

SECTION IV

Assessments

A. Right to levy Assessments. The Association may obtain funds for payment of its current or capital expenses incurred in performing its obligations under the provisions of this Declaration, and for the creation of reserves for the payment of its future such expenses, by from time to time levying an assessment (each of which is hereinafter referred to as an "Assessment") against each Owner and his respective Lot, all upon the terms, for the purposes and subject to the conditions which are set forth in the provisions of these Covenants, the Articles of Incorporation and the By-Laws.

B. Procedure for Levying Assessments. Any determination by the Association to levy Assessments and/or of the respective amounts thereof shall be made in the following manner:

1. Classes of Assessments

a) The Assessments shall consist of annual Assessments (each of which is hereinafter referred to as an "Annual Assessment") and special Assessments (each of which is hereinafter referred to as a "Special Assessments").

b) The proceeds of any Annual Assessments shall be used to defray any cost incurred by the Association in

accordance with, or for any other purpose permitted by, the provisions of these Covenants, the Articles of Incorporation and any By-Laws adopted by the Association.

c) The proceeds of any Special Assessment shall be used to defray any cost incurred by the Association in the construction, reconstruction, repair, or replacement of any of the Commons or any other Association Property.

2. Period of Assessments.

a) Each Assessment shall be made with respect to one of those calendar years (each of which is hereinafter referred to as an "Assessment Year") during which this Declaration remains in effect; provided, that the initial Assessment Year shall commence upon the date of the recordation of this Declaration among the Land Records, and shall terminate on the thirty-first (31st) day of December next succeeding such date.

b) Not more than one Annual Assessment shall be levied against a Lot for any Assessment Year.

3. Allocation of Assessments Among Lots.

a) Except as is otherwise provided, the respective amounts of any Annual Assessment levied for an Assessment Year shall be equal, (b) the respective amounts of any Special Assessments levied for an Assessment Year shall be equal, and (c) no Assessment of one class may be levied for an Assessment

Year against one Lot unless an Assessment of such class is at the same time levied for such Assessment Year against each Lot.

b) Anything contained in the provision of this Section to the contrary notwithstanding, no Assessment may be levied against:

(i) The Commons
(ii) any Dedicated Roadway, or
(iii) any other portion of the Community to the extent of (a) any easement or other interest therein held by any governmental or quasi-governmental authority or public utility company under the provisions of this Declaration or otherwise, or (b) any interest therein which is then exempt from real property taxation by the law of Maryland, upon the terms and to the extent of such exemption.

4. Adoption by Board of Directors, Notice of Assessment; when Assessments become Due and payable.

a) By no later than the sixtieth (60th) day prior to the commencement of an Assessment Year, the Board of Directors shall adopt a budget for the Association for such Assessment Year, which shall set forth for such Assessment Year (a) the aggregate amount of the Annual Assessments to be levied, and (b) the respective amount of the Annual Assessment to be levied against each Lot. By no later than the forty-fifth (45th)

day prior to the commencement of such Assessment Year, the Association shall provide a copy of such budget to each Owner at its Notice Address. The Association's failure to take any such action by the time set forth hereinabove for taking the same shall not invalidate such action if taken later, but until such action is taken each Member shall pay to the Association on account of the Annual Assessment for the next Assessment Year, on the date or dates upon which such Annual Assessment would have been due had the Association take such action before such date, an amount equal to the Annual Assessment for the preceding Assessment Year (or the initial installment thereof, if such Annual Assessment was payable in installments).

b) If the Association so permits, any Assessment may be paid to the Association in monthly or other installments in accordance with a schedule determined by the Association.

c) Such Annual Assessments (or the initial installment thereof, if payable in installments) shall be due on the first (1st) day of such Assessment Year without the necessity of further action by the Association (and any subsequent installments thereof shall be due on the respective dates set forth in such schedule).

d) Any Special Assessment (or the initial

installment thereof, if payable in installments) shall be due on the later of (a) the first (1st) day of the Assessment Year for which it is levied; or (b) on any later date specified therefore by the Association (and any subsequent installments thereof shall be due on the respective dates set forth in such schedule).

5. Limitations Upon Annual Assessments.

a) Without Approval by the Membership

(i) Other than pursuant to the provisions of Section IV B(5)(b) hereof, the Association may not levy against any Lot an Annual Assessment in an amount which

(a) for the initial Assessment Year, exceeds One Hundred Fifty Dollars (\$150.00); or

(b) for any Assessment Year thereafter, exceeds one hundred ten percent (110%) of the maximum amount permitted to be levied as an Annual Assessment for the immediately preceding Assessment Year.

(c) for any lot for which a use and occupancy permit has not been issued, the annual assessment shall not exceed Twenty percent (20%) of the annual assessment imposed on other lots.

b) With approval by the Membership.

(i) The Association may levy against such Lot for an Assessment Year that portion of an Annual

Assessment which exceeds the maximum sum which the Association may levy for such Assessment Year without approval by the Membership, as aforesaid, after and only after having been authorized to do so by two-thirds (2/3rds) of the votes cast on such question by those Members who are present and voting on such question at a Membership Meeting held in accordance with the provisions of clause (ii) of this sub-paragraph b.

(ii) The Association shall send to each Member at its Notice Address a written notice of the date, time, and place of any Membership Meeting at which such question is to be considered by not later than the Thirtieth (30th) and not more than the sixtieth (60th) day prior to such date. The presence at such date, time and place, in person or by proxy, of Members holding at least sixty percent (60%) of the total number of votes then held by, respectively, each class of the Membership shall be required to constitute a quorum for such Membership Meeting. If such quorum does not exist thereat, the Association may call another Membership Meeting for such purpose for a date which is not more than sixty (60) days after the first said date, by sending to each Member at its Notice of Address a written notice of the date, time, and place thereof in the same manner as that set forth hereinabove. The presence at such date, time, and place, in person or by proxy, of Members holding at least thirty

percent (30%) of the total number of votes shall be required to constitute a quorum for such Membership Meeting.

6. Personal Liability of Owners for Assessments.

a) Each Owner shall be personally liable for the payment of each Assessment (or each installment thereof, if payable in installments) when it becomes due with respect to a Lot while he is the Owner thereof. An Owner may not avoid such liability by waiving any right to the use of the Commons or abandoning or otherwise terminating his use of such Lot, or conveying the title to such Lot after the same becomes due.

b) An Owner shall not be personally liable for the payment of any Assessment or installment thereof which becomes due with respect to a Lot:

(i) before he becomes the Owner thereof (unless an Assessment Lien for such Assessment has been imposed upon the title to such Lot, pursuant to the provisions of Section IV (7) hereof), or

(ii) after he ceases to be the Owner thereof.

7. Assessments Lien; Priority thereof.

a) At any time after an Assessment is levied against a Lot, and before it is paid in full to the Association, the Association may execute and record among the Land Records a

statement (hereinafter referred to as a "Statement of Lien") with respect to such Assessment or any installment thereof (if payable in installments and if the Association elects to make such Statement of Lien applicable to such installment rather than to such Assessment in full).

b) The form of such Statement of Lien shall be determined by the Association in the exercise of its sole discretion, so long as it designates (a) such Lot by number, (b) the Owner thereof, (c) the amount of such Assessment or installment thereof, (d) the Assessment Year for which it is levied, and (e) the date upon which it became due.

c) Each Assessment (or installment thereof, if payable in installments) levied against a Lot shall constitute a lien (herein referred to as an "Assessment Lien") upon the title to such Lot, from the time when a Statement of Lien with respect to such Assessment or installment is recorded among the Land Records until such Assessment or installment is paid.

d) An Assessment Lien shall be subordinate to the lien of any Mortgage covering the Lot against which such Assessment lien is imposed, if and only if such Mortgage is recorded among the Land Records prior to the recordation of a Statement of Lien imposing such Assessment Lien.

e) An Assessment Lien may be enforced and

foreclosed by the Association in the same manner and subject to the same requirements as are specified by the law of Maryland for the foreclosure of Mortgages or deeds of trust containing a power of sale or an assent to a decree, and covering real property situate and lying in the said County or may be enforced in accordance with the Maryland Contract Lien Article as amended from time to time (Real Property Article, Maryland Annotated Code, Section 14-201 et seq.).

8. Interest on unpaid Assessments.

a) Each Assessment (or installment thereof, if payable in installments) shall bear interest on the unpaid balance thereof from the thirtieth (30th) day after it first becomes due, until paid, at the rate of twelve percent (12%) per annum.

9. Associations Recovery of Unpaid Assessments.

a) The Association shall be entitled to recover in an action at law or in equity, from any person who is liable for the payment of any or all of an Assessment, both

(i) a money judgment for such Assessment (including, by way of example rather than of limitation, the amount of any deficiency which results from any foreclosure of the Assessment Lien therefor), without waiving such Assessment Lien, and

(ii) any and all interest accrued thereon through the date of such recovery, and costs incurred by the Association in obtaining such recovery (including, by way of example rather than of limitation, that of reasonable attorney's fees).

b) Anything contained in the foregoing provisions of this subsection to the contrary notwithstanding, no such action may be brought to foreclose upon such Assessment Lien or otherwise to recover any of such Assessments, unless

(i) it is brought on or before the third (3rd) anniversary of the date upon which such Assessment (or the initial installment thereof, if payable in installments) first becomes due, and

(ii) a written notice of the Associations intention to initiate the same is given to both the then-Owner of the Lot against which such Assessment has been levied, and any person against whom such action or proceeding is to be brought, by not later than ten (10) days prior to such initiation.

10. Certificate as to Payment of Assessment

a) The Association shall, upon written request at any time by any person who is liable for the payment of any Assessment or installment thereof, or who holds any interest in a Lot against which an Assessment has been levied, deliver to

such person a certificate signed by an officer of the Association, setting forth whether such Assessment or installment has been paid. Any such certificate so delivered shall be conclusive evidence of the payment of each Assessment or installment thereof which is therein stated to have been paid.