce the covenants by appropriate

judicial proceedings

Section 12.7 No Reverter or Condition Subsequent. No provision herein is intended to be, or shall be construed as, a condition subsequent or as creating a possibility of reverter.

Section 12.8 Remedies. Damages may not be deemed adequate compensation for any breach of violation for any provision hereof, so that any person or entity entitled to enforce any provision hereof shall be entitled to relief by way of injunction as well as any other available relief either at law or in equity.

Section 12.9 Headings. The headings or titles herein are for convenience of reference only and shall not affect the meaning or interpretation of the contents of this Declaration.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunder set its hand and seal the day and year first above written.

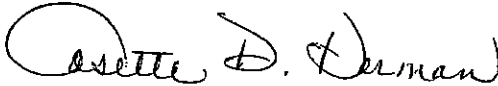
D.C. DEVELOPMENT, LLC, a Maryland
Limited liability company

By: 
Name: I. Robert Rudy
Title: Managing Member

STATE OF MARYLAND, COUNTY OF GARRETT, to wit:

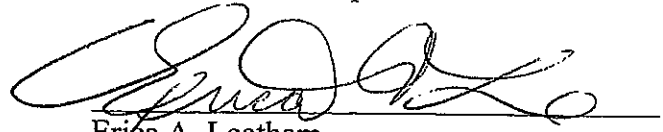
I HEREBY CERTIFY that on this 20th day of September, 2005, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared I. ROBERT RUDY, Managing Member of D.C. Development, LLC, and that he, as such Managing Member, being authorized to do so, executed the foregoing Declaration for the purposes ~~therein contained~~.

WITNESS, my hand and Notarial Seal.


NOTARY PUBLIC

My Comm. Expires: 10/1/2007

I hereby certify that the foregoing Declaration of Covenants, Conditions and Restrictions was prepared by or under the supervision of an attorney admitted to the practice of law in the State of Maryland.



Erica A. Leatham

SCHEDULE A

Description of Property to be Attached as "Schedule A" Prior to
Recordation.

2099264_v1

HIGHLAND ENGINEERING & SURVEYING, INC.

1426 MEMORIAL DRIVE
OAKLAND, MARYLAND 21550
301-334-6185
(FAX) 301-334-8317

Schedule A (Page 1)

Description For Deed
September 2005

...all that certain tract, piece or parcel of lands and premises situate, lying and being in Election District No. 6 of Garrett County, Maryland which is more particularly described as follows:

Beginning for the same at a 5/8" rebar marking a corner between lands of D. C. Development LLC (Liber 717, page 844) and lands of Rolling Trails, Inc. (Liber 499, page 239), thence with said lands of Rolling Trails, Inc.

South 18°22'18" East 94.21 feet, thence four courses through lands of D. C. Development LLC

South 80°01'32" West 493.18 feet,

North 32°00'53" West 157.47 feet,

206.47 feet along a curve to the right, said curve having a radius of 172.83 feet and a long chord of North 2°12'31" East 194.41 feet,

North 47°56'08" West 90.29 feet to a point in the southeastern limits of Wisp Mountain Road, a fifty foot right of way, thence three courses with said limits

56.64 feet along a curve to the right, said curve having a radius of 262.83 feet and a long chord of North 44°32'16" East 56.53 feet,

North 50°42'41" East 323.50 feet,

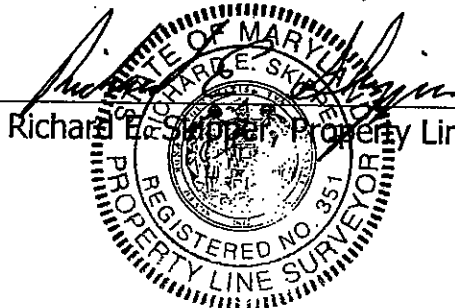
31.98 feet along a curve to the left, said curve having a radius of 2689.36 feet and a long chord of North 50°22'15" East 31.98 feet, thence two courses through lands of D. C. Development LLC,

South 40°22'44" East 451.22 feet,

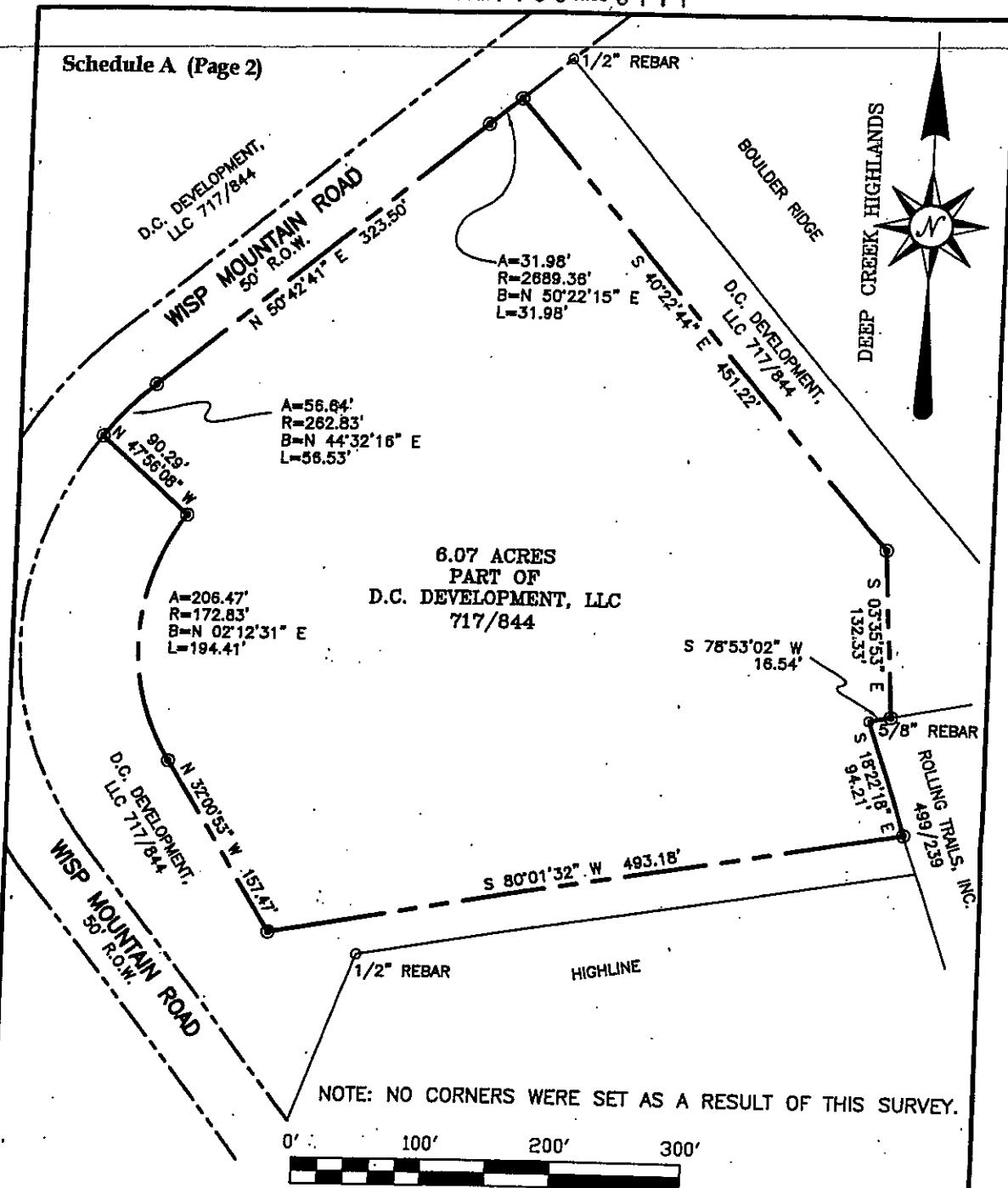
South 3°35'53" East 132.33 feet, thence

South 78°53'02" West 16.54 feet with the aforementioned lands of Rolling Trails, Inc. to the beginning, containing 6.07 acres, more or less.

Being part of the lands described in a conveyance from Rolling Ridge Joint Venture, LLP to D. C. Development LLC by deed recorded September 11, 1997 among the Land Records of Garrett County, Maryland in Liber 717 at page 844.



Richard E. Skipper, Property Line Surveyor #351

Schedule A (Page 2)

NOTE: NO CORNERS WERE SET AS A RESULT OF THIS SURVEY.



PLAT OF PROPERTY SURVEYED FOR
D. C. DEVELOPMENT, LLC / KENDALL CAMP

ELECTION DISTRICT NO. 6, GARRETT COUNTY, MARYLAND

SCALE: 1" = 100' DATE: SEPTEMBER 2005

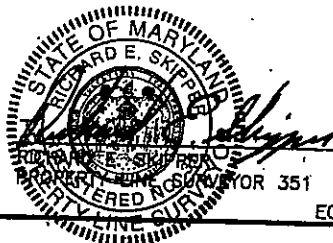
SURVEYOR'S CERTIFICATE

To all parties interested in the title to the property surveyed; I hereby certify that the property corners marked thus: o have been found and that property corners marked thus: ● have been 1/2" rebar with cap set and that property corners marked thus: @ are calculated points according to field survey in conjunction with the land records of said county and are correct to the best of my knowledge and belief, said locations are subject to change upon discovery of new and superior evidence.

**HIGHLAND
ENGINEERING &
SURVEYING, INC.**

Telephone: 301-334-6185
Facsimile: 301-334-8317

1426 Memorial Drive
Oakland, Maryland 21550



DAF

E03045

E03045, E03045P.dwg, 9/30/2005 9:27:09 AM 1:000

**BYLAWS OF
KENDALL CAMP
PROPERTY OWNERS ASSOCIATION, INC.**

BYLAWS
OF
KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC.

TABLE OF CONTENTS

ARTICLE 1 -- NAME AND LOCATION	3
ARTICLE 2 -- DEFINITIONS	3
ARTICLE 3 -- MEETING OF MEMBERS	3
Section 3.1. <u>Annual Meetings</u>	3
Section 3.2. <u>Special Meetings</u>	3
Section 3.3. <u>Notice of Meetings</u>	3
Section 3.4. <u>Quorum</u>	3
Section 3.5. <u>Voting and Delinquent Payment</u>	3
Section 3.6. <u>Absentee Ballots</u>	4
Section 3.7. <u>Proxies</u>	4
Section 3.8. <u>Meetings</u>	4
ARTICLE 4 -- BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE	5
Section 4.1. <u>Number</u>	6
Section 4.2. <u>Term of office</u>	6
Section 4.3. <u>Removal</u>	6
Section 4.4. <u>Compensation</u>	6
Section 4.5. <u>Action Taken Without a Meeting</u>	7
ARTICLE 5 -- NOMINATION AND ELECTION OF DIRECTORS	7
Section 5.1. <u>Nomination</u>	7
Section 5.2. <u>Election</u>	7
ARTICLE 6 -- MEETING OF DIRECTORS	7
Section 6.1. <u>Regular and Special Meetings</u>	7
Section 6.2. <u>Quorum</u>	7
ARTICLE 7 -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS	7
Section 7.1. <u>Powers</u>	7
Section 7.2. <u>Duties</u>	7
ARTICLE 8 -- OFFICERS AND THEIR DUTIES	8
Section 8.1. <u>Enumeration of Officers</u>	8
Section 8.2. <u>Election of Officers</u>	8
Section 8.3. <u>Term</u>	9
Section 8.4. <u>Special Appointments</u>	9
Section 8.5. <u>Resignation and Removal</u>	9
Section 8.6. <u>Vacancies</u>	9
Section 8.7. <u>Multiple Offices</u>	9

Section 8.8. <u>Duties</u>	9
Section 8.9. <u>Compensation</u>	10
ARTICLE 9 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS	10
Section 9.1. <u>Liability</u>	10
Section 9.2. <u>Indemnification</u>	10
Section 9.3. <u>Interested Directors</u>	10
ARTICLE 10 -- COMMITTEES	11
ARTICLE 11 -- INSURANCE	11
Section 11.1. <u>Insurance</u>	11
Section 11.2. <u>Limitations</u>	12
ARTICLE 12 -- BOOKS AND RECORDS/FISCAL MANAGEMENT	12
Section 12.1. <u>Fiscal Year</u>	12
Section 12.2. <u>Principal Office - Change of Same</u>	12
Section 12.3. <u>Books and Accounts</u>	12
Section 12.4. <u>Auditing</u>	13
Section 12.5. <u>Inspection of Books</u>	13
Section 12.6. <u>Fidelity Insurance</u>	13
ARTICLE 13 -- CORPORATE SEAL	13
ARTICLE 14 -- AMENDMENTS	13
ARTICLE 15 -- INTERPRETATION/MISCELLANEOUS	13
Section 15.1. <u>Conflict</u>	13
Section 15.2. <u>Notices</u>	14
Section 15.3. <u>Severability</u>	14
Section 15.4. <u>Waiver</u>	14
Section 15.5. <u>Captions</u>	14
Section 15.6. <u>Gender, etc.</u>	14

BYLAWS
OF
KENDALL CAMP
PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE 1 -- NAME AND LOCATION

The name of the corporation is KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 23789 Garrett Highway, Suite 5, McHenry, Maryland, 21541 but meetings of Members and Directors may be held at such places within the State of Maryland as may be designated by the Board of Directors.

ARTICLE 2 -- DEFINITIONS

Unless otherwise defined in these Bylaws, words or phrases defined in the Kendall Camp Property Owners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded in the Garrett County Land Records (the "Declaration") shall have the same meaning in these Bylaws. The Declaration is incorporated by reference.

ARTICLE 3 --MEETING OF MEMBERS

Section 3.1. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association. Each subsequent regular meeting shall be held on the same day of the same month of each year thereafter or such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2. Special Meetings. Special meetings may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-third (1/3rd) of all the votes of the Class A membership.

Section 3.3. Notice of Meetings. Written notice of each meeting shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, or by hand delivering a copy of such notice, at least ten (10) days (but not more than ninety (90) days) before such meeting to each Member of each class entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.4. Quorum. The presence at the meeting of Members of each class entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the respective classes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or

represented at any meeting, the Members present shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 3.5. Voting and Delinquent Payment. Voting at meetings of members shall be by written ballot. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership which such member owns on each question or issue. Each of the Class B Members shall have the right to cast three (3) votes for each Class B membership which such member owns on each question or issue. The Class B membership shall cease, subject to revival upon additional land being annexed pursuant to the Declaration, and be converted to a Class A membership upon the earliest of the following events:

- (i) when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or
- (ii) December 31, 2015.

Upon the lapse or surrender of the Class B membership as provided for in this Article, the Declarant shall thereafter become a Class A member of the Association as to each and every lot in which the Declarant then holds the interest otherwise required for such Class A membership.

The vote of Members representing fifty-one percent (51%) of the total of the votes of all the memberships at the meeting, in person or by proxy, calculated as aforesaid shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or the Articles of Incorporation, the Declaration or these By-Laws, a different vote is required, in which case, such express provision shall govern and control.

No Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

All election materials prepared with Association funds must list candidates in alphabetical order and must not suggest a preference among candidates.

Section 3.6. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the Member on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.7. Proxies. At all meetings of the Association, each Member may vote in person or by proxy. Every proxy shall be revocable unless stated otherwise and is coupled with an interest sufficient in law to support an irrevocable power. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy. All proxies shall be in writing and shall be filed with the Secretary, in such form as is approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of Maryland shall be deemed to be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein

to the contrary, only a directed proxy may be utilized to vote for members of the Board of Directors. A nondirected proxy may be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.8. Meetings.

(a) All meetings of the Association shall be open to every Member and/or their representative. Such meetings may be held in closed session for the following purposes:

(i) Discussion of the employment, assignment, appointment, promotion, demotion, compensation, discipline, removal or resignation of employees over whom the Association has jurisdiction, or any other personnel matter affecting one or more particular individual(s);

(ii) Protection of the privacy or reputation of individuals in matters not related to Association business;

(iii) Consultation with legal counsel;

(iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

(v) Investigative proceedings concerning possible or actual criminal misconduct;

(vi) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure;

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the Members present, for some other exceptional reason;

(viii) Acquisition of capital items previously specifically approved as part of a published budget adopted in an open meeting;

(ix) Discussion of short-term investments of funds of the Association in liquid assets if authorized by an investment policy previously adopted in an open meeting;

(x) Conducting collective bargaining negotiations or considering related matters and issues; or

(xi) Discussions concerning public security, including the deployment of personnel in connection therewith and the development and implementation of emergency plans.

(b) If a meeting is held in closed session pursuant to the procedures established above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of each closed meeting, the record of the vote of each member of the Board of Directors by which any meeting was closed, and the authority under this Section 3.8 for closing any meeting shall be made available so as to reasonably notify Members of the Association within fourteen (14) days after the meeting.

ARTICLE 4 -- BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of the Association shall initially be managed by a Board of Directors initially consisting of three (3) natural persons at least eighteen (18) years of age who shall be designated by Declarant and who shall hold office until the election of their successors at the first annual meeting of the Association, following the lapse of the Class B membership. Until the lapse of the Class B membership, all three (3) Directors shall be appointed by Declarant.

Commencing with the first annual meeting of the Association following the lapse of the Class B membership, the Board of Directors shall consist of an uneven number of not less than three (3) nor more than seven (7) Directors who shall be elected by the Members in accordance with these Bylaws and the Declaration.

Before expiration of the Declarant's rights as provided in the Declaration, the number of Directors shall be determined from time to time by Declarant; thereafter, the number of Directors from each class shall be determined by a vote of the Members at any annual or special meeting of Members and the number of Directors from each class may be changed by a vote of the Members at any subsequent annual or special meeting of the Members; provided, however, that: (a) the limitations of this Section 4.2 shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 4.2. Term of Office. Except for members of the Board of Directors appointed by Declarant, who shall serve until removed and/or replaced by Declarant or until replaced by a Director elected by the Members as provided herein, the term of office of each member of the Board of Directors shall be two (2) years. In the alternative, the Members may resolve at any annual or special meeting following the expiration of Declarant's rights as provided in the Declaration, to establish the term of office for all Directors to be one (1) year, or to establish staggered terms for the Directors from one (1) to three (3) years. Any change in the number of Directors or term of office of Directors shall not act to extend or curtail the term of office of any incumbent Director. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 4.3. Removal. After the first annual meeting of the Members following lapse of Class B membership, any Director may be removed from the Board with or without cause, by a majority vote of the Association. Prior to the first annual meeting of the Members following the lapse of Class B membership, any Director may be removed from the Board with or without cause, by the Declarant. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4.4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 4.5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors and by filing such approval with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 5 -- NOMINATION AND ELECTION OF DIRECTORS

Section 5.1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee commencing with the first annual meeting of Members following the membership lapse of the Class B membership. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the class. The Nominating Committee, if any, may be appointed by the Board of Directors before each annual meeting of the Members and such appointment may be announced at each annual meeting. The Nominating Committee, if any, may make as many nominations for election to the Board of Directors for the class as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or Non-members.

Section 5.2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Votes shall not be counted until after the time allotted by the Association for voting has ended. Cumulative voting is permitted.

ARTICLE 6 -- MEETING OF DIRECTORS

Section 6.1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods, at such time and place as shall have been made known to all Members in writing or upon written notice provided by mail or hand delivery not less than seventy-two (72) hours nor more than ninety (90) days before the date of the meeting.

Section 6.2. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the entire Board of Directors.

ARTICLE 7 -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish "Rules and Regulations" governing the use of the Common Areas, and to establish penalties for the infraction thereof; and
- (b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

Section 7.2. Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-sixth (1/6) of the Members who are entitled to vote;
- (b) fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of the Declaration, and to pay all expenses in connection therewith, including all office expenses, licenses, taxes or governmental charges levied or imposed against the property of the Association and all other expenses incident to the conduct of the business of the Association;
- (c) acquire (by gift, purchase or otherwise), own, hold improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs incurred;
- (d) borrow money, and, in accordance with the provisions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;
- (e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication, sale or transfer shall be effective unless accomplished in accordance with the provisions of the Declaration;
- (f) participate in mergers and consolidations with other non-profit non stock corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall be accomplished in accordance with the provisions of the Declaration; and
- (g) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

ARTICLE 8 -- OFFICERS AND THEIR DUTIES

Section 8.1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Board of Directors.

Section 8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 8.3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until their successors are duly elected and qualified, unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 8.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officers appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7. Multiple Offices. Except for the offices of President and Vice President, any other office may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article 8 and except as otherwise provided in this Section 8.7.

Section 8.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to a management agent):

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments but is not required to co-sign all checks and promissory notes.

Vice President

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

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association

and affix it on all papers requiring said seal; serve notice of meetings of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

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

Section 8.9 Compensation. No officer shall receive compensation for any service rendered to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

ARTICLE 9 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 9.01 Liability. The Association may indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which such officer or Director may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith.

Section 9.02 Indemnification. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

Section 9.03 Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. A contract or other transaction between the Association and any of its Directors, or between the Association and any corporation, firm or other entity in which any of its Directors is a director or has a material financial interest is not void or voidable solely because of the common directorship or interest, or because the Director is present at the meeting of the Board of Directors which authorizes, approves or ratifies the contract or transaction, or because the vote of the Director was counted for the authorization, approval or ratification of the contract or transaction, if any of the following exist:

(a) the fact of the common directorship or interest is disclosed or known to the Board of Directors and the Board of Directors authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested Directors, even if the disinterested Directors constitute less than a quorum; or

(b) the fact of the common directorship or interest is disclosed or known to the Members of the Association entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the Members entitled to vote other than the votes appurtenant to memberships owned by the interested Director or corporation, firm or other entity; or

(c) the contract or transaction is fair and reasonable to the Association at the time it was authorized, approved or ratified.

Common or interested Directors or the votes which they are entitled to cast or which are entitled to be cast by an interested corporation, firm or other entity may be counted in determining the presence or a quorum at a meeting of the Board of Directors or at a meeting of the owners, as the circumstances may require, at which the contract or transaction is authorized, approved or ratified. If a contract or transaction is not authorized, approved or ratified in the manner provided for in subparagraphs (a) or (b) of this Section, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to the Association at the time it was authorized, approved or ratified.

ARTICLE 10 – COMMITTEES

The Board of Directors may appoint committees as deemed appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 6.1 of these Bylaws.

ARTICLES 11 - INSURANCE

Section 11.01. Insurance. In addition to the insurance coverage required to be maintained by the Declaration, the Board of Directors of the Association may obtain and maintain, to the extent reasonably available, the following:

(a) workmen's compensation insurance for employees of the Association to the extent necessary to comply with any applicable law;

(b) a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and; and

(c) such other policies of insurance, including Director and officer liability insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these Bylaws, as are or shall thereafter be considered appropriate by the Board of Directors.

Section 11.02. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions, or other provisions, as appropriate:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "B/III" or better in the current edition of Best's Key Rating Guide (or its equivalent).

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of other property or their mortgagees and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insurers named thereon.

(e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the Members of the Association and their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

ARTICLE 12 -- BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 12.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin on the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 12.2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in the Articles of Incorporation of the Association. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

Section 12.3. Books and Accounts. Books and accounts of the Association shall be kept under the discretion of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the general and limited Common Areas and Facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 12.4. Auditing. At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if any, the Association shall furnish the Members with an annual financial statement, including the receipts and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 12.5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice to the President of the Board of Directors. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 12.6. Fidelity Insurance. The Board of Directors shall require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity insurance or equivalent coverage against acts of dishonesty. The premiums on such insurance shall be paid by the Association.

ARTICLE 13 --CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC., a Maryland corporation.

ARTICLE 14 -- AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the Association by a vote of a majority of such quorum of Members present in person or by proxy.

ARTICLE 15 -- INTERPRETATION/MISCELLANEOUS

Section 15.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. If there is any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 15.2. Notices. Unless another type of notice is specifically provided for, any and all notices called for in these Bylaws shall be given in writing, including by electronic mail.

Section 15.3. Severability. If any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 15.4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 15.5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 15.6. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, we, being all of the Directors of KENDALL CAMP
PROPERTY OWNERS ASSOCIATION, INC., have hereunto set our hands this 20th day of
September, 2005.

WITNESS:

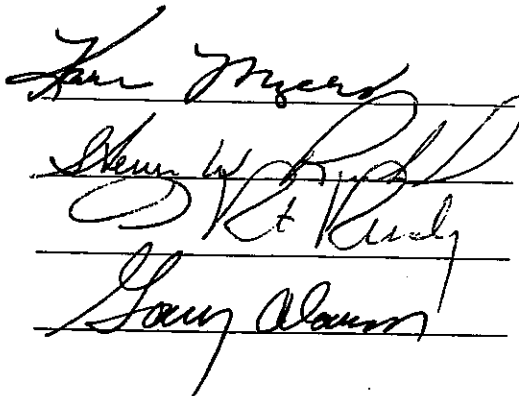
Name

Karen Myers

Steven R. Richards

I. Robert Rudy

Gary A. Daum



* * *

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary or Assistant Secretary of KENDALL
CAMP PROPERTY OWNERS ASSOCIATION, INC., a Maryland nonstock corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly
adopted at a meeting of the Board of Directors hereof, held on the 20th day of September, 2005.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said
Association this 20th day of September 2005.

By: 

Title: Sec.

2036063_v1

**Department of
Assessments and Taxation**



Charter Division

C. John Sullivan, Jr.
Director

Paul E. Anderson
Administrator

**KAREN MYERS
212 MARSH HILL RD
MC HENRY MD 21541**

Date: 11-16-2005

This letter is to confirm acceptance of the following filing:

ENTITY NAME : KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC.
DEPARTMENT ID : D10965580
TYPE OF REQUEST : ARTICLES OF INCORPORATION
DATE FILED : 11-10-2005
TIME FILED : 08:54-AM
RECORDING FEE : \$100.00
ORG. & CAP FEE : \$20.00
EXPEDITED FEE : \$50.00
POSTAGE FEE : \$5.00
FILING NUMBER : 1000361992155055
CUSTOMER ID : 0001697751
WORK ORDER NUMBER : 0001140789

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

Charter Division
Baltimore metro area (410)767-1350
Outside metro area (888)246-5941

301 West Preston Street-Room 801-Baltimore, Maryland 21201-2395
Toll free in Maryland (888)246-5941
MRS (Maryland Relay Service) (800)735-2258 TTY/Voice- Fax (410)333-7097
Website: www.dat.state.md.us

0003720636

cheat


Maryland Department of Assessments and Taxation 2
Taxpayer Services Division

301 West Preston Street Baltimore, Maryland 21201

[Main Menu](#) | [Security Interest Filings \(UCC\)](#) | [Business Entity Information \(Charter/Personal Property\)](#) [New Search](#) | [Get Forms](#) | [Certificate of Status](#) | [SDAT Home](#)
Taxpayer Services Division
Entity Name: KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC.
Dept. ID #: D10965580

General Information	Amendments	Personal Property	Certificate of Status
----------------------------	-------------------	--------------------------	------------------------------

Principal Office (Current):

 SUITE 5
 23789 GARRETT HIGHWAY
 MCHENRY, MD 21541

Resident Agent (Current):

 KAREN MYERS
 SUITE 5
 23789 GARRETT HIGHWAY
 MCHENRY, MD 21541

Status:

INCORPORATED

Good Standing:

Yes

Business Code:

Ordinary Business - Non-Stock

Date of Formation or Registration:

11/10/2005

State of Formation:

MD

Stock/Nonstock:

Nonstock

Close/Not Close:

Not Close

Link Definition

General Information	General information about this entity
Amendments	Original and subsequent documents filed
Personal Property	Personal Property Return Filing Information and Personal Property Assessments
Certificate of Status	Get a Certificate of Good Standing for this entity.

ARTICLES OF INCORPORATION
OF
KENDALL CAMP
PROPERTY OWNERS ASSOCIATION, INC.

In compliance with the requirements of Corporations and Associations, Titles 2 and 5, Annotated Code of Maryland (1993), and any amendments thereto ("MGCL"), the undersigned, Karen Myers, whose post office address is 23789 Garrett Highway, Suite 5, McHenry, Maryland 21541, being at least eighteen (18) years of age, has this day, by execution of these Articles, voluntarily declared herself to be an incorporator for the purpose of forming a nonstock corporation pursuant to the general laws of Maryland, and does hereby certify:

ARTICLE 1
NAME OF CORPORATION

The name of the corporation is KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE 2
PRINCIPAL OFFICE

The post office address of the principal office and the principal place of business of the Association is 23789 Garrett Highway, Suite 5, McHenry, Maryland 21541, Attention: Karen Myers.

ARTICLE 3
RESIDENT AGENT

The name of its resident agent is Karen Myers whose post office address is 23789 Garrett Highway, Suite 5, McHenry, Maryland 21541.

ARTICLE 4
POWERS AND PURPOSES

This Association does not contemplate pecuniary gain or profit, direct or indirect, to the Members thereof, and the specific purposes for which it is formed are to provide for and assure the maintenance of the Common Area and Common Improvements within the Property described in the Kendall Camp Property Owners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded among the Land Records of Garrett County, Maryland, hereinafter referred to as the "Declaration," including such additions as may be brought within the jurisdiction of the Association, and to promote the health, safety and welfare of the property owners with use of the Property and any additions as may be brought within the jurisdiction of the Association. The Declaration is incorporated by

reference. For this purpose, the Association shall have the power and authority to, in compliance with the MGCL:

(a) exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration as the same may be amended from time to time as provided;

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

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

(d) borrow money, and, in accordance with the provisions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication, sale or transfer shall be effective unless accomplished in accordance with the provisions of the Declaration;

(f) participate in mergers and consolidations with other non-profit non stock corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall be accomplished in accordance with the provisions of the Declaration; and

(g) have and exercise any and all powers, rights and privileges which a nonstock corporation organized under the laws of the State of Maryland by law may now or hereafter have or exercise.

ARTICLE 5 NO CAPITAL STOCK

This Association is not authorized to issue any capital stock and shall not be operated for profit. The Association does not anticipate distributing dividends, gains or profits to its Members. No Member shall have any personal liability for the debts or obligations of the Association.

ARTICLE 6
MEMBERSHIP

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

Class A: With the exception of the Declarant (until expiration of the Class B memberships), all Owners (as defined in the Declaration) shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members, but in no event shall more than one (1) vote be cast with respect to any lot.

Class B: The Class B Member shall be the Declarant (as defined in the Declaration), its nominee or nominees, and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease, subject to revival upon additional land being annexed pursuant to the Declaration, and be converted to a Class A membership upon the earliest of the following events:

- (i) when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership;
or
- (ii) December 31, 2015.

ARTICLE 7
VOTING RIGHTS

Every Member of the Association shall have certain voting rights as provided in the Declaration. The manner in which such votes are cast and other provisions relating to voting are contained in the Bylaws.

ARTICLE 8
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board initially consisting of three (3) directors whose names and addresses are listed in these Articles of Incorporation, each of which are at least eighteen (18) years of age. The names and addresses of the persons who are to initially act in the capacity of directors until the selection of their successors are:

Name

Address

Karen Myers

212 Marsh Hill Road
McHenry, Maryland 21541

Steven R. Richards

215 Ruffed Grouse Lane
Oakland, Maryland 21550

I. Robert Rudy

121 N. Second Street
Oakland, Maryland 21550

Gary A. Daun

3000 Oakhurst Drive
Bethel Park, Pennsylvania 15102

The number, qualifications, powers, duties and tenure in office of the directors and the manner by which directors are to be chosen shall be as prescribed and set forth in the Bylaws of the Association. Officers of the Association shall be elected and shall serve as provided for in the Bylaws.

ARTICLE 9 DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members. Written notice of a proposal to dissolve, setting forth the reasons therefore and the disposition to be made of the assets (which shall be consonant with this ARTICLE 10, shall be mailed to every Member not less than ten (10) days nor more than fifty (50) days in advance of any action to be taken. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE 10 DURATION

The Association shall exist perpetually.

ARTICLE 11 AMENDMENTS

Amendment to these Articles requires the agreement of each class, via the votes of seventy-five percent (75%) of those Members entitled to vote in the respective class. Each class shall vote independently on such amendment.

ARTICLE 12 LIABILITY

Directors of the Association shall not be personally liable to the Association or its Members for monetary damages for breach of fiduciary duty except that this Article shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Association or its Members; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or (iii) under Section 2-405.2 of the MGCL.

The Association may, to the fullest extent permitted by Section 2-418 of the MGCL, as the same may be amended and supplemented, indemnify any and all persons whom it shall have

power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section and the indemnification provided for herein shall be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement, vote of Members or disinterested directors or otherwise, both as to action in the indemnified individual's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE 13
MISCELLANEOUS

Unless it is plainly evident from the context that a different meaning is intended, words or phrases defined in the Declaration shall have the same meaning in these Articles. In the event of any conflict between these Articles or the Bylaws and the Declaration, the term and provisions of the Declaration shall control. In the event of any conflict between these Articles and the Bylaws, these Articles shall control.

IN WITNESS WHEREOF, Karen Myers has signed, sealed and delivered these Articles of Incorporation as her own free act and deed on this 9th day of November, 2005.

WITNESS:

Cesette D. Harman

Karen Myers (SEAL)
Karen Myers

I AM THE REGISTERED AGENT LISTED IN ARTICLE 3 AND HEREBY CONSENT TO ACT AS RESIDENT AGENT IN MARYLAND FOR THE ENTITY NAMED IN THE ATTACHED INSTRUMENT.

Karen Myers

Karen Myers

Nov. 7, 2005
Date

Return the receipt, certified copies, certification of status
and the original articles to:

Karen Myers
212 Marsh Hill Road
McHenry, MD 21541

2036032_v1

BYLAWS
OF
DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC.

TABLE OF CONTENTS

ARTICLE 1 -- NAME AND LOCATION	1
ARTICLE 2 -- DEFINITIONS	2
ARTICLE 3 -- MEETING OF MEMBERS	3
Section 3.1. <u>Annual Meetings</u>	3
Section 3.2. <u>Special Meetings</u>	3
Section 3.3. <u>Notice of Meetings</u>	3
Section 3.4. <u>Quorum</u>	3
Section 3.5. <u>Voting and Delinquent Payment</u>	4
Section 3.6. <u>Absentee Ballots</u>	4
Section 3.7. <u>Proxies</u>	4
Section 3.8. <u>Meetings</u>	5
ARTICLE 4 -- BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE	6
Section 4.1. <u>Number</u>	6
Section 4.2. <u>Term of office</u>	6
Section 4.3. <u>Removal</u>	6
Section 4.4. <u>Compensation</u>	7
Section 4.5. <u>Action Taken Without a Meeting</u>	7
ARTICLE 5 -- NOMINATION AND ELECTION OF DIRECTORS	7
Section 5.1. <u>Nomination</u>	7
Section 5.2. <u>Election</u>	7
ARTICLE 6 -- MEETING OF DIRECTORS	7
Section 6.1. <u>Regular and Special Meetings</u>	7
Section 6.2. <u>Quorum</u>	7
ARTICLE 7 -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS	7
Section 7.1. <u>Powers</u>	7
Section 7.2. <u>Duties</u>	8
ARTICLE 8 -- OFFICERS AND THEIR DUTIES	8
Section 8.1. <u>Enumeration of Officers</u>	8
Section 8.2. <u>Election of Officers</u>	9
Section 8.3. <u>Term</u>	9
Section 8.4. <u>Special Appointments</u>	9
Section 8.5. <u>Resignation and Removal</u>	9
Section 8.6. <u>Vacancies</u>	9
Section 8.7. <u>Multiple Offices</u>	9

Section 8.8. <u>Duties</u>	
Section 8.9. <u>Compensation</u>	
ARTICLE 9 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS	
Section 9.1. <u>Liability</u>	
Section 9.2. <u>Indemnification</u>	
Section 9.3. <u>Interested Directors</u>	
ARTICLE 10 -- COMMITTEES	
ARTICLE 11 -- INSURANCE	
Section 11.1. <u>Insurance</u>	
Section 11.2. <u>Limitations</u>	
ARTICLE 12 -- BOOKS AND RECORDS/FISCAL MANAGEMENT	
Section 12.1. <u>Fiscal Year</u>	
Section 12.2. <u>Principal Office - Change of Same</u>	
Section 12.3. <u>Books and Accounts</u>	
Section 12.4. <u>Auditing</u>	1
Section 12.5. <u>Inspection of Books</u>	1
Section 12.6. <u>Fidelity Insurance</u>	1
ARTICLE 13 -- CORPORATE SEAL	1
ARTICLE 14 -- AMENDMENTS	1
ARTICLE 15 -- INTERPRETATION/MISCELLANEOUS	1
Section 15.1. <u>Conflict</u>	1
Section 15.2. <u>Notices</u>	1
Section 15.3. <u>Severability</u>	1
Section 15.4. <u>Waiver</u>	1
Section 15.5. <u>Captions</u>	1
Section 15.6. <u>Gender, etc.</u>	1

BYLAWS
OF
DEEP CREEK MOUNTAIN RESORT
PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE 1 -- NAME AND LOCATION

The name of the corporation is DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 212 Marsh Hill Road, McHenry, Maryland, 21541 but meetings of Members and Directors may be held at such places within the State of Maryland as may be designated by the Board of Directors.

ARTICLE 2 -- DEFINITIONS

Unless otherwise defined in these Bylaws, words or phrases defined in the Deep Creek Mountain Resort Property Owners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded in the Garrett County Land Records (the "Declaration") shall have the same meaning in these Bylaws. The Declaration is incorporated by reference.

ARTICLE 3 --MEETING OF MEMBERS

Section 3.1. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association. Each subsequent regular meeting shall be held on the same day of the same month of each year thereafter or such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2. Special Meetings. Special meetings may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-third (1/3rd) of all the votes of the Class A membership.

Section 3.3. Notice of Meetings. Written notice of each meeting shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, or by hand delivering a copy of such notice, at least ten (10) days (but not more than ninety (90) days) before such meeting to each Member of each class entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.4. Quorum. The presence at the meeting of Members of each class entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the respective classes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or

represented at any meeting, the Members present shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 3.5. Voting and Delinquent Payment. Voting at meetings of members shall be by written ballot. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership which such member owns on each question or issue. Each of the Class B Members shall have the right to cast three (3) votes for each Class B membership which such member owns on each question or issue. Each Class B membership shall lapse and become a nullity upon the first to happen of the following:

- (i) Twenty (20) years from the date of recordation of the Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid twenty (20) year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or
- (ii) Upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of the Class B membership as provided for in this Article, the Declarant shall thereafter become a Class A member of the Association as to each and every property interest in which the Declarant then holds the interest otherwise required for such Class A membership.

The vote of Members representing fifty-one percent (51%) of the total of the votes of all the memberships at the meeting, in person or by proxy, calculated as aforesaid shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or the Articles of Incorporation, the Declaration or these By-Laws, a different vote is required, in which case, such express provision shall govern and control.

No Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

All election materials prepared with Association funds must list candidates in alphabetical order and must not suggest a preference among candidates.

Section 3.6. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the Member on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.7. Proxies. At all meetings of the Association, each Member may vote in person or by proxy. Every proxy shall be revocable unless stated otherwise and is coupled with an interest sufficient in law to support an irrevocable power. No proxy shall be valid after eleven

(11) months from its date, unless otherwise provided in the proxy. All proxies shall be in writing and shall be filed with the Secretary, in such form as is approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of Maryland shall be deemed to be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein to the contrary, only a directed proxy may be utilized to vote for members of the Board of Directors. A nondirected proxy may be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.8. Meetings.

(a) All meetings of the Association shall be open to every Member and/or their representative. Such meetings may be held in closed session for the following purposes:

(i) Discussion of the employment, assignment, appointment, promotion, demotion, compensation, discipline, removal or resignation of employees over whom the Association has jurisdiction, or any other personnel matter affecting one or more particular individual(s);

(ii) Protection of the privacy or reputation of individuals in matters not related to Association business;

(iii) Consultation with legal counsel;

(iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

(v) Investigative proceedings concerning possible or actual criminal misconduct;

(vi) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure;

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the Members present, for some other exceptional reason;

(viii) Acquisition of capital items previously specifically approved as part of a published budget adopted in an open meeting;

(ix) Discussion of short-term investments of funds of the Association in liquid assets if authorized by an investment policy previously adopted in an open meeting;

(x) Conducting collective bargaining negotiations or considering related matters and issues; or

(xi) Discussions concerning public security, including the deployment of personnel in connection therewith and the development and implementation of emergency plans.

(b) If a meeting is held in closed session pursuant to the procedures established above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of each closed meeting, the record of the vote of each member of the Board of Directors by which any meeting was closed,

and the authority under this Section 3.8 for closing any meeting shall be made available so as to reasonably notify Members of the Association within fourteen (14) days after the meeting.

ARTICLE 4 -- BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of the Association shall initially be managed by a Board of Directors initially consisting of three (3) natural persons at least eighteen (18) years of age who shall be designated by Declarant and who shall hold office until the election of their successors at the first annual meeting of the Association, following the lapse of the Class B membership. Until the lapse of the Class B membership, all three (3) Directors shall be appointed by Declarant.

Commencing with the first annual meeting of the Association following the lapse of the Class B membership, the Board of Directors shall consist of an uneven number of not less than three (3) nor more than seven (7) Directors who shall be elected by the Members in accordance with these Bylaws and the Declaration.

Before expiration of the Declarant's rights as provided in the Declaration, the number of Directors shall be determined from time to time by Declarant; thereafter, the number of Directors from each class shall be determined by a vote of the Members at any annual or special meeting of Members and the number of Directors from each class may be changed by a vote of the Members at any subsequent annual or special meeting of the Members; provided, however, that: (a) the limitations of this Section 4.2 shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 4.2. Term of Office. Except for members of the Board of Directors appointed by Declarant, who shall serve until removed and/or replaced by Declarant or until replaced by a Director elected by the Members as provided herein, the term of office of each member of the Board of Directors shall be two (2) years. In the alternative, the Members may resolve at any annual or special meeting following the expiration of Declarant's rights as provided in the Declaration, to establish the term of office for all Directors to be one (1) year, or to establish staggered terms for the Directors from one (1) to three (3) years. Any change in the number of Directors or term of office of Directors shall not act to extend or curtail the term of office of any incumbent Director. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 4.3. Removal. After the first annual meeting of the Members following lapse of Class B membership, any Director may be removed from the Board with or without cause, by a majority vote of the Association. Prior to the first annual meeting of the Members following the lapse of Class B membership, any Director may be removed from the Board with or without cause, by the Declarant. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4.4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 4.5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors and by filing such approval with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 5 -- NOMINATION AND ELECTION OF DIRECTORS

Section 5.1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee commencing with the first annual meeting of Members following the membership lapse of the Class B membership. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the class. The Nominating Committee, if any, may be appointed by the Board of Directors before each annual meeting of the Members and such appointment may be announced at each annual meeting. The Nominating Committee, if any, may make as many nominations for election to the Board of Directors for the class as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or Non-members.

Section 5.2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Votes shall not be counted until after the time allotted by the Association for voting has ended. Cumulative voting is permitted.

ARTICLE 6 -- MEETING OF DIRECTORS

Section 6.1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods, at such time and place as shall have been made known to all Members in writing or upon written notice provided by mail or hand delivery not less than seventy-two (72) hours nor more than ninety (90) days before the date of the meeting.

Section 6.2. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the entire Board of Directors.

ARTICLE 7 -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers. The Board of Directors shall have power to:

(a) adopt and publish "Rules and Regulations" governing the use of the Common Areas, and to establish penalties for the infraction thereof; and

(b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

Section 7.2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-sixth (1/6) of the Members who are entitled to vote;

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

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

(d) borrow money, and, in accordance with the provisions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication, sale or transfer shall be effective unless accomplished in accordance with the provisions of the Declaration;

(f) participate in mergers and consolidations with other non-profit non stock corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall be accomplished in accordance with the provisions of the Declaration; and

(g) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

ARTICLE 8 -- OFFICERS AND THEIR DUTIES

Section 8.1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Board of Directors.

Section 8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 8.3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until their successors are duly elected and qualified, unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 8.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officers appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7. Multiple Offices. Except for the offices of President and Vice President, any other office may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article 8 and except as otherwise provided in this Section 8.7.

Section 8.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to a management agent):

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments but is not required to co-sign all checks and promissory notes.

Vice President

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

Secretary

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

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account, cause an annual audit or other review of the Association's books to be made by a public accountant or appropriate party at the completion of each fiscal year, at the discretion of the Board; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Board, and deliver copies thereof to the Members.

Section 8.9. Compensation. No officer shall receive compensation for any service rendered to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

ARTICLE 9 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 9.01 Liability. The Association may indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which such officer or Director may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith.

Section 9.02 Indemnification. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

Section 9.03 Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. A contract or other transaction between the Association and any of its Directors, or between the Association and any

corporation, firm or other entity in which any of its Directors is a director or has a material financial interest is not void or voidable solely because of the common directorship or interest, or because the Director is present at the meeting of the Board of Directors which authorizes, approves or ratifies the contract or transaction, or because the vote of the Director was counted for the authorization, approval or ratification of the contract or transaction, if any of the following exist:

(a) the fact of the common directorship or interest is disclosed or known to the Board of Directors and the Board of Directors authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested Directors, even if the disinterested Directors constitute less than a quorum; or

(b) the fact of the common directorship or interest is disclosed or known to the Members of the Association entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the Members entitled to vote other than the votes appurtenant to memberships owned by the interested Director or corporation, firm or other entity; or

(c) the contract or transaction is fair and reasonable to the Association at the time it was authorized, approved or ratified.

Common or interested Directors or the votes which they are entitled to cast or which are entitled to be cast by an interested corporation, firm or other entity may be counted in determining the presence or a quorum at a meeting of the Board of Directors or at a meeting of the owners, as the circumstances may require, at which the contract or transaction is authorized, approved or ratified. If a contract or transaction is not authorized, approved or ratified in the manner provided for in subparagraphs (a) or (b) of this Section, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to the Association at the time it was authorized, approved or ratified.

ARTICLE 10 – COMMITTEES

The Board of Directors may appoint committees as deemed appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 6.1 of these Bylaws.

ARTICLES 11 - INSURANCE

Section 11.01. Insurance. In addition to the insurance coverage required to be maintained by the Declaration, the Board of Directors of the Association may obtain and maintain, to the extent reasonably available, the following:

(a) workmen's compensation insurance for employees of the Association to the extent necessary to comply with any applicable law;

(b) a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any

such officer or Director shall have been made a party by reason of his or her services as such; and; and

(c) such other policies of insurance, including Director and officer liability insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these Bylaws, as are or shall thereafter be considered appropriate by the Board of Directors.

Section 11.02. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions, or other provisions, as appropriate:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "B/III" or better in the current edition of Best's Key Rating Guide (or its equivalent).

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of other property or their mortgagees and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insurers named thereon.

(e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the Members of the Association and their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

ARTICLE 12 -- BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 12.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, ~~except~~ for the first fiscal year of the Association which shall begin on the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 12.2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in the Articles of Incorporation of the Association. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

Section 12.3. Books and Accounts. Books and accounts of the Association shall be kept under the discretion of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological

order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the general and limited Common Areas and Facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 12.4. Auditing. At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if any, the Association shall furnish the Members with an annual financial statement, including the receipts and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 12.5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice to the President of the Board of Directors. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 12.6. Fidelity Insurance. The Board of Directors may require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity insurance or equivalent coverage against acts of dishonesty. The premiums on such insurance shall be paid by the Association.

ARTICLE 13 --CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., a Maryland corporation.

ARTICLE 14 -- AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the Association by a vote of a majority of such quorum of Members present in person or by proxy.

ARTICLE 15 -- INTERPRETATION/MISCELLANEOUS

Section 15.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. If there is any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 15.2. Notices. Unless another type of notice is specifically provided for, any and all notices called for in these Bylaws shall be given in writing, including by electronic mail.

Section 15.3. Severability. If any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 15.4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 15.5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 15.6. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, we, being all of the Directors of DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., have hereunto set our hands this 8th day of January, 2003.

WITNESS:

Name

Karen Myers

Steven R. Richards

I. Robert Rudy

Gary A. Daum

Karen Myers
Steven R. Richards
I. Robert Rudy
Gary A. Daum

* * *

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary or Assistant Secretary of DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., a Maryland nonstock corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the 8th day of January, 2003.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 8th day of January, 2003.

Steven W. Richards
By: Steven W. Richards
Title: Secretary

#453797_v1