

DECLARATION OF RESTRICTIONS

OCEAN PINES

SECTION FOURTEEN-B

THIS DECLARATION, made this 5 day of Dec., in the year nineteen hundred and eighty-eight (1988) by SOLGAR CO., INC., a New York corporation, herein referred to as "Declarant", WITNESSETH:

WHEREAS, Declarant is the owner of all the real property set forth and described on Exhibit "A" attached hereto and made a part hereof (the "Property") and shown on that certain plan (the "Plat") entitled "Ocean Pines, Section Fourteen-B"; which plat is intended to be recorded among the Land Records of Worcester County, Maryland, and is made a part hereof and incorporated herein by reference; and

WHEREAS, the Property is commonly known as Tern's Landing, Section 14-B of Ocean Pines and comprises in the aggregate a part of the Ocean Pines general subdivision (herein called "Subdivision"); Declarations of Restrictions imposing restrictions upon other sections of the Subdivision having previously been recorded among the Land Records of Worcester County, Maryland; and

WHEREAS, Declarant desires to subject the Section (as hereinafter defined) to and impose upon it mutual and beneficial restrictions, covenants, conditions and charges, hereinafter collectively referred to as "Restrictions", under a general plan or scheme of improvement for the benefit and complement of all of the lots in the Section and Subdivision and the future owners thereof;

NOW, THEREFORE, Declarant hereby declares that the Property and each portion thereof is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved subject to the following Restrictions, all of which are declared and agreed to be in furtherance of a plan for the Subdivision, improvement and sale of the Property and portions thereof and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and of the Subdivision as a whole. All of the Restrictions shall run with the land and shall be binding upon Declarant and upon all parties having or acquiring any right, title or interest in and to the Property or any part or parts thereof subject to such Restrictions.

1. Definitions.

A. In addition to definitions elsewhere contained, as used in this Declaration the following terms shall have the following meanings:

(a) The term "Section" is synonymous with the term "Property" and means all of the land and water area described in Exhibit "A" attached hereto and made a part hereof.

(b) The term "lot" means each parcel of property within the Property now or hereafter platted as a numbered lot.

SOLGAR
& HARRIS
OF
BERLIN, MD 21811

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(c) The term "Association" means Ocean Pines Association, Inc., a Maryland non-stock corporation.

2. Term and Applicability.

A. The Restrictions shall affect and run with the land and shall exist and be binding upon all parties and all persons claiming under them until January 1, 1998, after which time the same shall be extended for successive periods of ten (10) years each, unless an agreement signed by a majority of the then owners of the lots subject thereto has been recorded, agreeing to change the covenants in whole or in part. It is intended by this Paragraph to allow these covenants to be amended at any time during the existence by a majority vote of the owners. Each lot constituting one vote. If any lot or group of lots forms a condominium regime, the Council of Unit Owners of said condominium shall be deemed to be the record owner of the lot or lots included within such condominium for the purpose of voting on any amendment to these Restrictions.

B. Declarant reserves to itself, its successors and assigns, the right to revoke at any time prior to the sale of any lot all or any of these Restrictions and further to vacate any or all of the streets, parks, recreational facilities and any other amenity shown on the Plat; provided, however, that Declarant will not prevent access to or installation of utilities to lots in any other section of the Subdivision.

C. Those provisions of these Restrictions applicable to lots shall apply to subdivided numbered lots only (whether now or hereafter subdivided) and shall not apply to other land or water area within the property. Other provisions of these Restrictions shall apply as appropriate to all of the Property.

3. Mutuality of Benefit and Obligation.

A. These Restrictions are made for the mutual and reciprocal benefit of each and every lot in the Section and the servitudes upon each of said lots in favor of each and all of the other lots therein; to create reciprocal rights between the respective owners of all of said lots; to create a privity of contract and estate between the grantees of said lots, their heirs, successors and assigns, and shall, as to the owner of each such lot, his heirs, successors and assigns, operate as covenants running with the land for the benefit of each and all other lots in the Section and Subdivision and their respective owners. Restrictions substantially the same as those contained herein shall be recorded on all future sections of the Subdivision in conformity with the general scheme of improvement of all lands to be included therein.

4. Exclusive Residential Use.

A. No lot shall be used except for residential purposes.

5. Environmental Control Committee.

The provisions of this Declaration of Restrictions relating to the Environmental Control Committee shall apply generally. The term "successor or assigns" as used in this paragraph shall include only persons or entities who succeed

to ownership of, or purchase from or otherwise receive by grant from Declarant, directly or remotely. The term "development" as used in this paragraph means the original construction of improvements thereon, or sale of a completed condominium unit, or operation of a completed rental cooperative project.

A. All plans and specifications for any structure or improvements whatsoever to be erected on or moved upon or to any lot, and the proposed location thereof on any lot, the construction material, the roofs and exterior color schemes, any remodeling, reconstruction, alterations, or additions thereto on any lot, shall be subject to and shall require the approval, in writing, before any such work is commenced of the Environmental Control Committee (herein called "Committee"), as the same is from time to time composed.

B. The Committee shall be composed of three (3) members, who shall be appointed, removed, and re-appointed by the Board of Directors of the Association.

C. In addition, all plans and specifications for any structure or improvements as required pursuant to paragraph A above, shall be subject to the prior approval of an architectural review committee composed of three (3) persons to be designated by the developer of 14-B. ("The Architectural Review Committee"). All requirements of the Committee set forth in this paragraph 5 shall be complied with by the owner in connection with submissions made to the Architectural Review Committee. An Architectural Review Fee, in an amount determined by the Architectural Review Committee shall accompany the submission of the plans and specifications.

D. After the approval of construction by the Architectural Review Committee, the plans and specifications for any structure or improvement shall be submitted to the Environmental Control Committee. There shall be submitted to the Committee two (2) copies of a building application signed by the owner and builder on forms approved by the Association together with two (2) complete sets of plans and specifications for any and all proposed improvements on a lot, the erection or alteration of which is desired, and no structures or improvements of any kind shall be erected, altered, placed or maintained upon any lot unless and until the final plans, elevations, and specifications therefor have received such written approval as herein provided. Such plans shall include the following, in the detail required by the current Guidelines promulgated by the Committee:

(a) Site plans, showing the location on the lot of the building, walls, fence, driveway and any other structures or materials proposed to be constructed, altered, placed or maintained.

(b) Architectural plans, showing complete working drawings including floor plans, elevations, sections, utility plans and foundations, together with the proposed construction materials, color schemes for exterior finishes and any other information deemed necessary by the Committee.

(c) (i) The use of plywood grooved siding (such as T-1-11) and asbestos shingles are prohibited, and

(ii) Driveways must be constructed of a hard surface using the following materials or like materials: brick, chatahootchie, black top with Belgium block or equivalent edging, or concrete.

(d) Landscape planting plans, showing the locations on the lot of the building, other structures, existing plant materials, and proposed plan materials. Proposed plan materials shall be listed providing names, quantity and size.

A filing fee as determined by the Board of Directors, shall accompany the submission of such application and plans to defray Committee expenses. No additional fee shall be required for the resubmission of plans revised in accordance with Committee recommendations.

E. The Committee shall approve or disapprove plans, specifications and details within thirty (30) days from the receipt thereof. One (1) set of said plans and specifications and details with the approval or disapproval endorsed thereon, shall be returned to the person submitting them and the other copy thereof shall be retained by the Committee for its permanent files.

F. The Committee shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with all of the provisions of these Restrictions; if such plans, specifications or details are not in accordance with all the provisions of written design standards, policies and/or guidelines of the Committee in effect from time to time and available for review by lot owners; if the design or color scheme of the proposed building or other structure is not in harmony with the general surroundings of such lot or with the adjacent buildings or structures; if the plans and specifications submitted are incomplete; or in the event the Committee deems the plans, specifications or details, or any part thereof, to be contrary to the interests, welfare or rights of all or any part of the real property subject hereto, or the owners thereof. The decisions of the Committee shall be final.

G. Neither the Committee nor any architect or agent thereof or of Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications. Nothing contained herein shall be deemed to exempt the owner from compliance with any applicable zoning, building or local laws imposed by any federal, state or local agencies having jurisdiction. All homes must be constructed to the Southern Standard Building Code or BOCA Code whichever may be adopted by Worcester County.

H. Whenever the Committee and federal, state or local agencies having jurisdiction in the premises shall approve plans and specifications for any pier or dock on, over or extending into any waterway, such structure may extend a maximum of fifteen (15) feet beyond the bulkhead lines as designated on any recorded plat of Property, and the rights of any and all owners of any parcel in the operation of the waterway as provided for in Paragraph 15 hereof shall be limited accordingly.

6. Size and Placement of Residences and Structures.

A. Every residence dwelling constructed on a lot shall contain a minimum of one thousand nine hundred (1,900) square feet of fully enclosed floor area for each individual family living unit devoted to living purposes (exclusive of roofed or unroofed porches, decks, patios, terraces, garages, carports and other outbuildings). Every dwelling must include a garage.

B. The Committee shall have the authority to set up regulations as to the height and size requirement for all other types of outbuildings and structures on a lot, including fences, walls and copings.

C. In order to preserve the natural quality and aesthetic appearance of the existing geographic areas within the Subdivision, all property lines shall be kept free and open on to another and no fences shall be permitted on any lot or lot lines except where, in the opinion of the Committee, a fence or other enclosure, as a structure or aesthetic feature of a design concept, will contribute to and be in keeping with the character of the area.

D. Except as hereinafter provided in Paragraph 6-E, the following minimum dimensions shall govern for front, side and rear setbacks on all lots (except fences or walls where approved or required by the Committee) with respect to any dwelling or above grade structure that may be constructed or placed on any lot:

(a) Front yard: Twenty-five feet (25') from the front line of each lot abutting a street;

(b) Side yards: Eight feet from each lot side line.

(c) Rear yard: Thirty-five feet (35') from the rear lot line, but not less than fifteen feet (15') from the interior bulkhead surface, whichever is greater.

E. The setback requirements set forth in Paragraph 6-D above are subject to possible stricter setback requirements which may be imposed from time to time by the Worcester County Zoning Ordinance or by any other federal, state or local agencies having jurisdiction in the premises. In the event that the applicable side yard requirements of the Worcester County Zoning Ordinance are made less restrictive than the requirements set forth in Paragraph 6D(b) above, such zoning requirements shall supersede the provisions of Paragraph 6-D(b); provided, however, that in no event shall the permitted side yard setbacks be less than five (5) feet from each side lot line.

F. In the event of possible conflicts, the setback requirements set forth in Paragraph 6-D above shall in every instance take precedence over the setback requirements set forth on the recorded plat.

G. No change in ground level may be made of any lot's existing grades without the written approval of the Environmental Control Committee obtained prior to the commencement of work.

7. Particular Rules for Application of Setback Requirements.

A. If the line with respect to which a setback measurement is to be made is a meandering line, the average length of the two (2) lot lines that intersect said meandering line shall be determined, and using that average length, an imaginary straight line shall be drawn through the meandering line and the setback measurement shall be made along a line perpendicular to such imaginary line.

B. The term "side lot line" defines a lot boundary line that extends from the street on which the lot abuts to the rear line of the lot.

C. The term "rear lot line" defines the boundary line of the lot that is farthest from, and substantially parallel to, the line of the street on which the lot abuts, except that on corner lots it may be determined from either street line.

D. A corner lot shall be deemed to have a front line on each street on which the lot abuts, and such lot need have only one (1) rear yard as defined by Paragraph 6-D(c).

8. General Prohibitions and Requirements.

A. The following general prohibitions and requirements shall prevail as to the construction or activities conducted on the Property:

(a) No outside toilet or individual water well shall be constructed on any lot. All plumbing fixtures, dishwashers or toilets shall be connected to the sewage system. Storm water shall not be allowed to flow into the sewage system.

(b) No temporary house, modular houses, titled vehicles, including trailer, mobile home, tent, garage, or other outbuildings shall be placed or erected on any lot; provided, however, that the Committee may grant permission for any such temporary structure for storage of materials during construction. No such temporary structures as may be approved shall be used at any time as a dwelling place, nor shall any overnight camping be permitted on any lot.

(c) Once the construction of improvements is started on any lot, the improvements must be substantially completed in accordance with the plans and specifications as approved within six (6) months from commencement.

(d) In the event that construction is not commenced on a lot within eighteen (18) months from the date title is acquired, the owner shall be obligated to landscape and maintain the lot in accordance with the conditions set forth herein. The owner shall be obligated to expend a sum equal to a minimum of Two Percent (2%) of the lot purchase price for landscaping prior to the construction of the home.

(e) Following completion of construction of the home, each owner shall be obligated to expend a sum equal to a minimum of One Percent (1%) of the combined cost of the home and lot for landscaping. Each owner shall be obligated to landscape the area starting at the street face of the home and running to the street. Landscaping of the remainder of the lot will be at the owner's discretion, consistent with Environmental Control Committee Guidelines.

(f) No residence shall be occupied until the same has been substantially completed in accordance with its plans and specifications.

(g) All structures constructed or placed on any lot shall be constructed with a substantial quantity of new material and no used structures shall be relocated or placed on any such lot.

(h) No animals or livestock of any description, except the usual household pets, shall be kept on any lot.

(i) All signs, billboards, or advertising structures of any kind are prohibited except upon application to and written permission from the Committee.

(j) No stripped down, partially wrecked, or junk motor vehicle, or sizable part thereof, shall be permitted to be parked on any street in the Section or Subdivision or on any lot.

(k) Every tank for the storage of fuel installed outside any building in the Section or Subdivision shall be either buried below the surface of the ground or screened to the satisfaction of the Committee by fencing or shrubbery. Every outdoor receptacle for ashes, trash, rubbish or garbage shall be installed underground, screened or so placed and kept as not to be visible from any street, waterway or golf course within the Section or Subdivision at any time except during refuse collection.

(l) All outdoor clothes poles, clothes lines and similar equipment shall be so placed or screened by shrubbery as not to be visible from any street, waterway or golf course within the Section or Subdivision.

(m) No owner of any lot shall build or permit the building thereon of any dwelling house that is to be used as a model house or exhibit unless prior written permission to do so shall have been obtained from the Committee.

The Association agrees that Declarant may establish and maintain model homes/sales offices on the first five lots to the right of the entrance to the section, provided, however, that:

(1) The design of each model home/sales office is approved by the Environmental Control Committee of the Association.

(2) The model home/sales facility promotes the sale of properties within the section only.

(3) Parking is provided on-site.

(4) The model home/sales office is located at least two hundred (200) feet from Ocean Parkway or from any other roadway owned by the Association and existing as of the date of this Agreement.

(n) All lots, whether occupied or unoccupied and any improvements placed thereon, shall at all times be maintained in such manner as to prevent their becoming unsightly by reason of unattractive growth on such lot or the accumulation of rubbish or debris thereon. In no event

will growth of weeds or grass be permitted to exceed six inches (6") in height.

(o) No noxious, offensive or illegal activities shall be permitted on any lot nor shall anything be done on any lot that shall be or become an unreasonable annoyance or nuisance to the neighborhood.

(p) No oil or natural gas drilling, refining, quarrying or mining operations of any kind shall be permitted upon or in any lot and no derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any lot.

(q) No vehicle shall be parked on any street in the Subdivision so as to obstruct traffic. No vehicle bearing commercial license plates of any type shall be parked or stored overnight or longer, on any lot in such manner as to be visible to the occupants of other lots in the Section or Subdivision or the user of any street, waterway, or golf course within the Section or Subdivision, unless the prior written approval of the Committee has been obtained.

(r) Any dwelling or outbuilding on any lot in the Section or Subdivision which may be destroyed in whole or in part by fire, windstorm or for any other cause or act of God must be rebuilt or all debris removed and the lot restored to a slightly condition with reasonable promptness; provided, however, that in no event shall such debris remain longer than sixty (60) days.

(s) No tree over six inches (6") in diameter shall be removed from any lot in the Section or Subdivision without the written consent of the Committee.

(t) No satellite dish, exterior television or radio antenna of any kind shall be constructed or erected on any lot or residence after such time as a central television system has been made available to the Section or Subdivision at rates commensurate with those prevailing in the area.

(u) No trash, garbage, or other refuse shall be dumped or stored or accumulated on any lot or be thrown into or left on the shoreline of any waterway in the Section or Subdivision. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted. Declarant hereby assigns to the Association the exclusive right to operate, or from time to time grant an exclusive right to operate, or from time to time to grant an exclusive license to a third party to operate a commercial scavenging service within the Property for the purpose of removing garbage, trash and other like household refuse. Such refuse collection and removal services shall be provided not less often than once each week on a day or days designated by the Association. The charge to be made for such refuse collection and removal service shall be at a reasonable rate commensurate with the rates charged by commercial scavengers serving other subdivisions of high standards in the area, and shall be subject to change from time to time.

(v) There shall be no access to any lot on the perimeter of the Subdivision except from designated roads or waterways within the Section or Subdivision.

(w) All residential structures are to be construed so that the living quarters shall have a minimum elevation of nine feet (9') above mean low water provided however that such requirements are further subject to stricter requirements which may be imposed from time to time by the Worcester County Zoning Ordinance, or by and federal, state or local agencies having jurisdiction in the premises.

(x) No owner of property subject to the Declaration shall be permitted to engage in the practice of time sharing as same defined by the applicable law of the State of Maryland. This subsection is intended to prohibit any time share project or property within this section.

(y) The owner of each lot shall be responsible to maintain the bulkhead on his lot in accordance with Worcester County Shoreline Commission Standards and standards established by Ocean Pines Association, Inc.

(z) No unit owner or any guest, visitor or invitee of any unit owner shall park, dock, moor, anchor or tie up in any manner any watercraft after sunset or before sunrise or for any other period exceeding four (4) continuous hours, adjacent to any public area or open space within the Section.

(aa) No unit owner shall have the right to rent, lease or otherwise permit the use of a dwelling unit on any lot in the subdivision by more than one (1) family. In no event may any dwelling on a lot in the Subdivision be occupied at any one time by more than five (5) persons not related by blood or marriage. It is the intent of this subsection to strictly limit the use of property to single family residential use.

9. Variances.

A. The Committee may allow reasonable variance and adjustments of these Restrictions (other than those contained in Paragraphs 4, 16 and 17) in order to overcome practical difficulties and prevent unnecessary hardship in the application of the provisions contained herein: provided, however, that such is done in conformity with the intent and purposes hereof and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in the neighborhood, the Section or the Subdivision.

10. Easements.

A. Declarant reserves for itself, its successors and assigns, for purposes incident to its development of the real property subject to these Restrictions, the following easements and/or rights-of-way:

(a) For the use and maintenance of drainage courses of all kind, those areas designated on the plat as "Drainage Easements". These easements are fifteen feet (15') in width unless otherwise specified on the recorded plats.

(b) For maintenance and permanent stabilization control of slopes in the slope control areas as set forth in any note regarding slope easements on plat.

(c) For access to "Utility Lots" as shown on the plat and for installation and maintenance of facilities thereon, and further such additional easements shall be granted as are required for the practical construction, operation and maintenance of any electrical, telephone and television facilities. Such easements to be granted upon request of the applicable utility or utilities.

(d) For drainage, maintenance, dredging and the preservation of the navigation and the recreational use of all waterways, and for the maintenance and preservation of all bulkheads and similar waterfront improvements. The owners of lots contiguous to a waterway may not fill beyond the bulkhead or high water line and may only build such structures on or extending into any waterway as are approved by the Committee as provided in Paragraph 5-G above.

B. Declarant has dedicated, or will dedicate, to Worcester County and/or the appropriate utility company or companies rights-of-way and easement areas for the installation and maintenance of public utilities over strips of land five feet (5') in width along side property lines and ten feet (10') in width along front and rear property lines of each lot and/or as noted on the Plat.

C. Declarant reserves for Ocean Pines Association, Inc. and its designees and subject to the provisions of any assignment or contract, an exclusive easement for the installation and maintenance of radio and television transmission cables within the rights-of-way and easement areas reserved and defined in Paragraph 10-B above.

D. On each lot, the rights-of-way and easement areas reserved by Declarant or dedicated to public utilities purposes shall be maintained continuously by the lot owner but no structures, planting or other materials shall be placed or permitted to remain or other activities undertaken which may damage or interfere with established slope ratios or create erosion or sliding problems; provided, however, that where the existing location of a drainage channel would hinder the orderly development of a lot, the drainage channel may be relocated as shown on the recorded plat by drainage arrows, provided such relocation does not cause any encroachment on any other lot in the Section or Subdivision. Improvements within such areas shall also be maintained by the respective lot owner, except for those for which a public authority or utility company is responsible.

E. In areas designated on the Plat for "Visual Easements", in order to preserve the views across such areas from neighboring properties, no structure or improvement of any kind may be constructed. In addition thereto, no landscaping or planting may be commenced or maintained in any such areas by anyone other than the Association, its successors and assigns, without the prior approval of the Committee. In all areas designated on the Plat for "Visual Easements", the Association, its successors and assigns, reserves the right, but not the obligation to landscape and plant all such areas to enhance the appearance thereof. The Association, its successors and assigns, shall have complete discretion with regard to any and all such landscaping and planting. The Association, its successors and assigns, also reserves the right, but not the obligation, to maintain any such areas in the event of the failure of the owner of the property to provide adequate maintenance after completion of landscaping and planting.

F. The lots in the Section or Subdivision shall be burdened by such additional easements as may be shown on the plats now or hereafter recorded.

G. Every lot in the Section or Subdivision that lies contiguous to a waterway shall be subject to an inundation or flowage easement to an elevation on the lot equal to the high water line or bulkhead line.

H. The easements reserved hereby shall be assigned to the Association in conjunction with the conveyance in 11-B hereof, and the assignment thereof shall be subject to the provisions of Paragraph 11-B.

11. Ownership, Use and Enjoyment of Streets, Parks and Recreational Amenities.

A. Each of the streets in the Section or Subdivisions designated on the Plat shall be a private street, and every park, recreational facility and other amenity within the Section or Subdivision is a private park, facility or amenity and neither Declarant's execution or recording of the Plat nor any other act of Declarant with respect to the plat is, or is intended to be, or shall be construed as, a dedication to the public of any of said streets, parks, recreational facilities and amenities other than as reflected therein. An easement for the use and enjoyment of each of said streets and areas designated on the Plat as parks is reserved to Declarant, its successors and assigns; to the persons who are, from time to time members or associate members of the Association; to the members and others eligible to use Ocean Pines Golf and Country Club, Inc. (an 18-hole golf course); to the members and owners of Ocean Pines Swim and Racquetball Club, Inc.; to all users of Ocean Pines International Yacht Club, Inc., and to the successors and assigns of all such clubs; but only to members or associate members of the entities listed above who shall also be owners of lots in the Subdivision; to the residents, tenants, and occupants of any residential building, guest house, inn or hotel facility, and all other kinds of residential structures that may be erected within the boundaries of the Section or Subdivision; to such other classifications of persons, as may be designated by the Board of Directors of the Association, and to the invitees of all the aforementioned persons.

B. The ownership of recreation amenities within the Section, which may include, but shall not be limited to, waterways, dams, water impoundments, marinas, beaches, access tracts, golf courses, tennis courts, swimming pools, clubhouses and adjacent clubhouse grounds and campgrounds shall be in Declarant or its subsidiaries, successors or assigns, and the use and enjoyment thereof shall on such terms and conditions as Declarant, its subsidiaries, affiliates, successors or assigns, shall from time to time license; provided, however, that any or all of such amenities may be conveyed to the Association, which conveyance shall be accepted by it, provided the same is free and clear of all financial encumbrances, and is in good and operating condition at the time of the transfer.

C. Declarant hereby covenants, for itself, its successors and assigns, that it will convey fee simple title to the streets in Section 14-B, and to those areas designated as parks and open space (together with the bed of any canal(s) adjacent to said open spaces) on the Plat upon

completion thereof, subject to all applicable restrictions and rights and regulations of federal, state and local agencies having jurisdiction thereover, to the Association. Such conveyance shall be subject to the easements of record; and subject to all improvements and areas being in good condition; and subject to the express condition that the Association will thereafter properly maintain all such streets, parks and canals, exclusive of bulkheads.

12. Ocean Pines Association, Inc.

A. Every person who acquires title, legal or equitable, to any lot in the Subdivision shall become a member of the Association; provided, however, that such membership is not intended to apply to those persons who hold an interest in any such lot merely as security of the performance of an obligation to pay money, e.g., mortgages or deeds of trust. However, if such person should realize upon his security and become the real owner of the lot, he will then be subject to all the requirements and limitations imposed in these Restrictions on owners of lots within the Subdivision and on members of the Association, including those provisions with respect to alienation and the payment of an annual charge.

B. The general purpose of the Association is to further and promote the community welfare of property owners in the Subdivision.

C. The Association shall be responsible for insect controls, for the maintenance, repair and upkeep of the private streets and parks within the Subdivision; the appurtenant drainage and slope easements reserved by Declarant, and for providing fire and police protection for the residents of the subdivision. The Association shall also be the means for the promulgation and enforcement of all regulations necessary to the governing or the use and enjoyment of such streets and parks and such other properties within the Subdivision as it may from time to time own. In the event that the Association at any time fails to properly maintain such streets, parks, or easements within the property, or fails to provide adequate fire and police protection, Declarant, its successors and assigns, may enter upon and make any and all repairs to any such facility which are necessary and proper or may adopt measures to provide fire and police protection and may charge the Association for all such repairs for fire and police protection; provided, however, that Declarant shall under no circumstances be obligated to take any such action.

D. That Association shall have all the powers that are set out in its Articles of Incorporation and all other powers that belong to it by operation of law, including (but not limited to) the power to levy against every member of the Association an amount of said charge to be determined by the Board of Directors of the Association after consideration of current maintenance need and future needs of the Association, for the purposes set forth in its Articles of Incorporation; provided, however, that the uniform annual charge shall in no event be less than (i) Eighty Dollars (\$80.00) for each waterfront lot less than twenty thousand (20,000) square feet in size; (ii) One Hundred Twenty Dollars (\$120.00) for each waterfront lot 20,000 square feet or more in size or one and one-half (1½) times the uniform annual charge imposed on lots described in (i) above, whichever sum is greater; (iii) Fifty Dollars

(\$50.00) for each non-waterfront lot less than 20,000 square feet in size; (iv) Seventy-five Dollars (\$75.00) for each non-waterfront lot 20,000 square feet or more in size or 1 1/2 times the uniform annual charge imposed upon lots described (iii) above, whichever sum is greater; and provided further that, in the absence of any written agreement entered into between Declarant and the Association, either before or after the date hereof, no such charge shall ever be made against, or be payable by, the Declarant, the Association itself, or any corporation or corporations that may be created to acquire title to, and operate (or which now owns and operates) the water or sewer utilities serving the Property and Subdivision or any waterway, beach, access tract, marina, golf course, tennis court, swimming pool, clubhouse, clubhouse grounds, campgrounds, or other like recreational facilities within the Subdivision.

(a) Every such charge so made shall be paid by the member to the Association on or before the first day of May of each year, for the ensuing year. The Board of Directors of the Association shall fix the amount of the annual charge per lot by the first (1st) day of April of each year, and written notice of the charge so fixed shall be sent to each member.

(b) If any such charge shall not be paid when due, it shall bear interest from the date of delinquency at the rate applicable in Worcester County to delinquent real property taxes; the Association may publish the name of the delinquent member in a list of delinquent members, or by any other means of publication; and the Association may file a notice that it is the owner of a lien to secure payment of the unpaid charge plus costs and reasonable attorneys' fees, which lien shall encumber the lot or lots in respect of which the charge shall have been made, and which notice shall be filed in the Office of the Clerk of the Circuit Court for Worcester County, Maryland. Every such lien may be foreclosed by equitable foreclosure at any time within three (3) years after the date on which the notice thereof shall have been filed. In addition to the remedy of lien foreclosure, the Association shall have the right to sue for such unpaid charges, interests, costs and reasonable attorneys' fees, in any court of competent jurisdiction as for a debt owed by the delinquent member or members to the Association. Every person who shall become the owner of the title (legal or equitable) to any lot by any means is hereby notified that, by the act of acquiring such title, such person will be conclusively held to have covenanted to pay the Association all charges that the Association shall make pursuant to any paragraph or subparagraph of these Restrictions.

(c) The Association shall upon demand at any time furnish a certificate in writing signed by an officer of the Association certifying that the charges on a specified lot have been paid or that certain charges against said lot remain unpaid, as the case may be. A reasonable charge may be made by the Board of Directors of the Association for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any charges herein stated to have been paid.

E. The fund accumulated as the result of the charges levied by the Association shall be used exclusively for the purposes of promoting the recreation, health, safety and welfare of the members of the Association, and in

particular, for maintaining insect control, providing police and fire protection and for the improvement and maintenance of the streets and those areas within the Section and Subdivision designated as parks on the plats thereof, and other property within the Section and Subdivision such as streets, parks and properties which shall have been conveyed to the Association.

F. The lien of a mortgage or deed of trust placed upon any lot for the purpose of permanent financing and/or constructing a residence or other improvement thereon recorded in accordance with the laws of the State of Maryland, shall be from the date of recordation, superior to any and all such liens provided for herein.

G. The Board of Directors of the Association shall have the right to suspend the voting rights (if any) and the right to use of the streets in the Subdivision and the recreational facilities of the Association of any member (or associate member):

(a) For any period during which any Association charge (including the charges and fines, if any, assessed under Paragraphs 12-D, 13 and 14 of these Restrictions) owned by the member or associate member remains unpaid;

(b) During the period of any continuing violation of the restrictive covenants for the Section and Subdivision, after the existence of the violation shall have been declared by the Board of Directors of the Association;

(c) During the period that any bill for water or sewer service or availability rendered to the member or associate member shall remain unpaid.

H. The Association joins in the execution of this Declaration for the purpose of granting and imposing the rights, privileges, duties and obligations of membership in the Association as set forth above.

13. Speed Limits.

A. Speed limits for streets and waterways and the rules governing the use of parks within the Section and Subdivision shall be as promulgated from time to time by the Association, its successors and assigns. Appropriate postings of these speed limits shall be made. The Association shall have the power to assess fines for the violation of the speed limits in accordance with a schedule of fines as set forth in the Annotated Code of Maryland.

14. Association's Right to Perform Certain Maintenance.

A. In the event an owner of any lot in the Subdivision shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors of the Association, the Association shall have the right, through its agents and employees, to enter upon said lot and repair, maintain and restore the lot and the exterior of the buildings and any other improvements erected thereon including bulkheads. Such right shall not be exercised unless two-thirds (2/3) of the members of such Board of Directors shall have voted in favor of its being exercised. The cost of such maintenance shall be added to and become part of the annual charge to which such lot is

subject. The Association shall not be liable for any damage which may result from any maintenance work performed hereunder. The right reserved hereunder does not create an obligation on the part of the Association.

15. Reservation of Easement for Operation and Waterways.

A. The Declarant reserves to itself and its successors and assigns, and to the Association, such an easement for private ingress, egress, navigation and flowage upon, across and through the waterway portion of each of said lots contiguous to said waterway as is reasonably necessary in connection with operating said waterway; provided, however, that said easement created herein and shown on the plat shall in no way affect the right of any lot owner to construct and maintain any pier or dock approved by the Environmental Control Committee pursuant to Paragraph 5 hereof, and by federal, state and local agencies having jurisdiction in the premises, which pier or dock may extend on, over or into said waterway. Insofar as the easement for private ingress, egress, navigation and flowage is shown on the plat of Section 14-B, Ocean Pines, the terms of this paragraph shall be deemed controlling as to any and all rights of the lot owners in the operation of the waterway. Without limiting the generality of the immediately preceding sentence, it is declared that neither the Declarant nor any successor or assign of the Declarant, shall be liable for loss of property or for damages caused by water, ice, erosion, washing, flooding or other action by storm or act of God.

16. Multiple-Family Structures.

A. The erection and/or use of any multiple-family structure (any building or structure with one or more common walls containing residences for more than one individual family) upon any lot or parcel within the Property shall be strictly prohibited.

17. Remedies.

A. The Association or any party to whose benefit these Restrictions inure, including the Declarant, its successors and assigns, may proceed at law or in equity to prevent the occurrence, continuation or violation of any of these Restrictions; provided, however, that it is expressly understood that neither Declarant nor the Association shall be liable for damages of any kind to any party for failing to either abide by, enforce or carry out any of these Restrictions.

B. No delay or failure on the part of an aggrieved party to invoke an available remedy set forth in Paragraph 18-A above in respect of a violation of any of these Restrictions shall be held to be a waiver by the party of (or an estoppel of that party to assert) any right available to him upon the recurrence or continuation of said violation or the occurrence of a different violation.

18. Grantee's Acceptance.

A. The grantee of any lot subject to the coverage of these Restrictions, by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from Declarant or a subsequent owner of

such lot, shall accept such deed or contract upon and subject to each and all of these Restrictions and the agreements herein contained, and also the jurisdiction, rights and powers of Declarant and of the Association and by such acceptance shall for himself, his heirs, personal representatives, successors and assigns, covenant, consent and agree to and with Declarant, the Association, and to and with the grantees and subsequent owners of each of the lots within the Subdivision to keep, observe, comply with and perform these Restrictions and agreements.

19. Severability.

A. Every one of these Restrictions is hereby declared to be independent of, and severable from, the rest of these Restrictions and from every other one of these Restrictions. Therefore, if any of these Restrictions shall be held to be invalid or to be unenforceable or to lack the quality of running with the land, that holding shall be without effect upon the validity, enforceability, or "running" quality of any other one of these Restrictions.

20. Miscellaneous.

A. The underlined captions preceding the various paragraphs and subparagraphs of these Restrictions are for convenience of reference only, and none of them shall be used as an aid to the construction of any provision of these Restrictions. Wherever and whenever applicable, the singular form of any word shall be taken to mean or apply to the plural, and the masculine form shall be taken to mean or apply to the feminine or to the neuter.

B. The provisions of Paragraphs 4 and 17 shall inure to the benefit of, and be enforceable by, any successor or assign of TDC designated as such by an instrument executed by TDC and recorded in the Land Records of Worcester County, Maryland.

IN WITNESS WHEREOF, Solgar Co., Inc., a New York corporation, Declarant, has caused this Declaration to be executed on its behalf by its proper officer and Ocean Pines Association, Inc., a non-profit Maryland corporation, has joined in these Restrictions for the purposes set forth in Paragraph 12-H and has caused this Declaration to be executed on its behalf for such purposes by its proper officer, all as of the day and year first herein written.

ATTEST:

SOLGAR CO., INC.

A. Theresa Walke

BY: [Signature] (SEAL)

President

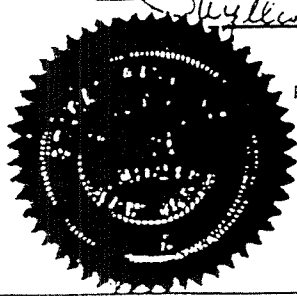
OCEAN PINES ASSOCIATION, INC.

Stylian C. East

BY: [Signature] (SEAL)

President

Plats recorded in Plot Book RHO 121 Folios 25 thru 28.



Richard H. Oyster The foregoing Declaration & Plats filed for record and is accordingly recorded among the land records of Worcester County, Md. in Liber, R.H. 15 No. 526 folios 25 thru 40

Richard H. Oyster Clerk