



Planning Commission

Agenda

Regular Meeting

October 8, 2026

Government Office Building
125 N Division Street
Council Chambers, Room 301, Third Floor

4:00 P.M. - Call to Order – **Dave Chiddenton, Chair**

1. Welcome and roll call
2. Minutes
3. New Business

CONDOMINIUM DOCUMENT – VILLAGE AT CANAL PARK - Canal Park Drive, R5-A Residential – M-0117, G-0014, P-0181, #23-030 (J. Kuntz)

ORDINANCE PERMIT – 224 Phillip Morris Dr – A Step Ahead Preschool (G. Pusey)

PUBLIC HEARING – Text amendment to regulate Vape Shops (J. Kuntz)

PUBLIC HEARING – Text amendment to replace specific fines and penalties from the Zoning Code (Title 17) with references to a Fine and Penalty Schedule (S. Liberto)

PUBLIC HEARING – Rezoning – Fitzwater Street – Request to rezone a portion of land fronting on Fitzwater Street from R-5 Residential to Riverfront Redevelopment Multi-Use District #2 (G. Pusey)

4. Other Business

DISCUSSION – Public Comment Deadline

5. Adjournment



Salisbury Planning Commission

September 10, 2026

MINUTES

The Salisbury Planning Commission met in session on Thursday, **September 10, 2026**. The meeting took place at 125 N. Division St, Room 301, with attendance as follows:

COMMISSIONERS:

David Chiddenton, Chair (Absent)
Matt Drew, Vice-Chair
Latonia Ayscue, Open Meetings Delegate (Absent)
Susan Rall
Mike Piorunski
Lynne Bratten

CITY STAFF

Judy Kuntz, Acting Director of DID
Gary Pusey, City Planner
Scarlett Liberto, Associate Planner
Laura Ryan, City Attorney
Kara Beavers, Office Administrator

1. CALL TO ORDER & ROLL CALL

Mr. Drew called the meeting to order at 4:00PM. A roll call took place for the members of the commission.

2. APPROVAL OF MINUTES

Ms. Bratten introduced a motion to approve the minutes from the August 13th, 2026 meeting. Mr. Piorunski seconded the motion. The motion passed unanimously.

3. NEW BUSINESS

REVISED FINAL COMPREHENSIVE DEVELOPMENT PLAN & CONDOMINIUM DOCUMENT – THE CROSSING AT SUMMIT POINTE

Ms. Kuntz and Mr. Brock Parker, representative from Parker & Associates, Inc. approached the commission. Ms. Kuntz read the staff report.

During the reading of the staff report, Mr. Drew asked why it was allowed for the current proposed plan to still contain 4 units on the south side of the property within the same buffer as was included in the previous proposal. Mr. Parker responded that his team had missed this

during the boundary survey and following work. Mr. Parker explained there was a lot east of the lots facing Old Ocean City Road with a deed restriction, requiring any house built to be about 100 ft away from Old Ocean City Road. When this lot was dissolved into development's property, this deed restriction for this lot remained in effect despite the original lot no longer existed. This created a "ghost lot". The reading of the staff report continued and was concluded.

Mr. Parker offered additional comments on this proposal. Mr. Parker explained the changes to the comprehensive development plan were necessitated by the new builder in line for the project, NVR Homes, after their review of the construction documents.

Ms. Rall asked where parking would be in this development. Mr. Parker explained that the town houses would be set-up as either garage or non-garage units, but regardless of that each unit would have two spaces in the front driveway and room for street parking.

Mr. Drew noted for the pool house there appeared to be very little setback from the edge of the easement. Mr. Parker clarified that this is a buffer, Parker & Associates owns the easement all the way to the railroad track, and there is a foot of separation between the easement and the building.

Mr. Drew asked if the nearby stormwater pipe is permitted within the easement, Mr. Parker confirmed it was included in the easement. Mr. Drew asked if the pool house would be within the HOA's jurisdiction, Mr. Parker stated these areas would be maintained by the HOA. Mr. Parker told the commission his team would confirm whether the pool house and parking lot are within the HOA's jurisdiction or not.

A motion was made by Mr. Piorunski to accept the plans for the revised development plan and condominium documents with the recommendations made in the staff report. Ms. Rall seconded the motion. The motion was **APPROVED** (5-0).

SIGN PLAN – OLLIES BARGAIN OUTLET – Ollie's Bargain Outlet rep. by YESCO – Tilghman Road – RC – M-0110 G-0009 P-4482, #23-027 (S. Liberto)

Ms. Liberto present the staff report. Nicole Killian, representing Lakeside Design introduced herself to the commission. Ms. Killian made no additional comments.

Ms. Bratten made a motion to approve the sign plan. Seconded by Ms. Rall. The motion was **APPROVED** (5-0).

PUBLIC HEARING – Text amendment for Data Processing and Computer Centers (S. Liberto)

Ms. Ryan read the Public Notice for the text amendment regarding Data Processing and Computer Centers. Mr. Pusey was sworn in for public comment, Ms. Liberto then presented the Staff Report for the record.

Mr. Drew wanted clarification if the text amendment is clarifying the definition of a Data Center which already exists in the municipal code, and there is no permitted use for a Data Center in the code currently, would this prevent Data Centers from being built. Ms. Bratten stated this text amendment defines a Data Processing and Computer Center, not what a data center is. Ms.

Liberto clarified the definition used by City Staff for this text amendment defines a server room more so than a data center, allowing current data computer processing centers to exist while leaving a data center undefined in the code.

Mr. Pusey also informed the commission that there was a process underway to put a moratorium on Data Centers. Ms. Bratten asked for clarification that a new definition of a data center is not being added by this text amendment, the amendment was only adding clarification to language already present in the municipal code, Ms. Liberto confirmed this to be correct.

Mr. Piorunski asked if the commission leaves data centers undefined, and an applicant were to request a definition be provided, then the commission would have a 45-day timeline to respond and provide that definition. Mr. Pusey said this would be possible for an undefined term, but that the applicant would have to go to the Board of Appeals in order to receive approval for an "unclassified use". No other comments were made by the commissioners.

A motion was made by Mr. Piorunski to pass on a favorable recommendation of the proposed text amendment. Motion was seconded by Ms. Bratten. The motion was **APPROVED** (5-0).

WORK SESSION – Text amendment to regulate Vape Shops (J. Kuntz)

Ms. Kuntz read the Staff Report for the record. Ms. Bratten shared concerns over the process of governing and sunseting the current shops in place, and whether this text amendment would negatively impact business owners. Ms. Kuntz responded the current ordinance still contained a 2-year sunset clause, but that DID is open to grandfather in existing Vape Shops or any other recommendations the Commission felt is necessary.

There was discussion surrounding a proposed grace period for businesses would violate the revised code, and allowing violating tenants to carry out their lease but not be able to extend or apply for a new one. Ms. Ryan clarified that the precedent for sunseting set the standard based on reasonableness of the sunset provision, and was largely treated on a case-by-case basis. Ms. Ryan expressed reluctance to include language in the code stating a lease could not be renewed if the property were in violation of the code, noting that lease agreements and ownership structures can vary significantly among businesses. Ms. Ryan also noted that, because the owners of the vape shops in question have not approached the Commission, the length and terms of their current leases were unknown.

Mr. Drew proposed the Commission remain silent on the enforcement of the revised code, and make a recommendation for City Council to review certain portions of the text amendment. Ms. Ryan recommended rearranging the codes in Chapter 17 of the municipal code, making it so City Council could make changes without needing to send this back to the Commission. More discussion was had on which parts of the text amendments could be moved and where they could be placed in the code.

More discussion was had regarding the limits of the Planning Commission's power regarding the enforcement on regulations for Vape Shops. Mr. Drew proposed classifying violating Vape Shops as legal non-conforming use instead of sunseting them, so they would be pushed to the City Council for code enforcement. Ms. Bratten asked if this would mean the commission would

agree new Vape Shops could not be established within the discussed and footage requirements, Ms. Ryan confirmed this to be correct.

Mr. Piorunski asked Ms. Kuntz if staff had received any comments from the public, property owners, or business owners on this subject. Ms. Kuntz answered staff had received comments from the general public, but had not received any input from business owners or vape shop owners. Ms. Bratten asked Ms. Kuntz based on the discussions with members of the public, if the primary concern for them was the proximity of vape shops to a school. Ms. Kuntz responded this was correct.

Mr. Piorunski asked if there's any need for the Commission to make recommendations on sunset provisions. Ms. Ryan responded if the commission didn't want to make a decision on sunset provisions they could take it out of the ordinance, but the City Council should be made aware the sunset provision was removed from the ordinance if they wished to discuss it. Ms. Ryan confirmed if the Commission wanted to remain silent on this amendment, they would be allowed to move it to the City Council.

Mr. Drew asked Ms. Ryan if there was a motion the Commission could make to progress the discussed ordinance to City Council. Ms. Ryan responded if the Commission wanted to approve location or exterior specific parts of the proposed text amendment, the Commission could remove those to make a new ordinance in their next meeting to then present to the City Council in a public hearing.

Ms. Bratten made a motion to direct legal counsel to establish a document for a public hearing regarding the three identified areas discussed concerning land usage for Vape Shop businesses. Mr. Piorunski seconded the motion. The motion was **APPROVED** (5-0).

4. DISCUSSION

Fitzwater Street Rezoning (G. Pusey)

Mr. Pusey presented the Staff Report and updated the Commission on further details on the proposed rezoning. Mr. Piorunski asked if the Riverfront Redevelopment District zoning would open up more opportunities for commercial or residential development that does not exist within the property's current zone. Mr. Pusey confirmed this to be correct. Discussion was had regarding the zoning for surrounding properties.

Mr. Drew asked if the Commission were to support this rezoning, could they consider Chesapeake Shipbuilding's property in their decision or could they include the entire proposed zone. Mr. Pusey responded the Commission could make a strong recommendation for Chesapeake Shipbuilding, and also include consideration of all the other properties when they forward their recommendation to City Council. Mr. Pusey added by that time, other property owners in support of rezoning could unofficially join the application as well.

Mr. Drew asked if a property could be rezoned without approval from the property owner. Mr. Pusey responded this would be possible with a valid reason to do so, but the Department prefers to include property owners in these decisions.

Mr. Drew opened the floor for Public Comment. Mr. Tom Becker, City resident and former commissioner, approached the Commission. Mr. Becker stated how there were two reasons for rezoning: a change in the given neighborhood, and a previous mistake made by the acting Commission at the time of zoning. Mr. Becker stated since the zoning ordinance was put in place around 1950, this property had been in violation of the assigned R5 zone since it has been for commercial use. Mr. Becker stated this property was incorrectly zoned as R5 and subsequent commissions failed to rezone it appropriately, despite having many opportunities to do so.

Ms. Lauren White, Chairman of the Board for Salisbury Neighborhood Housing, approached the Commission. Ms. White voiced support for rezoning on behalf of the Board, and asked the Commission to consider extending the rezoning down the full side of Fitzwater Street in their October Public Hearing. Ms. White gave further background on the Board for Salisbury Neighborhood Housing and their role in the City's community, as well as the board's previous attempt and discussion with the City regarding rezoning. Ms. White asked that, although the Board was not formally part of the rezoning process, the Commission consider the row of homes on Fitzwater Street, referred to as the Westport neighborhood, in its recommendation to the City Council.

Mr. Steve McGee, President of Chesapeake Shipbuilding, approached the Commission. Mr. McGee voiced support of the statements made by Mr. Becker and Ms. White. Mr. McGee stated given the projected growth of the shipyard and the benefit to the local community, he believed rezoning was a good move for the City of Salisbury. Mr. Piorunski voiced support of the proposed parking garage, specifically it's improvement to public safety.

Timeline for Public Inputs & Public Comments (J. Kuntz and G. Pusey)

Mr. Pusey updated the Commission on the staff's goal to have a written policy for Public Comment ready for review for their October meeting. Mr. Pusey explained City staff wanted to provide options for guidelines and time limits for accepting public comments and take in the Commission's comments into consideration.

Ms. Kuntz added that exact time cut-offs for Public Comment was discussed in previous meetings, and wished to reopen discussion on what would be allowed as a decision was not reached. Ms. Kuntz recommended due to the tight timeline the public has to review the meeting agenda, the Commission should establish a deadline for members of the public to be accepted for Public Comments. Ms. Bratten expressed concern that over the limited amount of time the public and Commissioners have to receive the agenda, review the information, and visit relevant properties. Mr. Pusey proposed providing commission members copies of the applications for upcoming meetings or publishing a draft agenda. Ms. Bratten stated earlier access to applications for commissioners would not address the issue of the public's timely access to meeting information ahead of Public Comment. Ms. Ray pointed out Public Hearings must be advertised in local newspapers ahead of meetings, so the public is aware of some items up for discussion. Ms. Ryan stated the Commission needs to consider what Public Comments the Commission is willing to consider, outside of public hearings, before deciding on the timing for access to meeting information.

Mr. Piorunski asked for the Commission and the public to be provided a list of the different items to be presented to the Commission, so the public could be aware what parts of the meeting Public Comment is allowed. Mr. Piorunski also asked this distinction to be included in the agenda, as well as indications on what exactly needs to be decided on.

Ms. Kuntz provided an update that the commission email had been launched, but the legal team was in the process of reviewing if this email address could be used. Ms. Bratten asked if there were any updates on filling the current vacancy on the Commission, Ms. Kuntz responded she had not received any updates from the Mayor but would check for further information.

Adjournment:

Vice-Chair Drew entertained a motion to adjourn the meeting. Ms. Bratten made a motion to adjourn, seconded by Ms. Rall. The motion was **APPROVED** (5-0).

Matt Drew, Vice Chair

Date

Gary Pusey, Acting Secretary

Date



Infrastructure and Development Staff Report

October 8, 2026

I. DEVELOPMENT INFORMATION:

Infrastructure and Development Project Number: 23-030

Project Name: The Village of Canal Park

Applicant/Owner: Ocean Crest Properties

Purpose of Requests: Request for Approval of Condominium Documents

Location of Property: CANAL PARK DR. SALISBURY, Maryland 21804 – Map 0117; Grid 0014; Parcel 0181; Lots 2B, 2C, & 3A

Existing Zoning: R5A

Project status: Under construction

II. REQUEST DETAILS:

The developer has submitted condominium documents per City Code for approval.

III. STAFF REVIEW:

Condo association documents were submitted and reviewed initially in May 2026. The comments have been provided by staff and the City Solicitor. Revised documents incorporating comments have been received. The submitted revised condominium documents comply with City Code 17.04.240 - Open space covenants, bylaws, and condominium documents.

IV. RECOMMENDATION

Staff recommends **approval** of the condominium documents.

ARTICLES OF INCORPORATION
OF
CANAL PARK HOMEOWNERS ASSOCIATION, INC.
(Tax-exempt Nonstock)

The undersigned subscriber, Rachel M. Hess, whose post office address is 10715 Charter Drive, Suite 200, Columbia, Maryland 21044, being at least eighteen (18) years of age, does hereby act as incorporator with the intention of forming a corporation under and by virtue of the General Laws of the State of Maryland, and for such purpose hereby makes, executes, and adopts the following Articles of Incorporation:

FIRST: The name of this Corporation shall be:

CANAL PARK HOMEOWNERS ASSOCIATION, INC.

SECOND: The post office address of the principal place of business of this Corporation shall be located at 3600 Crondall Lane, Suite 100, Owings Mills, Maryland 21117.

THIRD: The resident agent of this Corporation shall be Peter D. Fastow, whose address is 10715 Charter Drive, Suite 200, Columbia, Maryland 21044. Said resident agent is a citizen and actual resident of the State of Maryland.

FOURTH: The purposes for which the Corporation is formed are as follows:

To organize and operate a real estate management association exclusively to provide for the acquisition, construction, management, maintenance, care and preservation of the open spaces, common area and facilities within those certain tracts of property described in paragraph (a) of this Article Fourth, and to promote the recreation, health, safety and welfare of the residents and occupants within the said described property, and any addition thereto as may hereafter be brought within the jurisdiction of this Corporation, no part of the net earnings of which is to inure to the benefit of, or be distributable to, any director, officer, or Member of the Corporation, or any other individual, so that no pecuniary gain or profit to the Members thereof is contemplated, and for such general purposes, and limited to those purposes, the Corporation shall have the following powers:

(a) To acquire (by gift purchase or otherwise), own, hold, preserve, develop, improve, build upon, manage, operate and maintain certain roadways, open space tracts or areas and common or recreational areas, property, facilities and real estate, whether fee simple or leasehold, and whether improved or unimproved, all designed for the common use, benefit, enjoyment, recreation, health, safety and welfare of the record Owner or Owners of each Lot now or hereafter laid out or established within that parcel of land located in the 16th (16th) Election District of Wicomico County, Maryland, shown on the plats for the property subjected to that certain Declaration of Covenants, Conditions and Restrictions ("Declaration") made by Canal Park, LLC, a Maryland limited liability company, and recorded or intended to be recorded among the Land Records of Wicomico County, Maryland, as the same may be amended from time to time.

As of the date hereof, the aforesaid parcel includes those roadways, Lots, open spaces and common areas as are more particularly described in **Exhibit A** to the Declaration, as the same may hereafter from time to time be amended, or extended to any additional properties, said Declaration,

made a part hereof, by reference thereto, as fully, and to the same extent as though incorporated herein, being applicable to the Community (as hereinafter defined) and such additions thereto as may hereafter be brought within the jurisdiction of the Corporation. The aforesaid Lots, open spaces and common areas are hereinabove and hereinafter referred to as the “Community”.

(b) To exercise all the powers, rights and privileges and to perform all the duties and obligations of the Corporation, as the same are set forth in the Declaration, as amended from time to time.

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

(d) To purchase, lease, option, or otherwise acquire, own, hold, preserve, develop, improve, build upon, manage, operate, maintain, convey, sell, exchange, rent, lease, dedicate for public use, or in any manner transfer or dispose of any real or personal property in connection with the affairs of the Corporation.

(e) Subject to any applicable provisions in the Declaration, to borrow or to raise money for any of the purposes of the Corporation, and to issue bonds, debentures, notes, or other obligations of any nature, and in any manner permitted by law, for money so borrowed or in payment for property purchased, or for any other lawful consideration, and, upon authorization of Members in the Corporation entitled to vote two-thirds (2/3) of the total number of votes allocated to all Members in the Corporation (except the Declarant if the Declarant is a Class A Member) to secure the payment of the money borrowed and of the interest thereon, by mortgage upon, or pledge or conveyance or assignment in trust of, the whole or any part of the property of the Corporation.

(f) Subject to any applicable provisions of the Declaration, to dedicate, sell or otherwise transfer all or any part of the common areas, property and facilities of the Corporation to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed upon by the Members, provided, however, that no such dedication, sale or transfer shall be effective unless approved in writing by two-thirds (2/3) of the total number of votes allocated to Class A Members in the Corporation (except the Declarant if the Declarant is a Class A Member) agreeing to such dedication, sale or transfer.

(g) To participate in mergers and consolidations subject to the applicable provisions of the Declaration, unless inconsistent with applicable law.

(h) To annex to the Community, at any time, and from time to time, other and additional residential property, open space and common area, provided that any annexation of such other additional residential property, open space and common area shall have the assent of two-thirds (2/3) of votes allocated to each Class of Members of the Corporation, voting separately thereon.

(i) To have and to 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.

The Corporation is formed under the articles, conditions and provisions expressed herein and in the general laws of this State. In no event, however, shall the Corporation: (i) carry on any propaganda or otherwise attempt to influence any legislation or any public administrative action; (ii) participate or intervene in any political campaign on behalf of any candidate for public office, by any means, including the publication or distribution of any statement for or against any candidate; (iii) carry on any activity not permitted to be carried on by a corporation exempt from Federal Income Tax under Section 501(c)(4) or 528 of the Internal Revenue Code of 1986, as amended to date, or corresponding provision of any future United States Internal Revenue law; or (iv) invest in or use any property in such a manner as to jeopardize the exemption of the Corporation from taxation under the aforesaid Section 501(c)(4) or 528 of the Internal Revenue Code of 1986, as now in force or hereafter amended.

FIFTH: The Corporation is not authorized to issue any capital stock. Membership in the Corporation shall be controlled by the applicable provisions of the Declaration.

SIXTH: The affairs of the Corporation may be managed initially by a Community Board of one (1) or more directors, which number may be changed by Declarant from time to time; provided, however, after the time Declarant has the right to solely appoint the directors under the provisions of the Declaration or applicable law, the Board shall be comprised of two (2) or five (5) persons in accordance with Article V of the Bylaws of the Corporation. The names of the directors who shall act until the Transition Meeting or until their successors are duly chosen and qualified are as follows: Ralph Leonard and Amy Walton. Other than Directors appointed by the Declarant, all Directors shall be an Owner of a Lot.

SEVENTH: The duration of the Corporation shall be perpetual. The Corporation, however, may be dissolved under and in accordance with the laws of the State of Maryland, provided such dissolution first be authorized, in writing, signed by not less than sixty-seven percent (67%) of the total authorized votes of all Members of the Corporation (including at least a majority of the total authorized votes entitled to be cast by Members other than the Declarant). Upon any dissolution of the Corporation, after discharge of all corporate liabilities, the Community Boards shall dispose of all assets of the Corporation, by dedication thereof to any appropriate public agency to be used for purposes similar to those for which the Corporation was formed. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned, if practicable, to any nonprofit corporation, association, trust or other organization as shall at the time qualify as an organization or organizations exempt from taxation under Sections 501(c)(4) or 528 of the Internal Revenue Code of 1986, as amended, or the corresponding provision of any future United States Internal Revenue law, as the Community Board may determine, preferably to a semi-public agency, to be used in furthering, facilitating or effectuating purposes similar to those for which the Corporation was formed.

EIGHTH: Amendment of these Articles shall require the assent of sixty-seven percent (67%) of the vote allocated to the entire membership; subject, however, to the right of the Declarant to modify these Articles as described in the Declaration.

NINTH: No director or officer of the Corporation or member of the Architectural Committee or member of another committee formed pursuant to the Declaration or the Bylaws shall be liable to the Corporation, Members or to any Owner of a Lot for money damages except: (a) to

the extent that it is proved that such director, officer, member of the Architectural Committee or member of another duly authorized committee actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received; or (b) to the extent that a judgment or other final adjudication adverse to such director, officer, member of the Architectural Committee or member of another duly authorized committee is entered in a proceeding based on a finding in the proceeding that such director's, officer's, Architectural Committee member's or another duly authorized committee member's action, or failure to act, was (i) the result of active and deliberate dishonesty or (ii) intentionally wrongful, willful or malicious and, in each such case, was material to the cause of action adjudicated in the proceeding. Further and without limiting any applicable provisions in the Declaration, the officers or directors of the Corporation, members of the Architectural Committee or members of other duly authorized committees shall not be liable to the Members or Owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith.

TENTH: Each officer and director of the Corporation as well as each member of the Architectural Committee or other committee formed pursuant to the Declaration or the Bylaws, in consideration of his or her services, shall be indemnified by the Corporation to the extent permitted by law against expenses (including attorneys' fees) and liabilities reasonably incurred by him or her in connection with the defense of any action, suit or proceeding, civil or criminal, and including the settlement of any suit or proceeding if approved by the Community Board then acting at the time of approval, to which he or she may be a party by reason of being or having been a director or officer of the Corporation or a member of the Architectural Committee or member of another duly authorized committee. The foregoing right to indemnification shall be exclusive of any other rights to which the director or officer or member of the Architectural Committee or member of another duly authorized committee may be entitled by law or agreement or vote of the Members or otherwise. Subject to Article NINTH, officers and directors of the Corporation, any member of the Architectural Committee and member of another duly authorized committee shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Corporation, and the Corporation shall indemnify, defend and forever hold each such officer, director, member of the Architectural Committee and member of another duly authorized committee free and harmless from and against any and all liability to others on account of any such contract or commitment.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation and acknowledged the same to be my act on this 26 day of March, 2026.

WITNESS:

Charles Moyer

Rachel M. Hess

(SEAL)

Rachel M. Hess

The undersigned, named as the Resident Agent in the foregoing Articles of Incorporation, agrees to serve as Resident Agent until a Notice of Change of Resident Agent is filed with the Department of Assessments and Taxation as provided for in the Code.

Peter D. Fastow

Peter D. Fastow, Esquire

COMMUNITY BYLAWS

of

CANAL PARK HOMEOWNERS ASSOCIATION, INC.

ARTICLE I NAME AND LOCATION

The name of the Community Association (as such term is hereinafter defined) is CANAL PARK HOMEOWNERS ASSOCIATION, INC. (hereinafter referred to as the "Community Association"). The Community Association is organized under the Maryland Corporations and Associations Article of the Maryland Annotated Code as a nonprofit membership corporation. The principal office of the Community Association shall be located at 3600 Crondall Lane, Suite 100, Owings Mills, Maryland 21117, which address may be changed from time to time. The Community Board is hereby granted full power and authority to change the principal office from one location to another within Wicomico County or elsewhere in Maryland.

ARTICLE II DEFINITIONS

2.1. Declaration. "Declaration" shall mean, collectively, the Declaration of Covenants, Conditions and Restrictions of Canal Park Homeowners Association, Inc., recorded or intended to be recorded, in the Land Records of Wicomico County, Maryland and any amendments or supplements recorded or to be recorded pursuant thereto.

2.2. Electronic Transmission. "Electronic Transmission" shall mean and refer to any form of communication, not directly involving the physical transmission of paper, that creates a record that (i) may be retained, retrieved, and reviewed by a recipient of such communication, and (ii) may be reproduced directly in paper form by the recipient through an automated process.

2.3. Other Definitions. Each and every definition set forth in the Declaration shall have the same meaning herein as therein, and each and every such definition is incorporated by reference and made a part of these Bylaws as if once again fully written and set forth at length herein.

ARTICLE III MEMBERS

The qualifications for membership, the classes of membership and the voting rights of Members through Delegates shall be as set forth in the Declaration, all of which provisions are hereby incorporated by reference as if set forth in full herein. The provisions of these Bylaws, which are binding upon all Members and Owners, are not exclusive, as Members and Owners shall also be subject to the terms and provisions of the Community Articles, the Declaration and the Community Association Rules, if any.

ARTICLE IV
MEETINGS OF MEMBERS

4.1. Appointment of Delegates. For each Neighborhood Association, Delegates shall execute all of the authority for such Member in the Community Association and shall be appointed as set forth in the Declaration.

4.2. Place of Meetings. All meetings of Members shall be held at the principal office of the Community Association, or at such other place in Wicomico County or elsewhere, in reasonable proximity to the Property, as may be fixed from time to time by resolution of the Community Board; and further, provided, virtual meetings on a Zoom or similar platform if deemed appropriate by the Community Board unless otherwise prohibited by applicable law.

4.3. Annual Meetings. The first annual meeting shall be held as described in the Declaration and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter on a day and at an hour to be established by the Community Board.

4.4. Special Meetings. It shall be the duty of the President to call a special meeting of the Members, either in his or her discretion or as directed by resolution of a majority of a quorum of the Community Board, or upon a petition being presented to the Secretary signed by Delegates representing at least twenty percent (20%) of the Voting Power of the Community Association. The notice of any special meeting shall be given within sixty (60) days after adoption of such resolution or receipt of such petition and shall state the time and place of such meeting and the purpose thereof. The special meeting shall be held not less than seventy-five (75) days nor more than ninety (90) days after adoption of such resolution or receipt of such petition. No business shall be transacted at a special meeting except as stated in the notice.

4.5. Notice of Meetings. It shall be the duty of the Secretary to send a notice of each annual or special meeting by first-class mail, at least thirty (30) but not more than sixty (60) days prior to such meeting, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member (by delivering the notice to the Delegate representing such Member) and Declarant. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice of any meeting at which the Community Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the Delegates. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served forty-eight (48) hours after such notice has been deposited in a regular depository of the United States mail. Such notice shall be posted in a conspicuous place within the Property, and such notice shall be deemed served upon any Member upon posting if no address has been furnished to the Secretary. Notice of meetings may also be provided by electronic transmission in accordance with Section 4.12. of these Bylaws.

Before the date of the Transition Meeting (as defined in Section 5.1. of these Bylaws), the Declarant shall deliver to each Member notice that the requirements for such meeting have been met. The notice shall include the date, time and place of the meeting.

4.6. Quorum. The presence at the meeting of Delegates or proxies or any combination thereof entitled to cast at least twenty-five percent (25%) of the Voting Power shall constitute a quorum for any action except as otherwise provided in the Community Articles, the Declaration or these Bylaws. If any meeting cannot be held because a quorum is not present, the Delegates representing a majority of the votes present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days, nor more than thirty (30) days, from the time the original meeting was called. If the time and place of the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Delegates in the manner prescribed for regular meetings. At the subsequent meeting, the presence of Delegates, either in person or by proxy or any combination thereof, entitled to cast twenty five percent (25%) of the Voting Power shall constitute a quorum.

4.7. Approval of the Members. Except where a greater portion of the Voting Power is required by the Community Articles, the Declaration, these Bylaws, or the Corporations and Associations Article of the Maryland Annotated Code, a majority of the votes represented by Delegates and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum), shall constitute approval of the Members. Delegates present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Delegates to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Total Voting Power required to constitute a quorum.

4.8. Action by Written Ballot. Any action which may be taken by the vote of the Members by and through their respective Delegates at a regular or special meeting, except the election of Community Directors, may be taken without a meeting by written ballot or by electronic transmission in accordance with Section 4.12. of these Bylaws. Approval of an action by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes required to approve the action at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Solicitations for action by ballot shall: (i) be sent to each Member (by delivering the solicitation to the Member's Delegate), entitled to vote on the action at the address contained in the records of the Community Association for notice to the Member; (ii) set forth the proposed action; (iii) indicate the number of responses needed to meet the quorum requirements; (iv) state the percentage of approvals necessary to pass the measure submitted; (v) specify a reasonable time by which the ballot must be returned to the Community Association in order to be counted, and; (vi) afford an opportunity to specify a choice between approval and disapproval of each matter or group of related matters to be acted upon by ballot.

4.9. Parliamentary Procedure. The President of the Community Association, or another person elected at a meeting, shall preside over meetings of Members. All questions of parliamentary procedure shall be decided by the presiding officer.

4.10. Consent of Absentees. The transactions of any meeting of the Members, either annual or special, however called or noticed, shall be valid as though a meeting was duly held after

regular call and notice, if a quorum is present, and if, either before or after the meeting, each of the Members who were not present at the meeting sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

4.11. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meeting of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

4.12. Electronic Transmission of Notices. Subject to any applicable laws, notice of meetings and delivery of information to Members may be made by electronic transmission if: (1) the Community Board authorizes the Community Association to deliver notices of meetings and other information to Members by electronic transmission; (2) the Member provides prior written authorization to provide notice of meetings or deliver information by electronic transmission to the Community Board; and (3) an officer or agent of the Community Association certifies in writing that the Community Association has provided notice of a meeting or delivered material or information as authorized by the Member. Notwithstanding the foregoing, any inadvertent failure to deliver notice by electronic transmission does not invalidate any meeting or other action.

For purposes of this Section 4.12., electronic transmission shall be considered to be ineffective if: (a) the Community Association is unable to deliver two (2) consecutive notices; and (b) the inability to deliver the notice by electronic transmission becomes known to the person responsible for sending such electronic transmission.

In addition to the foregoing, provided that the same has been approved by the Board of Directors of the Community Association, and a formal procedure therefore adopted and promulgated to the Members, proxies and other required filings with the Secretary of the Community Association may be delivered to the Secretary of the Community Association by Electronic Transmission, in accordance with the provisions of §11B-113.2 of the HOA Act, as amended from time to time or superseded, and votes may be cast by Members in accordance with the provisions of §11B-113.2 of the HOA Act, as amended from time to time or superseded.

ARTICLE V COMMUNITY DIRECTORS

5.1. Number. The Community Board shall be comprised of two (2) or five (5) members; provided, however, that initially, the Community Board may consist of one (1) or more Community Directors until after such time as Declarant solely appoints the Community Directors. Declarant shall have the sole right to appoint all of the members of the Community Board until the earlier of: (a) the Transition Meeting (as defined below); or (b) upon Declarant, in its sole discretion, relinquishing its right to appoint Community Directors, and in either of such events, new Community Directors shall be elected under Section 5.3. of these Community Bylaws. Within thirty (30) days from the date of the Transition Meeting, the Declarant shall deliver to the officers or the Board of Directors of the Association, at the Declarant's expense, those items as provided in Section 11B-106.1 of the HOA Act. For purposes hereof, the term "Transition Meeting" shall mean the

election of members of the Community Board at a meeting of the Members held within sixty (60) days from the date that at least seventy-five percent (75%) of the total number of Lots that may be part of the Property after all phases are complete are sold to members of the public for residential purposes.

Subsequent to the Transition Meeting, the number of directors shall be determined by a simple majority vote of the Voting Power at the annual meeting of Members and the number of directors may be changed by a simple majority vote of the Voting Power at any subsequent annual or special meeting of the Members; provided, however, the Community Board shall, at all times, be comprised of either two (2) persons or five (5) persons.

5.2. Nomination of Directors. After the end of the Development Period, or earlier if Declarant decides, nomination for election to the Community Board shall be made by a nominating committee. Nominations may also be made by written nomination signed by a Class A Member (or such Member's Delegate), or by a Class B Member in accordance with the provisions of these Bylaws, and presented to the Secretary of the Community Association at least thirty (30) days before the annual meeting or at the floor of the meeting held for such election. The Nominating Committee shall consist of a Chairman, who shall be a Community Director, and two or more Owners. The Nominating Committee shall be appointed by the Community Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Community Board 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 Owners. Nominations for Community Directors may also be made from the floor of a meeting by the Declarant during the Development Period, as well as by Delegates.

5.3. Election and Term of Office. From and after the time Declarant solely appoints Community Directors as described in Section 5.1. of this Article V and subject to the provisions of Article IV of the Declaration, the Community Directors shall be elected at each annual meeting of Members. If there are five (5) Community Directors to be elected, the two (2) persons receiving the highest amount of votes shall serve for a term of three (3) years each, the two (2) persons receiving the next highest amount of votes shall serve for a term of two (2) years each, and the one (1) person receiving the next highest amount of votes shall serve for a term of one (1) year. If there are three (3) Community Directors to be elected, the person receiving the highest number of votes shall serve for a term of three (3) years and the person receiving the next highest amount of votes shall serve for a term of two (2) years. At each annual meeting thereafter, a successor Community Director shall be elected for each Director whose term then expires to serve for a term of three (3) years. If any such annual meeting is not held, or if Community Directors are not elected thereat, the Community Directors may be elected at any special meeting of the Members held for that purpose.

Notwithstanding the foregoing, the term of each member of the Board of Directors appointed by the Declarant shall end ten (10) days after the Transition Meeting, if a replacement Board member is elected.

Election to the Community Board shall be by written ballot. At such election, the Delegates 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. Cumulative voting is not permitted.

This Section 5.3. is expressly made subject to Article IV of the Declaration.

5.4. Removal of Community Directors. Subject to the provisions of Section 5.2. hereof and after the Transition Meeting, at any special meeting of the Members of which notice has been properly given as provided in these Community Bylaws, the entire Community Board or any individual Community Director may be removed from office as hereinafter set forth, provided that the same notice of said special meeting has also been given to said entire Community Board or any individual Community Director whose removal is to be considered at said special meeting. The entire Community Board or any individual Community Director may be removed from office by a majority of the affirmative votes cast in the voting on any motion or resolution for removal. Upon any such motion or resolution for removal, every Delegate may cumulate his vote or votes, as the case may be, in the same manner as provided for the election of the Community Directors, and a successor Community Director or Community Directors may be elected at the same meeting.

5.5. Vacancies. After the time the Declarant no longer has rights to appoint Community Directors as described in Section 5.1. above, vacancies on the Community Board may be filled by a vote of a majority of the Community Directors, though less than a quorum, and each Community Director so elected shall hold office until his successor is elected at an annual meeting of Members, or at a special meeting called for that purpose. A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any Community Director. If the Members (voting through their respective Delegate) shall increase the authorized number of Community Directors but shall fail to elect the additional Community Directors as provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the Members fail to at any time elect the full number of the authorized Community Directors, a vacancy or vacancies shall be deemed to exist.

5.6. Resignation. If any Community Director tenders his resignation to the Community Board, the Community Board shall have the power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of Community Directors shall have the effect of removing any Community Director from office prior to the expiration of his term of office.

5.7. Organizational Meeting of the Community Directors. Immediately following each annual meeting of the Members, the Community Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

5.8. Other Regular Meetings. Other regular meetings of the Community Board may be held without notice at such place and day and hour as may be fixed from time to time by resolution of the Community Board; provided, however, should said day fall upon a legal holiday, then the meeting which otherwise would be held on said day shall be held at the same time on the next day hereafter ensuing which is not a legal holiday. Notice of all such regular meeting shall be posted at a

prominent place or places within the Community Common Area; provided by any Community website, or as provided in Section 4.5. above. Notice of the time and place of any such meeting shall be communicated to each Community Director, personally or by mail, telephone, or Electronic Transmission, not less than four (4) days prior to the meeting; provided, however, that notice of a meeting need not be given to any member of the Community Board who has signed a waiver of notice or a written consent to a holding of the meeting.

5.9. Special Meetings Notice. Special meetings of the Community Board may be called at any time by the President or if he is unable or refuses to act, by any Vice President, or by any two (2) Community Directors, after not less than ten (10) days prior notice to each Community Director given personally or by mail, telephone or Electronic Transmission which notice shall specify the time and place of the meeting and the nature of all special business to be considered. The notice shall be posted in the manner prescribed for notice of regular meetings not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of a meeting need not be given to any member of the Community Board who has signed a waiver of notice or a written consent to a holding of the meeting.

5.10. Waiver of Notice. The transaction of any business at any meeting of the Community Board, however called and noticed, or wherever held, shall be valid as though such meeting was duly held after a regular call and notice, if a quorum is present and if, either before or after the meeting, each of the Community Directors who were not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Community Association or made a part of the minutes of the meeting.

5.11. Quorum of Community Directors. A majority of the number of Community Directors as fixed by the Community Board shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made or done by a majority of the Community Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Community Board.

5.12. Adjournment. A quorum of the Community Directors may adjourn any Community Board meeting to adjourn at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the Community Directors present at any Community Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Community Board.

5.13. Conduct of Meetings. Except as otherwise provided in Section 11B-111 of the Real Property Article, Annotated Code of Maryland, all meetings of the Community Board shall be open and all Members of the Community Association shall be given reasonable notice of all regularly scheduled open meetings.

5.14. Consent of Board Obviating Necessity of Meeting. Notwithstanding anything to the contrary contained in these Community Bylaws, any action required or permitted to be taken by the Community Board may be taken without a meeting if all members of the Community Board shall individually or collectively consent in writing to such action, subject, however, to the requirements

of Section 11B-111 of the Real Property Article, Annotated Code of Maryland. Such written consent or consents shall be filed with the minutes of the proceedings of the Community Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Community Directors.

5.15. Fees and Compensation. No Community Director or officer shall receive any salary for his services as such officer or Community Director; provided, however, any Community Director may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties. Nothing herein contained shall be construed to preclude any Community Director or officer from serving the Community Association as agent, counsel or in any capacity other than as such Community Director or officer, and receiving compensation therefor.

5.16. Presiding Officer. The members of the Community Board shall elect one of their members to act as Chairperson. The Chairperson shall preside at all meetings of the Community Board.

5.17. Records. The Community Board shall cause to be kept a complete record of all of its acts and corporate affairs and shall present a statement thereof to the Members at annual meetings of Members or at any special meeting where such statement is requested in writing by Delegates representing one-fourth (1/4th) of the Voting Power entitled to vote thereat.

5.18. Powers. The Community Board shall have the power to:

(a) adopt and publish rules and regulations governing the use of the Community Common Area, including any improvements and amenities located thereon, and the personal conduct of the Members, Owners and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of any recreational facilities located on any Community Common Area of an Owner during any period in which such Owner shall be in default in the payment of any assessment levied by the Community Association. Such rights may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations or any provisions of the Declaration or a longer period than sixty (60) days while the infraction remains uncured;

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

(d) declare the office of a member of the Community Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Community Board; and

(e) employ a manager, independent contractor, or such other individuals, entities or employees as they deem necessary and to prescribe their duties.

Every Community Director of the Community Association will have the absolute right at any reasonable time to inspect all books, records and documents of the Community Association and the physical properties owned or controlled by the Community Association. The foregoing right of inspection includes a right to make extracts and copies of documents.

5.19. Duties. It shall be the duty of the Community Board 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 in accordance with Section 5.17. of these Bylaws;

(b) supervise all officers, agents and employees of this Community Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least sixty (60) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;

(3) institute appropriate legal action against any Lots for which assessments are not paid within thirty (30) days after the due date thereof or to bring an action at law against the Owner personally obligated to pay the same and/or the Neighborhood Association obligated to collect and remit such assessments to the Community Association in accordance with the Declaration;

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Community Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Community Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded as it may deem appropriate and/or as required by law; and

(g) cause to be maintained the Community Common Area and any other areas shown on the plat of the Property that may be owned by governmental entities who are not maintaining such areas.

ARTICLE VI OFFICERS

6.1. Officers. The officers shall be a President, Vice President, a Secretary and a Treasurer, which officers shall be elected by and hold office at the pleasure of the Community Board. The President and the Vice President shall be members of the Community Board. Any of the other officers may, but need not, be a member of the Community Board. Any two or more of such offices, except those of President and Secretary, may be held by the same person.

6.2. Election. The officers of the Community Association, except such officers as may be appointed in accordance with Sections 6.3. or 6.5., shall be chosen annually by the Community Board, and each shall hold his office until he shall resign or shall be removed or otherwise be disqualified to serve or until his successor shall be elected and qualified.

6.3. Subordinate Officers. The Community Board may appoint such officers as the business of the Community Association may require each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Community Bylaws or as the Community Board may from time to time determine.

6.4. Removal and Resignation. Any officer may be removed, either with or without cause, by the vote of a majority of all the Community Directors then in office at any regular or special meeting of the Community Board at which a quorum is present. Any officer may resign at any time by giving written notice to the Community Board or to the President or to the Secretary of the Community Association. Subject to the provisions of this Section, any such resignations shall take effect as of the date of the 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.

6.5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause may be filled by appointment of the Community Board.

6.6. President. The President shall be the chief executive of the Community Association and shall, subject to the control of the Community Board and the provisions of the Declaration have general supervision, direction and control of the business and officers of the Community Association. The President may, but need not, be the Chairperson of the Board. The President shall be an ex-officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the President of a corporation, and shall have such other powers and duties as may be prescribed by the Community Board or these Community Bylaws. Without limiting the generality of the foregoing, the President shall sign all leases, mortgages, deeds of trust and other written instruments and shall cosign all checks and promissory notes of the Community Association.

6.7. Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the office of President. The Vice President shall have such other

powers and perform such other duties as from time to time may be prescribed for such person by the Community Board of these Bylaws.

6.8. Secretary. The Secretary shall keep, or cause to be kept a book of minutes at the principal office or such other place as the Community Board may order, of all meetings of Community Directors and Members, with the time and place of the holding of same, whether regular or special and if special, how authorized, the notice thereof given, the names of those present or represented at Members' meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office, a register showing the information required by the Community Board. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Community Board required by these Bylaws or by law to be given, and the Secretary shall keep the seal of the Community Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Community Board or by these Bylaws.

6.9. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Community Association. The books of account shall, at all reasonable times, be open to inspection by any Community Director or by any Member, Delegate, Mortgagee or any party entitled to inspection under applicable law. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Community Association with such depositories as may be designated by the Community Board.

The Treasurer shall disburse the funds of the Community Association as may be ordered by the Community Board, shall render to the President and Community Directors, whenever they request it, an account of all his transactions as Treasurer and of the financial condition of the Community Association, shall cosign all checks and promissory notes of the Community Association and shall have such other powers and perform such other duties as may be prescribed by the Community Board or these Community Bylaws. Withdrawal of funds from the Reserve Fund shall require the signatures of a majority of members of the Community Board.

ARTICLE VII AMENDMENTS

7.1. Prior to Termination of Class B Votes. These Bylaws may be amended in the same manner as amendment of the Declaration, as provided in Section 17.1. of the Declaration.

7.2. Subsequent to Termination of Development Period. Subsequent to termination of the Development Period, these Community Bylaws may be amended only with the vote or written consent of Members (through such Member's Delegate) entitled to cast at least fifty-one percent (51%) of the Voting Power and of Declarant (if Declarant owns any land in the Community at such time).

ARTICLE VIII COMMITTEES

The Community Association shall appoint an Architectural Committee, as provided in the Declaration; and a Nominating Committee, as provided in these Bylaws. In addition, the Community Board shall appoint such other committees as deemed appropriate in carrying out its purpose.

ARTICLE IX BOOKS AND RECORDS

The books, records and papers of the Community Association shall be made available for inspection by any Community Director or by any Member or Delegate or any party entitled to inspection under applicable law as set forth in the Declaration. In addition, the Declaration, the Articles of Incorporation and the Bylaws of the Community Association shall be available for inspection by any of the foregoing parties at the principal office of the Community Association, where copies may be purchased at reasonable cost subject to applicable law and any provisions in the Declaration.

ARTICLE X INDEMNIFICATION OF OFFICERS, DIRECTORS AND MEMBERS OF THE ARCHITECTURAL COMMITTEE

Officers, Community Directors and members of the Architectural Committee shall be indemnified by the Community Association as set forth in the Community Articles.

ARTICLE XI GENERAL PROVISIONS

11.1. Checks, Drafts, etc. All checks, drafts, or other order for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Community Association, shall be signed or endorsed by the President and Treasurer and in such manner, as from time to time, shall be determined by resolution of the Community Board.

11.2. Community Association Contracts, etc.; How Executed. The Community Board, except as otherwise provided in these Community Bylaws, may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument permitted under the Community Declaration or these Community Bylaws in the name and on behalf of the Community Association, and such authority may be general or confined to specific instances; and unless so authorized by the Community Board, no officer, agent, or employee shall have any power of authority to bind the Community Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

11.3. Singular Includes Plural. Wherever the context of these Community Bylaws requires same, the singular shall include the plural and the masculine shall include the feminine.

11.4. Fiscal Year. Unless otherwise selected by the Community Board, the fiscal year of the Community Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

11.5. Conflicts. In the case of any conflict between the Community Articles and these Community Bylaws, the Community Articles shall control; and in the case of any conflict between the Community Articles and the Declaration, the Declaration shall control.

11.6. Absentee Ballots. The Community Board may make such provisions as it may consider necessary or desirable for absentee ballots.

ARTICLE XII SPECIAL PROVISIONS RELATING TO VETERANS ADMINISTRATION

Notwithstanding any provisions herein or in the Declaration, in the event the Veterans Administration ("VA") has guaranteed any loan secured by any Unit, from time to time, the following provisions shall control:

12.1. Notice of Meetings. Notwithstanding Article IV, Section 4.5. of these Bylaws and in accordance with Article 19.1.4. of the Declaration, it shall be the duty of the Secretary or his agent to mail by first class a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held and a summary of any Material Amendment or any proposed Extraordinary Action, to each Owner of record at his address as it appears on the roster of the Community Association on the date of the notice, or if no such address appears, at his last known address, not less than seven (7) days (unless the notice pertains to a meeting to approve Material Amendments or Extraordinary Actions, in which case, the notice shall be sent not less than twenty-five (25) days nor more than ninety (90) days prior to such meeting). Service may also be accomplished by the delivery of any such notice to the Owner at his Lot or last known address. The notice shall contain a copy of the proxy that may be cast in lieu of attendance at the meeting.

12.2. Books and Records. The Community Association shall be required to keep for a period of not less than three (3) years records of: (a) all governing documents including, without limitation, Master Management Documents, any rules and regulations and any design standards; (b) actions by the Community Association including, without limitation, Board resolutions and minutes of meetings; and (c) financial conditions including, without limitation, receipts and expenditures affecting the finances, operation and administration of the Community Association, budget and financial statements.

IN WITNESS WHEREOF, I, being the sole Community Director of Canal Park Homeowners Association, Inc., have hereunto set my hand this ____ day of _____, 2026.

Ralph Leonard, Director

Amy Walton, Director

CERTIFICATE OF SECRETARY

The undersigned, Secretary of Canal Park Homeowners Association, Inc., a Maryland nonprofit corporation, does hereby certify that the foregoing Community Bylaws were duly adopted by the Community Board of said Association on _____, 2026, and that they now constitute Canal Park Homeowners Association, Inc. Bylaws.

Chris Evans, Secretary

CANAL PARK HOMEOWNERS ASSOCIATION, INC.

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS CANAL PARK HOMEOWNERS ASSOCIATION, INC. DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") is made this ____ day of _____, 2026, by CANAL PARK, LLC, a Maryland limited liability company (referred to as "Declarant").

RECITALS

A. Declarant holds fee simple title to certain land (the "Land") located in Wicomico County, Maryland ("County"), as shown on the Plats (as hereinafter defined), recorded among the Land Records of Wicomico County, Maryland ("Land Records") by virtue of a Deed dated September 17, 2025 and recorded among the Land Records in Liber 5603, folio 274.

B. It is the intention of Declarant to develop the Land as a residential community, and it is the intention of Declarant to insure therefor a uniform plan and scheme of development, and unto that end the Declarant has adopted, imposed and subjected the property hereinafter described to certain covenants, conditions, restrictions, easements, charges and liens (collectively, the "Covenants"), as set forth herein for the following purposes:

(1) To insure uniformity in the development of the Lots (as hereinafter defined) in the Community (as hereinafter defined).

(2) To facilitate the sale by the Declarant and its successors and assigns, of the land in the Community by reason of their ability to assure such purchasers of uniformity.

(3) To make certain that the Covenants shall apply uniformly to all Lots for the mutual advantage of the Declarant, the Owners and any Mortgagee (as such capitalized terms are defined herein) and to all those who may in the future claim title through any of the above.

(4) To provide for the benefit of the Owners, the preservation of the value and amenities in the Community, and the maintenance of certain reserved open spaces and Common Areas, including but not limited to easements, charges and liens, herein below set forth, and for the creation of an association to be delegated and assigned the powers of maintaining and administering the Community Common Areas (as hereinafter defined), and enforcing all applicable covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created; which association shall be incorporated under the laws of the State of Maryland, as a nonprofit corporation, for the purpose of exercising the functions as aforesaid.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

THAT the Declarant does hereby establish and impose upon the Property, the Covenants for the benefit of and to be observed and enforced by the Declarant, its successors and assigns, as well as by all purchasers of Lots, to wit:

ARTICLE I DECLARATION

1.1. Declarant hereby covenants, agrees and declares that all of the Property is, and shall be, held, conveyed, encumbered, hypothecated, leased, rented, used, occupied and improved subject to the following limitations, covenants, conditions, restrictions, easements, liens and charges which are hereby declared and agreed to be in furtherance of a general plan for the subdivision, improvement, protection, maintenance and sale of all of the Property and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the Property and every part thereof. All of the limitations, covenants, conditions, restrictions, easements, liens and charges are equitable servitude and shall run with the land and shall be binding upon and inure to the benefit of all parties having or acquired any right, title or interest, in the Property or any part thereof, and shall be binding on and inure to the benefit of each successor in interest of such parties. Declarant hereby declares that all of the Property described in **Exhibit "A"** shall be subject to this Declaration and shall constitute the initial increment of land subject to this Declaration. Declarant declares that, pursuant to Article XV hereof entitled "Annexation of Real Property", all or any portion of the Annexable Property, as hereinafter defined, may be annexed and become subject to this Declaration and, upon such Annexation, such annexed property shall be subject to the limitation, restrictions, easements, covenants, conditions, liens and charges of this Declaration.

ARTICLE II DEFINITIONS

Unless this context clearly indicates otherwise, the following terms used in this Declaration are defined as set forth below.

2.1. Annexable Property shall mean any real property near or adjacent to the property described in **Exhibit "A"** which may be made subject to this Declaration by Annexation pursuant to the provisions set forth in Article XV hereof.

2.2. Annexation shall mean the process by which the Annexable Property may be made subject to this Declaration as set forth in Article XV.

2.4. Architectural Committee shall mean and refer to the committee provided for in Article VII hereof entitled "Architectural Control."

2.5. Architectural Specifications shall mean and refer to the rules and standards promulgated by the Declarant during the Development Period and following the Development Period, by the Architectural Committee, or if none, then by the Community Board.

2.6. Assignment of Declarant's Rights shall mean and refer to the assignment agreement executed and recorded by Declarant in order to assign Declarant's rights to a successor Declarant pursuant to the provisions of Section 2.23. of this Declaration.

2.7. Builder or Builders shall mean NVR, Inc., a Virginia corporation, and any person, persons, entity or entities who acquire or acquires a portion of the Property (or a portion of the

Annexable Property which is annexed as provided in the Article XV hereof) for development as a Neighborhood, or any other person, persons, entity or entities identified by Declarant as a Builder in a Supplementary Declaration.

2.8. Capital Improvement Fund shall mean and refer to the fund which may be established from time to time by the Community Association (as defined below) for the deposit of any Capital Improvement Assessments.

2.8.1. Maintenance and Operation Fund shall mean and refer to the fund which shall be established by the Community Association for the deposit of Regular Assessments.

2.8.2. Reserve Fund shall mean and refer to the fund which may be established from time to time by the Community Association for the deposit of any reserve Community Assessments.

2.9. Common Expenses shall mean and refer to the actual and estimated costs and expenses approved by the Community Board and incurred or to be incurred by the Community Association, the Community Board or the Architectural Committee, including, but not limited to, the following:

2.9.1. maintenance, management, operation, repair and replacement of the Community Common Areas and all other areas within The Village at Canal Park which are maintained by the Community Association;

2.9.2. due but unpaid Community Assessments (as hereinafter defined);

2.9.3. maintenance by the Community Association of areas within the public right-of-way of public streets in the vicinity of the Property as provided in this Declaration or pursuant to agreements with City of Salisbury;

2.9.4. costs of management and administration of the Community Association, including, but not limited to, compensation paid by the Community Association to managers, accountants, attorneys, architects, consultants and employees;

2.9.5. the costs of utilities, trash pickup and disposal, gardening and other services benefiting the Owners and their Lots to the extent such services are paid for and/or performed by the Community Association;

2.9.6. the costs of fire, casualty, liability, worker's compensation and other insurance covering the Community Common Areas;

2.9.7. the costs of any other insurance obtained by the Community Association pursuant to the provisions of this Declaration;

2.9.8. reasonable reserves as deemed appropriate by the Community Board or as required by law;

2.9.9. the costs of bonding of the members of the Community Board;

2.9.10. taxes paid by the Community Association;

2.9.11. amounts paid by the Community Association for the discharge of any lien or encumbrance levied against the Community Common Areas or portions thereof;

2.9.12. costs incurred by the Architectural Committee or other committees of the Community Association; and

2.9.13. the costs of any other items designated by or in accordance with other expenses incurred by this Community Association for any reason whatsoever in connection with the operation and/or maintenance of the Community Common Areas, or in furtherance of the purposes of the discharge of any obligations imposed on the Community Association by this Declaration, the Community Articles or Community Bylaws.

2.10. Community Articles shall mean and refer to the Articles of Incorporation of the Community Association, as the same may from time to time be duly amended.

2.11. Community Assessments shall mean and refer collectively or individually, as required by the context, to all or any of the assessments levied by the Community Association pursuant to Article VI hereof entitled “Funds and Assessments” and shall include, without limitation, the Community Assessments defined below.

2.11.1. Regular Assessment. The terms “Regular Assessment” or “Regular Assessments” shall mean the amount which is to be paid by each Owner to the Community Association for Common Expenses.

2.11.2. Special Assessment shall mean an assessment levied by the Community Board if the Community Board determines that the Regular Assessments will be inadequate pursuant to the provisions of Subsection 6.4.2. of this Declaration.

2.11.3. Capital Improvement Assessment shall mean a charge against each Owner and their Lot, representing a portion of the cost to the Community Association for installation or construction of any capital improvements for the Community Common Areas which the Community Association may from time to time authorize pursuant to the provisions of Subsection 6.4.3. of this Declaration.

2.11.4. Enforcement Assessment shall mean a charge assessed against any Owner and their Lot to reimburse the Community Association for costs incurred in bringing the Owner and their Lot into compliance with the provisions of this Declaration pursuant to Subsection 6.4.4. of this Declaration.

2.11.5. Single Benefit Assessment shall mean a charge against each Owner and their Lot or against a Neighborhood Association for any cost or expense for any benefit which will benefit less than all of the Owners within The Village at Canal Park as described in Subsection 6.4.5. of this Declaration.

2.11.6. Reconstruction Assessment shall mean a charge against each Owner and their Lot representing a portion of the cost to the Community Association for reconstruction of any portion or portions of the Community Common Areas pursuant to the provisions of Article XIII hereof entitled “Destruction of Improvements.”

2.12. Community Association shall mean and refer to Canal Park Homeowners Association, Inc., a corporation incorporated under the laws of the State of Maryland, or any successor entity charged with the duties, obligations and powers of said Community Association.

2.13. Community Board or Board shall mean and refer to the governing body of the Community Association as more fully described in this Declaration and in the Community Bylaws.

2.14. Community Bylaws or Bylaws shall mean and refer to the Bylaws of the Community Association, as the same may from time to time be amended.

2.15. Community Common Areas shall mean and refer to those areas of land, intended to be devoted to the common use and enjoyment of the Owners of the Lots, including, but not limited to, real property or other facilities which the Community Association owns and/or in which the Community Association acquires a right of use for the benefit of the Community Association and its Members. In addition, to the extent the following devices are located on land owned by the Community Association (but not on any individual Lots), they shall be deemed to be part of the Community Common Areas, but only to the extent not otherwise required to be maintained by any governmental entity: any private storm drains, stormwater management facilities (including any private stormwater management facilities), and private drainage and utility easements. Community Common Areas, however, shall not include any property conveyed or to be conveyed to the County and any drywells located on an individual Lot, including without limitation, any rain barrels, permeable surfaces and stone reservoir storage, or any wastewater devices located on an individual Lot or across multiple Lots but serving less than all of the Lots.

2.16. Community Directors shall mean the members of the Community Board elected pursuant to the provisions of Article IV hereof entitled “Organization of Community Association.”

2.17. Community Association Rules shall mean and refer to the rules and regulations adopted by the Community Board for the governance of The Village at Canal Park.

2.18. Condominium shall mean and refer to any Condominium Unit and condominium common elements for which a separate Neighborhood Association (as defined herein), other than the Community Association, is formed to govern and control the operation of the Neighborhood Association pursuant to the Maryland Condominium Act or any similar statute hereinafter enacted.

2.19. Condominium Unit shall mean any condominium unit within The Village at Canal Park established pursuant to the Maryland Condominium Act or any similar statute hereinafter enacted, and shall refer to each residential condominium unit, unless otherwise expressly stated.

2.20. Declarant shall mean Canal Park, LLC, a Maryland limited liability company, and its successors and assigns who acquire or hold title to any part or all of the Property for purposes

of development and any entity expressly named as successor Declarant in an Assignment of Declarant's Rights executed by Declarant or by a successor Declarant, and recorded in the Land Records (defined below), assigning any or all of the rights and duties of Declarant to such successor Declarant, with such successor Declarant accepting and assuming the assignment of such rights and duties; and further, provided, that Declarant may continue to serve as a co-declarant with any party assigned the rights and duties of Declarant. A successor Declarant shall also be deemed to include the beneficiary under any Deed of Trust securing an obligation from a then existing Declarant encumbering all or any portion of the Property, which beneficiary has acquired any such property by foreclosure or deed in lieu of foreclosure.

2.21. Delegate shall mean and refer to a person appointed in the manner provided in Article III entitled "Membership in the Community Association."

2.22. Delegate District shall mean and refer to a particular portion of the Property created in the manner described in the Section entitled "Delegate Districts" of Article III entitled "Membership in the Community Association."

2.23. Development Period means the period commencing on the date this Declaration is recorded in Land Records and expiring on the date which is forty (40) years therefrom, unless Declarant, in its sole discretion, determines that the Development Period will terminate earlier and evidences such determination by the recording of an instrument in Land Records expressly providing for the termination of the Development Period as of the date of such instrument. No rights, easements or other powers or privileges of Declarant under the Master Management Documents shall terminate upon the expiration of the Development Period unless the duration of any such right, easement, power or privilege is expressly limited to the Development Period.

2.24. Dwelling shall mean all elements of a Condominium Unit.

2.25. Entrance Areas shall mean those areas comprised of entrance monuments and any related landscaping and fencing which serve the Community Association, all of which shall be maintained by the Community Association.

2.26. First Mortgage shall mean and refer to a first mortgage or deed of trust which encumbers any one (1) or more Lots, or other parcels of real property in The Village at Canal Park and has priority over any other mortgage or deed of trust encumbering such Lot or other parcels, and shall include any First Mortgage or deed of trust securing an obligation of Declarant, Builder, or an Owner, and encumbering all or any part of the Property.

2.27. First Mortgagee shall mean and refer to a Mortgagee whose First Mortgage has priority over any other Mortgage encumbering a specific Lot.

2.28. HOA Act means Title 11B of the Real Property Article of the Annotated Code of Maryland, as amended and/or supplemented from time to time.

2.29. Improvements shall collectively mean and refer to all Structures and appurtenances thereto of every type and kind, including but not limited to, residences, and other buildings, outbuildings, walkways, pedestrian and bicycle trails, utility installation, garages, carports, roads,

driveways, parking areas, fences, screening walls, retaining walls, awnings, patio and balconies, stairs, decks, landscaping, hedges, slopes, windbreaks, the exterior surfaces of any visible structure, plantings, planted trees and shrubs, antennae, poles, flagpoles, signs, solar or wind powered energy systems or equipment, heater and air conditioning and heating fixtures or equipment; the demolition or destruction by voluntary action of any Structure or appurtenance thereto of every type and kind; the grading, excavation, filling or similar disturbance to the surface of the land including, without limitation, change of grade, change of landscaping, planting, clearing or removing of trees, shrubs, grass or plants; and any change or alteration of any previously approved Improvements including any change of exterior appearance, color or texture.

2.30. Institutional Mortgagee shall mean and refer to a Mortgagee which is a bank, savings bank or savings and loan association or established mortgage company, or other such entity chartered under federal or state laws, any corporation or insurance company, any federal or state agency, or any other institution specified by the Community Board in a recorded instrument, who is the Mortgagee of a Mortgage or beneficiary of a Deed of Trust encumbering a Lot.

2.31. Land Records shall mean and refer to the Land Records of Wicomico County, Maryland.

2.32. Lot shall mean and refer to any and all of the following which are subject to this Declaration: (a) any improved or unimproved residential lot or parcel shown on any recorded final subdivision map or any recorded parcel map to the extent such lots or parcels are part of the Property; or (b) any Residential Condominium Unit in The Village at Canal Park . The term “Lot” shall not include any Community Common Areas or Neighborhood Common Areas, unless otherwise provided.

2.33. Master Management Documents shall mean and refer to the Community Articles, Community Bylaws, Community Association Rules and this Declaration, and any amendments to any of the foregoing.

2.34. Member or Members shall mean and refer to every person or entity who qualifies for membership pursuant to Article III of this Declaration entitled “Membership in the Community Association,” including Declarant, as long as Declarant has any voting rights under this Declaration.

2.35. Mortgage means a recorded mortgage or deed of trust encumbering any Property and any other security interest therein existing under another security document (including but not limited to a financing statement, security agreement or other security document used under applicable Maryland law).

2.36. Mortgagee shall mean and refer to the mortgagee or beneficiary under any Mortgage.

2.37. Neighborhood shall mean all Lots, improved or unimproved, and Neighborhood Common Areas, if any, of a separate subdivision or development within The Village at Canal Park for which a separate residential condominium association, other than the Community Association, is formed to govern and control the operation of the Neighborhood Association and maintenance

of the Neighborhood, and which is encumbered by a Neighborhood Declaration. Neighborhoods may be established by the Declarant in increments compatible with construction and marketing requirements.

2.38. Neighborhood Assessments shall mean assessments determined pursuant to any Neighborhood Declaration which are levied exclusively on Lots contained in a particular Neighborhood.

2.39. Neighborhood Association shall mean the governing body of a Neighborhood which is created pursuant to the Neighborhood Declaration and the articles of incorporation and bylaws therefor.

2.40. Neighborhood Board shall mean the governing body of a Neighborhood Association as established pursuant to the Neighborhood Declaration and the articles of incorporation and bylaws for the Neighborhood Association.

2.41. Neighborhood Common Areas shall mean the area within the boundaries of a Neighborhood owned by the Neighborhood Association, or collectively by the Owners of Lots within the Neighborhood in common, and/or areas which may not be owned by any of the foregoing but used for the benefit of the Neighborhood and/or its Owners and/or areas restricted to use primarily by such Owners, their lessees and invitees.

2.42. Neighborhood Declaration shall mean the covenants, conditions and restrictions recorded with respect to each Neighborhood, including the declarations providing for annexation of increments, if any, to a particular Neighborhood.

2.43. Owner shall mean and refer to one or more persons or entities who are alone or collectively the record owner of a fee simple title to a Lot, including Declarant and Builder unless the context provides otherwise. If more than one (1) person, firm, corporation, trustee, or other legal entity, or any combination thereof, hold the record title to any one (1) Lot, whether in a real property tenancy, partnership relationship, or otherwise, all of same shall be deemed a single record owner. The term “Owner,” however, shall not include any contract purchaser, nor the lessee of a Lot subject to a ground lease, nor shall it include any Mortgagee, trustee or other grantee named in any Mortgage, deed of trust or other security instrument covering any Lot, designed solely for the purpose of securing performance of an obligation or payment of a debt.

2.44. Plats shall mean collectively the plats entitled, “RESUBDIVISION OF LOTS 2B, 2C, 3A, 3B & 3C S SHOWN ON RESUBDIVISION PLATS FOR 6 C’S INCORPORATED (13/44) & (13/85) THE VILLAGE AT CANAL PARK” dated January 20, 2026, recorded among the Land Records, as further described in **Exhibit “A”**, attached hereto; and shall also include any plats recorded among the Land Records in substitution therefor or amendment thereof, plus any plats hereafter recorded among the Land Records of any Additional Property that may hereafter expressly be made subject to this Declaration by an instrument in writing, duly executed, and recorded among the Land Records.

2.45. Private Roads shall mean and refer collectively to any road identified on any subdivision or condominium plats or drawings of the Property and any amendment thereto

designated as a private road or use-in-common driveways which shall be owned and/or and maintained by the Community Association.

2.46. Property shall mean and refer to all the real property described on **Exhibit “A”** attached hereto and, subsequent to the Annexation thereof pursuant to this Declaration, any real property which shall become subject to this Declaration. In the event of the de-annexation of any Property previously subject to this Declaration, the term “Property” shall not be deemed to include any such de-annexed land.

2.47. Structure shall mean and refer to anything erected, constructed, placed or installed upon a Lot.

2.48. Supplementary Declarations shall mean those certain declarations of covenants, conditions and restrictions, or similar instruments, annexing any portion of the Annexable Property and extending the plan of this Declaration to such Annexable Property as provided in the Article XV hereof entitled “Annexation of Real Property.”

2.49. The Village at Canal Park shall mean and refer to all of the Property and Improvements situated thereon which is, from time to time, subject to this Declaration.

2.50. The Village at Canal Park Funds shall mean and refer collectively to all of the funds established by the Community Association for the deposit of Community Assessments.

2.51. The Village at Canal Park Voting Power, or “Voting Power”, or “Total Voting Power”, shall each mean and refer to the total number of votes allocated to all Members of classes A and B entitled to vote from time to time as set forth in the Section of Article III entitled “Classes of Voting Membership/Delegate Vote Entitlement.”

2.52. Zoning Laws shall mean City of Salisbury zoning regulations, as hereafter amended, supplemented or superseded.

ARTICLE III MEMBERSHIP IN THE COMMUNITY ASSOCIATION

3.1. Purpose and Organization. The Community Association is a nonprofit, non-stock membership corporation formed under the laws of the State of Maryland to operate and maintain The Village at Canal Park for the benefit of the Owners. The Community Association is charged with the duties and is given the powers set forth in this Article III and its affairs shall be governed by the Community Articles, the Community Bylaws, and this Declaration. If the Community Association as a corporate entity is dissolved, a nonprofit unincorporated association shall forthwith and without further action or notice be formed to succeed to all of the rights and duties of said Community Association hereunder. The affairs of such unincorporated association shall be governed by the Community Bylaws and this Declaration as if they were created for the purpose of governing the affairs of an unincorporated association.

3.1.1. Structure of Community Association. Owners of Condominium Units or Lots which may be included in a Neighborhood Association are not individual Members of the

Community Association but, instead, the Neighborhood Association in which the Condominium Units or Lots are included within will be such Member of the Community Association. Each Neighborhood Association will have direct voting rights, through their Delegate, for constituent members (the Condominium Unit Owners or Lot Owners, as applicable) according to the number of Condominium Units or Lots, as applicable, within that Neighborhood Association.

3.2. Membership.

3.2.1. Qualifications. Members of the Community Association shall be (i) Declarant (irrespective of whether Declarant is the Owner of a Lot), until the date Declarant is no longer a Class A member or Class B member, and (ii) each Neighborhood Association. A Neighborhood Association shall become a Member of the Community Association when any portion of such property, as identified by Declarant in this Declaration or a Supplementary Declaration, is annexed into the Community Association. Membership in the Community Association shall be subject to this Declaration, the Community Articles, the Community Bylaws, and the Community Association Rules.

3.3. Delegate Districts. Each Neighborhood Association shall constitute a Delegate District.

3.4. Delegates.

3.4.1. Delegates for Neighborhoods. The president of each Neighborhood Association shall be the Delegate of such Delegate District during his or her term of office as President; but each such president shall be entitled to designate a member of the Neighborhood Board to act as Delegate during his or her term of office as president. The appointee to fill any vacancy in the office of president of any Neighborhood Association shall automatically become the appointed Delegate of such Delegate District.

3.4.2. Delegates for Declarant's Votes. Declarant shall have the right to appoint its own Delegate to cast the votes allocated to Declarant and the Builder pursuant to this Declaration. Only Declarant's Delegate shall have the right to cast Declarant's votes.

3.5 Suspension of Voting Rights. The Community Board shall have the authority to suspend the voting rights to be cast by a Delegate on behalf of any Owner for any period during which the payment of any Community Assessment against such Owner remains delinquent, it being understood that any suspension for nonpayment of any Community Assessments shall not constitute a waiver or discharge of the Owner's obligation to pay the Community Assessments provided for herein.

3.6. Direction of Delegates. Except for votes allocated to the Declarant or a Builder, the manner in which a Delegate for a Neighborhood Association casts the votes allocated to the Neighborhood Association on a particular issue shall be determined by the Neighborhood Board or other governing body for the Neighborhood Association. The votes attributed to Declarant or a Builder for any properties subject to the Declaration shall be cast in the manner determined by Declarant.

3.7. Delegate Qualifications. Delegates must be (a) an authorized agent or employee of Declarant or a Builder, or (b) an Owner. If the Owner is a corporation, partnership, or other such entity, the authorized agent of such corporation, partnership or other entity shall be eligible for appointment as a Delegate on behalf of such Owner.

3.8. Classes of Voting Membership/Delegate Vote Entitlement. The Community Association shall have two (2) classes of voting membership, which are described below.

3.8.1. Class A Membership. Class A Members shall initially be each Neighborhood Association. The Declarant may become a Class A Member as provided in Subsection 3.8.2. below. There shall be one (1) vote appurtenant to each Lot. Each Delegate will be entitled to cast the votes allocated below (excluding any votes which may be allocated to Lots owned by Declarant while there exists any Class B membership):

(a) Delegates for any Neighborhood Association shall be entitled to cast one (1) vote for each Lot within such Neighborhood Association.

3.8.2. Class B Membership. The Class B Member shall be the Declarant, who shall be entitled to three (3) votes for each Lot owned by Declarant or a Builder, subject to applicable Maryland law. The Class B membership shall cease and be converted to Class A membership on the earlier of:

(a) The thirtieth (30th) anniversary of the recordation of the Declaration in the Land Records;

(b) Until such time as Declarant no longer owns any interest in The Village at Canal Park; or

(c) At such time as Declarant determines that it no longer desires to retain Class B membership and relinquishes its Class B membership by an instrument in writing recorded among the Land Records.

Notwithstanding the foregoing, after the date Declarant no longer owns or has any interest in The Village at Canal Park, it shall not be a Class A Member or Class B Member.

3.9. Allocation of Delegate Votes. All voting rights shall be subject to this Declaration. Whenever the selection of a Community Director or a matter which the Declaration, Community Articles, Community Bylaws or Maryland corporation laws requires to be approved by the vote of Members representing a majority or other specified percentage of the Total Voting Power of the Community Association (i.e. excluding a mere majority of the number of votes required to constitute a quorum for meetings of the Members as defined in the Bylaws) ("Specified Action") is presented to the Members (by and through such Member's Delegate) for approval, written notice of the substance of the Specified Action shall be given to the Delegates at least forty-five (45) days prior to the date on which the Specified Action shall be discussed at a meeting of the Members. During the forty-five (45) day period prior to the meeting, the Delegates shall, if required, submit the Specified Action to a vote of the Members within their respective Delegate District, if any.

3.10. Voting Authority. It will be conclusively assumed for all purposes of Community Association business that each Delegate will cast votes in accordance with the provisions of the Section of this Article entitled “Direction of Delegates”. All actions lawfully taken by the Community Association in accordance with the voting procedures established herein, and in the Community Bylaws, shall be deemed to be binding upon all Members, Owners and their respective successors and assigns.

3.11. Continuing Approval of Declarant. Notwithstanding the foregoing, and without limiting Declarant’s unilateral rights provided elsewhere in this Declaration or the Community Bylaws, even after the termination of Class B membership, and until such time as (a) one hundred percent (100%) of The Village at Canal Park Voting Power resides in the Class A Members, other than Declarant and the Builder, or (b) until January 1, 2080, whichever occurs last, the approval of Declarant shall be required before the Community Association may take any permitted action with respect to the following:

3.11.1. Reduction in the level of, or change in allocation of responsibility for (a) maintenance of and repairs to all or part of any Community Common Areas subject to this Declaration or (b) any other maintenance obligations of the Community Association set forth in Article X of this Declaration entitled, “Installation, Repair and Maintenance”;

3.11.2. Conveyance by the Community Association of all or any part of the Community Common Areas;

3.11.3. Annexation to the Community Association of any real property;

3.11.4. Alteration in the method of fixing and collecting Community Assessments;

3.11.5. Modification, enforcement and review procedures of the Architectural Specifications set forth in Article VII of this Declaration;

3.11.6. Reduction or modification of any easement rights reserved to Declarant or any Builder pursuant to the provisions of Section 14.3. of this Declaration;

3.11.7. Alteration in the method of enforcing the provisions of the Declaration; and

3.11.8. Amendments to this Declaration or the Community Bylaws which would diminish or otherwise affect Declarant’s right of approval regarding the actions enumerated above.

3.12. Commencement of Voting Rights. Voting rights for a Lot shall not commence, except for Declarant’s, nor shall be attributed to the Delegate voting on behalf of that Member until Community Assessments have been levied upon such Lot as provided in this Declaration. All voting rights shall be subject to the restrictions and limitations provided for herein and in the Community Bylaws.

ARTICLE IV
ORGANIZATION OF COMMUNITY ASSOCIATION

4.1. Community Association and Community Board. Except for those acts which are expressly reserved to the vote of the membership of The Village at Canal Park in this Declaration, any duty, obligation or authority vested or required to be performed and any power or privilege which may be exercised by the Community Association pursuant to this Declaration shall be performed or exercised only by the Community Board or its authorized delegates, agents and servants, and any power, duty, obligation or authority vested or conferred on the Community Board by this Declaration shall be deemed a power, duty, obligation or authority of the Community Association. The Community Board shall conduct its affairs as provided for in the Community Bylaws. The Community Board may delegate its powers and duties to such committees, officers, or professional managers as may be permitted under this Declaration or as the Community Board deems appropriate. All acts of the Members of the Community Association shall be made by the vote of the Delegates as provided in the Community Bylaws.

4.2. Meetings of Community Association. The first regular meeting of the Members for the purposes of nominating and electing Community Directors shall be held within sixty (60) days after the closing of the sale of seventy-five percent (75%) of the total number of Lots that may be part of the Property (after all phases are complete) to Owners, other than Declarant or Builders. Thereafter, regular annual meetings and special meetings of the Community Association and of its Community Board shall be called, held and conducted in the manner provided in the Community Bylaws.

4.3. Number of Community Directors and Selection by Declarant. The Community Board shall be comprised of three (3) or five (5) members; provided, however, that initially, the Community Board may consist of up to two (2) Community Directors, which number may be changed from time to time, after such time as Declarant solely appoints the Community Directors in accordance with Article V of the Community Bylaws. New Community Directors shall be elected under Section 5.3. of the Community Bylaws. At all times subsequent to the time that Declarant solely appoints the Community Directors, the number of directors shall be three (3) or five (5) persons, as determined by a simple majority vote of the Voting Power at the annual meeting of Members and the number of directors may be changed by a simple majority vote of the Voting Power at any subsequent annual or special meeting of the Members.

4.4. Community Directors Selected by Community Association. Subsequent to the Development Period or earlier if Declarant decides not to exercise its right to select any one (1) or more Community Directors as provided in Section 4.3. above, Community Directors shall be nominated and elected under the provisions of Article V of the Bylaws.

4.5. Liability of Community Directors. No Community Director shall be personally liable to any of the Members or Owners, or to any other person or entity, including, but not limited to, Declarant, Builders or any Neighborhood Association, for any error or omission of the Community Association, the Community Board representatives, its agents and employees or the Architectural Committee, provided that such Community Director has, upon the basis of such information as may be possessed by him, acted in good faith.

ARTICLE V
DUTIES AND POWERS OF THE COMMUNITY ASSOCIATION

5.1. Scope of Powers and Duties of Community Association. The Community Association shall have all of the powers of a corporation organized under the laws of the State of Maryland operating for the benefit of the Owners, subject only to the limitations expressly set forth in the Community Articles, Community Bylaws and this Declaration. The Community Association shall have the power to do any and all acts which are authorized, required or permitted under this Declaration and to undertake any and all acts which may be reasonable and necessary for, or incidental to the exercise of any express powers granted the Community Association for the peace, health, comfort, safety or general welfare of The Village at Canal Park. Except as expressly provided herein, the powers and duties of the Community Association shall be performed by the Community Association (through its Community Board). As more fully provided in this Declaration, the Community Association may supersede the actions or decisions of any Neighborhood Association in matters regarding the maintenance and overall operation of any such Neighborhood.

5.2. General Powers of the Community Association. In addition to the duties and powers enumerated elsewhere in this Declaration or in the Community Articles or Community Bylaws, and without limiting the generality thereof, the Community Association shall have the powers and authority set forth below, which, unless expressly provided otherwise, may be undertaken by the Community Board; or such committees, entities, persons or companies expressly designated by the Community Board to exercise such powers or authority:

5.2.1. Performance of Duties. To undertake all of the express duties required under Section 5.3. below to be done by the Community Association.

5.2.2. Enforcement. To enforce the provisions of this Declaration, the Community Articles and the Community Bylaws by appropriate means and carry out the obligations of the Community Association hereunder, including, without limitation, the expenditure of funds of the Community Association, the employment of legal counsel and experts the commencement of legal and/or equitable actions, the promulgation and enforcement of the Community Association Rules, and the establishment of fines or penalties as provided for in this Declaration.

5.2.3. Easements and Rights of Way. To grant and convey easements, licenses for use, and rights of way, to any third party where necessary in, on, over and through the Community Common Areas.

5.2.4. Mergers. To the extent permitted by law, to participate in mergers and consolidations with other nonprofit corporations organized for the same purposes as the Community Association.

5.2.5. Dedication. To dedicate in fee simple or in any lesser estate or grant easements over any of its real property to any governmental body or agency, public authority, private or public utility company, or other service companies, for public use or in connection with providing services to The Village at Canal Park or others.

5.2.6. Delegation of Powers. To delegate its powers under this Declaration, the Community Bylaws or Community Articles to committees, officers, or employees as expressly authorized by the Community Articles, Community Bylaws and this Declaration.

5.2.7. Management. Subject to the provisions of Section 5.4. of this Declaration, to employ a manager or other person and contract with independent contractors or managing agents who have professional experience in the management of condominium developments, planned unit developments or master associations, to perform any services required for the maintenance, protection, operation and preservation of The Village at Canal Park.

5.2.8. Legal and Accounting. To obtain legal and accounting services as may be required by the Community Board for operation of the Community Association or enforcement of this Declaration.

5.2.9. Right of Entry. In accordance with the provisions of this Declaration, to enter upon any Lot, Community Common Areas or Neighborhood Common Areas without liability to any Member or Owner, for the purpose of enforcing any of the provisions of this Declaration, or for the purpose of maintaining and repairing the Dwellings, landscaping or other Improvements located on any Lot, Community Common Areas or any Neighborhood Common Areas or for the purpose of maintaining any slopes located on any Lots; provided, however, that such entry shall occur (a) at a reasonable hour and (b) after reasonable notice has been given to the Owner of such Lot. If there is an emergency, the agents and representatives of the Community Board may enter such Lot immediately and without notice for the sole purpose of taking such action as is necessary under the circumstances. Any damage caused by an entry upon any Lot, Community Common Areas or Neighborhood Common Areas pursuant to the provisions of this Subsection shall be repaired by the Community Association. This right of entry does not grant the right to enter into a Dwelling.

5.2.10. Acquire Real Property. To acquire and hold real property by lease or purchase for offices or other Community Common Areas that may be necessary or convenient for the management of the Community Common Areas, the administration of the affairs of the Community Association or for the benefit of the Members and Owners.

5.2.11. Other Property. To acquire and hold, as trustee for the benefit of its Members, tangible and intangible personal property and to dispose of the same by sale or otherwise. No such personal property of a value greater than twenty-five percent (25%) of the budgeted gross expenses of the Community Association shall be acquired by or disposed of by the Community Association without written approval of the Members (by and through such Member's Delegate), representing at least fifty-one (51%) of The Village at Canal Park Voting Power.

5.2.12. Resolution of Disputes. To negotiate with, bring all actions at law or equity, and enter into settlement agreements with Declarant concerning any matter involving liability of or alleged liability of Declarant to the Community Association, any Neighborhood Association, any Member or any Owner related to the construction or operation of the Community Common Areas and each Neighborhood Association, Member and Owner, hereby vests in and irrevocably delegates to the Community Board or its duly authorized representative, the right and power to so act.

5.2.13. Capital Accounts. To establish and maintain a working capital and contingency fund in an amount to be determined by the Community Board.

5.2.14. Borrow Money. To borrow money as needed for the administration of the Community Association and its functions, and to pledge real property and personal property assets of the Community Association as security for such loan. Pursuant to the provisions of the Section of Article VIII entitled “Borrow Money”, the Community Association may not encumber the Community Common Areas unless the vote of a majority of The Village at Canal Park Voting Power has been obtained.

5.2.15. Review of Neighborhood Operations. The right, but not the obligation, to review periodically the operation of any Neighborhood Associations within The Village at Canal Park and the maintenance and repair of the property within such Neighborhoods. As provided in the Article IX of this Declaration entitled “Use Restrictions for The Village at Canal Park” the Community Association may take such steps as the Community Board deems appropriate to assure that the operation of any Neighborhoods within The Village at Canal Park substantially complies with the standards established for The Village at Canal Park.

5.2.16. Enforcement of Restrictions and Community Association Rules. In the event of a breach of any provision of this Declaration or the Community Bylaws by a Neighborhood Association or Owner, or any of the Community Association Rules by any Owner, the Owner’s family, guests, employees, invitees, licensees, or tenants, the Community Board, for and on behalf of all other Members and Owners, shall have the right (but not the obligation) to enforce the obligations of each Neighborhood Association and Owner to obey and comply with this Declaration and such Community Association Rules, as applicable, in any manner provided by law or in equity, including, but not limited to, appropriate hiring of legal counsel, the pursuing of legal action, or suspension of the Owner’s right to use the Community Common Areas facilities; provided, however, such suspension may not be for a period in excess of sixty (60) days, after notice and hearing as herein provided, for each infraction. In addition to the other remedies herein set forth, the Community Board, by majority vote, may levy a fine against such Neighborhood Association or Owner, after appropriate notice and hearing as herein provided, in the amounts established by the Community Board, from time to time, for each such violation. Prior to reaching a decision to impose any penalty provided herein for breach of any Community Association Rules enacted hereunder or any covenants, conditions or restrictions contained in this Declaration, the Community Bylaws or the Community Association Rules, the Community Board shall send written notice to the Neighborhood Association or Owner, as applicable, specifying the nature of the infraction and provide an opportunity to the Neighborhood Association or Owner for a hearing before the Community Board regarding such infraction and the penalty to be imposed. Said notice shall be given at least fifteen (15) days prior to said hearing. If the Community Board determines that said infraction has occurred, it may impose a penalty to become effective not less than five (5) five days after said hearing. Any such determination of said Community Board shall be final. If legal counsel is retained or legal action is instituted by the Community Board pursuant to this Section, any settlement prior to judgment or any judgment rendered in any such action shall include costs of collection, court costs, expert fees, litigation expenses and actual attorneys’ fees, but in any event no less than Five Hundred Dollars (\$500.00). The Community Board may establish a hearing committee and delegate thereto all of the power, authority and responsibility for holding

any hearings and determinations required in this Section. Notwithstanding anything to the contrary herein contained, neither the Community Association, the Community Board nor members of the hearing committee, if any, shall have the power to cause a forfeiture or abridgement of an Owner's right to the full use of their individually owned Lot, including access thereto over and across the Community Common Areas, on account of such Owner's failure to comply with the provisions of this Declaration, the Community Bylaws or any Community Association Rules adopted by the Community Board or the Community Association relating to the operation of the Community Common Areas.

5.2.17. Enter Into Maintenance or Subsidy Agreements. To enter into maintenance agreements or subsidy agreements with Declarant for the repair and maintenance for the Community Common Areas, and for the undertaking by Declarant for any other maintenance responsibilities of the Community Association pursuant to the provisions of this Declaration.

5.2.18. Enter Into Maintenance Agreements with Governmental Entities. To enter into maintenance agreements with City of Salisbury and other governmental entities for the repair and maintenance of the Community Common Areas.

5.3. Duties of the Community Association. The Community Association shall have the duty and obligation to perform the acts and functions stated in these provisions, subject to and in accordance with the Community Articles, Community Bylaws and this Declaration:

5.3.1. Community Standards. The Community Association shall establish and maintain overall quality standards for The Village at Canal Park compatible with Declarant's development of The Village at Canal Park. The inherent powers and duties emanating therefrom may be delegated by the Community Board to the Architectural Committee.

5.3.2. Community Common Areas. The Community Association shall accept any Community Common Areas and Improvements situated thereon conveyed by the Declarant and shall maintain, operate, and otherwise manage all of the facilities situated on the Community Common Areas, and all personal property acquired by the Community Association in accordance with the terms and provisions of this Declaration. The Community Board shall periodically review the nature and scope of the operations of the Community Association to assure such operations are in satisfactory compliance with the requirements of the Master Management Documents.

5.3.3. Taxes. The Community Association shall pay any real and personal property taxes and assessments and other charges assessed against the Community Common Areas unless the same are separately assessed to the Owners.

5.3.4. Community Assessments. The Community Association shall establish, determine, levy, collect, and enforce all Community Assessments and cause to be prepared all budgets and financial statements.

5.3.5. Utility Services. The Community Association shall obtain utility services necessary or desirable, for the benefit of the Community Common Areas, including, but not limited to, water, gas, electricity, telephone, refuse collection, sewage disposal and other services.

5.3.6. Architectural Control. The Community Association shall have the duty to maintain architectural control over the Property, promulgate Architectural Specifications and appoint the Architectural Committee in connection therewith in accordance with the provisions of the Article VII of this Declaration.

5.3.7. Community Association Rules. The Community Association shall adopt, amend, and repeal such rules and regulations as it deems reasonable. The Community Association Rules shall govern such matters in furtherance of the purposes of the Community Association, including, without limitation, the use of the Community Common Areas, provided, however, that the Community Association Rules may not discriminate among Owners or Members and shall not be inconsistent with this Declaration, the Community Articles or Community Bylaws. A copy of the Community Association Rules, as they may from time to time be adopted, amended or repealed, shall be delivered to each Owner and Member in the same manner established in this Declaration for the delivering of notices. Upon such delivery, said Community Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration. The Community Association Rules as adopted, amended or repealed, shall be available at the principal office of the Community Association to each Owner, Member and Institutional Mortgagee upon request or at such other place as may be designated by the Community Board. In the event of any conflict between any such Community Association Rules and any other provision of this Declaration, the Community Articles or the Community Bylaws, the provisions of the Community Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Community Articles or the Community Bylaws to the extent of any such inconsistency.

5.3.8. Common Areas Maintenance. Except for any special maintenance districts which may be established pursuant to the provisions of Article VIII entitled “Established Special Assessment Districts”, the Community Association shall maintain, repair, replace, paint and landscape the Community Common Areas and other property and interests owned by the Community Association in accordance with the provisions of this Declaration, and acquire, maintain and replace such furnishings and equipment as the Community Board shall determine proper.

5.3.9. Insurance and Fidelity Bonds. The Community Association shall contract for and maintain insurance and fidelity bonds in accordance with the requirements set forth in the Article XII hereof entitled “Insurance.”

5.3.10. Liens and Charges. The Community Association shall pay any amounts necessary which may be due from time to time relating to any lien or encumbrance (or posting of a bond or other security, if applicable) upon the Community Common Areas provided that the Community Association is the fee simple owner of such Community Common Areas at that time. Where one or more Owners are jointly responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs incurred by the Community Association by reason of said lien or liens shall be specially assessed to said Owner(s).

5.3.11. Reserves. The Community Association shall establish and maintain a working capital and contingency fund pursuant to the Section of Article VI of this Declaration entitled “Community Association Funds”.

(i) The Community Association shall establish and maintain a reserve fund for repairs and replacements of the Community Common Areas by the allocation and payment at least annually to such reserve fund of an amount to be designated from time to time by the Board of Directors and in compliance with this Section 5.3.11. Such fund shall be conclusively deemed to be a common expense of the Community Association and may be deposited with any banking institution, the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligation of, or fully guaranteed as to principal by, the United States of America.

(ii) The Community Association may establish such other reserves for such other purposes as the Community Board may from time to time consider necessary or appropriate.

(iii) Subject to Section 11B-106.1 of the HOA Act, if the Community Association has improvements on Community Common Areas worth at least Ten Thousand Dollars (\$10,000.00), Declarant is required to perform a reserve study and have a reserve fund completed not more than ninety (90) days and not less than thirty (30) days prior to the Transition Meeting (as defined in the Community Bylaws) and must establish in the reserve fund an amount equal to the reserve funding amount recommended in the reserve study completed under § 11B-112.3 of the HOA Act.

(iv) As provided in Section 11B-112.2 of the HOA Act, if the Community Association has improvements on Common Areas worth at least Ten Thousand Dollars (\$10,000.00), the annual budget must include and be funded by the amount of reserves recommended in the most recent reserve study completed as set forth in § 11B-112.3 of the HOA Act, but if the most recent reserve study is the initial reserve study, then the Community Association has three (3) fiscal years to fund the reserve fund.

(v) Pursuant to Section 11B-112.3 of the HOA Act, if the Community Association has improvements on Community Common Areas worth at least Ten Thousand Dollars (\$10,000.00), then the Community Board must complete a reserve study for the Community Association within five (5) years after the date of the initial reserve study and at least every five (5) years thereafter.

5.4. Limitations. The Community Board shall be prohibited from taking any of the actions set forth below, except with the vote or written consent of a majority of The Village at Canal Park Voting Power, excluding the Voting Power held or controlled by the Declarant and the Builder.

5.4.1. Contracts. The Community Board shall not enter into a contract with an entity other than Declarant wherein the contracting person or entity will furnish goods or services for the Community Common Areas or the Community Association for a term longer than one (1) year with the following exceptions:

(a) a management contract, the terms of which comply with requirements of the Federal Housing Administration or Veterans Administration; or

(b) prepaid casualty and/or liability insurance policies not to exceed three (3) years duration provided that the policies permit short rate cancellation by the insured.

5.4.2. Capital Improvements. Except as provided in the Section of Article VI entitled “Capital Improvement Assessments”, the Community Association shall not incur aggregate expenditures for capital improvements to the Community Common Areas in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Community Association for that fiscal year.

5.4.3. Sale of Real Property. The Community Association shall not sell, during any fiscal year, real property of the Community Association having an aggregate fair market value greater than twenty-five percent (25%) of the budgeted gross expenses of the Community Association for that fiscal year, unless the prior approval of seventy-five percent (75%) of The Village at Canal Park Voting Power has been obtained.

5.4.4. Compensation. The Community Association shall not pay compensation to Community Directors or officers of the Community Association for services performed in the conduct of the Community Association’s business; provided, however, that the Community Board may cause a Community Director or officer or a member of the Architectural Committee to be reimbursed for expenses incurred in carrying on the business of the Community Association and may compensate Directors or officers not in the employ of Declarant or a Builder with the prior approval of seventy-five percent (75%) of The Village at Canal Park Voting Power.

ARTICLE VI FUNDS AND ASSESSMENTS

6.1. Creation of the Lien and Personal Obligation of Assessments. Each Owner (other than Declarant), by acceptance of a deed or other conveyance creating in such Owner the interest required to be deemed an Owner, whether it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Community Association all Community Assessments. Such Community Assessments shall be fixed, established and collected from time to time as hereinafter provided. Such Community Assessments, together with interest, late charges, costs and reasonable attorneys’ fees, shall be the debt of and personal obligation of the Owner of such Lot at the time when the Community Assessment fell due. Each such Community Assessment, together with interest thereon, late charges, attorneys’ fees and court costs, and other costs of collection thereof, as hereinafter provided, shall also, upon furnishing a notice of delinquent assessment in accordance with the provisions of the Section of this Article entitled “Foreclosure of Lien”, be a lien upon the Lot against which each such Community Assessment is made.

In the event any Owner pays any assessments or any other monies due to the Community Association or its agents by electronic means and/or by credit card, the Owner agrees to be responsible for the payment of any reasonable and customary convenience fees that arise out of such a payment.

6.2. Community Association Funds. The Community Association shall establish and maintain a Maintenance and Operation Fund into which the Community Board shall deposit Regular Assessments. The Community Association shall also establish and maintain such other funds (including a Reserve Fund and Capital Improvement Fund) as the Community Board deems appropriate for deposit and disbursement of other assessments as the Community Board may from time to time establish. All of said funds are generally referred to herein as The Village at Canal Park Funds. The Community Board shall establish and collect all Community Assessments and, where necessary, enforce the liens therefor as provided for in this Article.

6.3. Purpose of Community Assessments. The Community Assessments shall be used exclusively for the purpose of promoting the recreation and the health, safety and welfare of the Members and Owners of The Village at Canal Park, and for providing certain services for their use, protection and/or enjoyment and enhancing the quality of life in The Village at Canal Park and the value of the Property, including, without limitation, hiring private security personnel to patrol the Community at the sole discretion of the Community Board.

6.4. Nature of Community Assessments. The Community Board shall establish the following Community Assessments, each of which shall be used only for the purposes specified in this Article:

6.4.1. Regular Assessments. A Regular Assessment shall be an annual assessment for Common Expenses fixed and levied by the Community Board based upon the estimated costs of operation of the Community Association in accordance with the budgets prepared pursuant to the provisions of this Article entitled "Community Association Accounts" and the accomplishment of its purposes, performance of its duties and the exercise of its powers that benefit The Village at Canal Park. The amount and time of payment of Regular Assessments shall be determined as provided for below.

Until January 1st of the year immediately following the conveyance of the first Lot to an Owner, the annual Regular Assessment shall be Three Thousand Seven Hundred Twenty Dollars (\$3,720.00), payable monthly at the rate of Three Hundred Ten Dollars (\$310.00).

Increases in Regular Assessments shall be subject to the limitations set forth in Section 6.5. below.

6.4.2. Special Assessments. Special Assessments may be levied at any time during any fiscal year for any purpose that will maintain the health and safety of the Owners and occupants within The Village at Canal Park or if the Regular Assessments prove inadequate for any reason, including nonpayment of any Owner's share thereof. Special Assessments shall be allocated in the same manner as Regular Assessments. Increases in Special Assessments shall be subject to the limitations set forth in Section 6.5. below.

6.4.3. Capital Improvement Assessments. In addition to the Regular Assessments, the Community Association may levy, in any calendar year, a Capital Improvement Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or replacement (other than due to destruction) of a described capital improvement including the necessary fixtures and personal property related thereto, upon the Community

Common Areas to the extent the cost is not covered by the provisions affecting Reconstruction Assessments in the Article hereof entitled "Destruction of Improvements". Capital Improvement Assessments shall be assessed and shall be allocated to Owners in the same manner as Regular Assessments. All amounts collected as Capital Improvement Assessments may only be used for capital improvements and shall be deposited by the Community Board in a separate bank account to be held in trust for such purposes. Said funds shall not be commingled with any other funds of the Community Association and shall be deemed a contribution to the capital account of the Community Association by the Members. Increases in Capital Improvement Assessments shall be subject to the limitations set forth in Section 6.5. below. Notwithstanding the foregoing, Capital Improvement Assessments shall not commence until fifty-one percent (51%) of Lots are conveyed to Owners, excluding Declarant and any Builder.

6.4.4. Enforcement Assessments. The Community Association may levy an Enforcement Assessment against any Owner or Neighborhood Association who or which causes damage to the Community Common Areas, or for bringing an Owner or their Lot into compliance with the provisions of this Declaration, the Community Articles, Community Bylaws, the Community Association Rules or any other charge designated an Enforcement Assessment in this Declaration, the Community Articles, Community Bylaws or Community Association Rules, together with attorneys' fees, interest and other charges related thereto as provided in this Declaration. The Community Board shall have the authority to adopt a schedule of Enforcement Assessments for any violation of the Master Management Documents. If, after notice and a hearing as required by the Section of Article V entitled "Enforcement of Restrictions and Community Association Rules", the Owner fails to cure or continues such violation, the Community Association may impose an additional fine each time the violation is repeated, and may assess such Owner and enforce the Enforcement Assessment as herein provided for nonpayment of a Community Assessment. A hearing committee may be established by the Community Board to administer the foregoing.

6.4.5. Single Benefit Assessments. The Community Board may establish a Single Benefit Assessment for reconstruction, capital improvements, extraordinary maintenance, any cost or expense specifically identified in this Declaration as a Single Benefit Assessment, or any other cost or expense not otherwise provided for in this Declaration which will benefit less than all of the Owners. Each Single Benefit Assessment shall be segregated in The Village at Canal Park Funds solely to the Lots which derive the benefit therefrom. If the Community Association obtains income directly related to an item which has been assessed as a Single Benefit Assessment, such income shall be allocated so as to reduce or offset such Single Benefit Assessment. Whenever the Community Association performs any service or accomplishes any item or repair or maintenance which is the duty of a Neighborhood Association or an Owner to accomplish, but which has not been accomplished by the Neighborhood Association or Owner, or whenever the Community Association determines to preempt the performance of a Neighborhood Association or specific Owner of a given act of maintenance or repair, the Community Association shall specifically charge the cost thereof, together with any financing costs and administrative costs incurred by the Community Association, to the Owner for whom such work was done, or the Neighborhood for which such work was done, as the case may be, and shall include such additional cost as a Single Benefit Assessment for such Owners or Neighborhood Association. Any Single Benefit Assessment charged to a Neighborhood Association shall be allocated among the Owners in that

Neighborhood Association in the same manner as the Neighborhood's regular assessments are allocated in the Neighborhood Declaration.

6.4.6. Reconstruction Assessments. Reconstruction Assessments may be levied by the Community Board under the conditions and in the manner specified in the Article hereof entitled "Destruction of Improvements."

6.5. Limitation on Assessments. Subject to the provisions of Subsection 20.1.10. of this Declaration, from and after January 1st of the year immediately following the conveyance of the first residential Lot to an Owner, other than Declarant or a Builder, Regular Assessments may not, except in the case of an Emergency (as hereinafter defined), be increased more than twenty-five percent (25%) of the Regular Assessment for the immediately preceding fiscal year, and Special Assessments may not, except in the case of an Emergency, be increased more than ten percent (10%) of the budgeted gross expenses of the Community Association for such fiscal year, and Capital Improvement Assessments may not, except in the case of an Emergency, be increased more than five percent (5%) of the budgeted gross expenses of the Community Association without, in each case, the consent of Members representing fifty-one percent (51%) of the Total Voting Power casting through their Delegates at a meeting of the Community Association and at which a quorum is present as set forth in this Section 6.5. For the purpose of this Section, a quorum shall mean more than fifty percent (50%) of the Total Voting Power and an Emergency shall mean any one of the following:

6.5.1. an extraordinary expense required by an order of a court;

6.5.2. an extraordinary expense necessary to repair or maintain The Village at Canal Park or any part of it which is the responsibility of the Community Association to maintain where a threat to personal safety on the Property is discovered; or

6.5.3. an extraordinary expense necessary to repair or maintain The Village at Canal Park or any part of it for which the Community Association is responsible that could not have been reasonably foreseen by the Community Board in preparing and distributing the Budget (as such term is hereinafter defined) required under the Section of this Article entitled "Community Association Accounts"; provided, however, that prior to the imposition or collection of a Regular Assessment under this Subsection, the Community Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense which is involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members entitled to vote thereon with the notice of Regular Assessment. For the purpose of calculating where an increase to Regular Assessments exceeds twenty-five percent (25%), the term "Regular Assessments" shall be deemed to include the amount assessed against each Lot by the Community Association as a Regular Assessment plus any amount paid by the Declarant as a subsidy pursuant to any subsidy agreements, to the extent such subsidy payments offset any amount which would otherwise be paid by Owners as Regular Assessments.

6.6. Monetary Charge. Notwithstanding Subsection 6.4.4. above, a monetary charge imposed by the Community Association pursuant to the provisions of the Section of Article V entitled "Enforcement of Restrictions and Community Association Rules", as a disciplinary measure for failure of an Owner to comply with a non-monetary provision of the Master

Management Documents (i.e. other than failure to pay any of the Community Assessments), or as a means of reimbursing the Community Association for costs incurred by the Community Association for which the Owner was allegedly responsible or in bringing the Owner and the Owner's Lot into compliance therewith, shall become a lien against such Owners' Lot enforceable by sale as provided in the Section of this Article entitled "Foreclosure of Lien".

6.7. Allocation of Community Assessments to Lots. The Community Assessments shall be allocated to each Lot for which assessments have commenced as set forth below.

6.7.1. Allocation of Community Assessments. Community Assessments shall be allocated among the Lots within The Village at Canal Park based on the formulas set forth in Subsection 6.4.1. of this Declaration; provided, however, that any obligations of Declarant to pay Community Assessments shall be determined in accordance with the provisions of Subsection 6.7.2. below:

6.7.2. Exemptions. For purposes of this Subsection 6.7.2., "Exempt Property" means:

- (i) All Community Common Areas;
- (ii) All Neighborhood Common Areas;
- (iii) All common elements of a Condominium;
- (iv) All parts of The Village at Canal Park then owned by the County, the State of Maryland, or another governmental or quasi-governmental entity having jurisdiction over any of portion of The Village at Canal Park;
- (v) All public roads or other parts of The Village at Canal Park which, at the time in question, are exempt by law from taxation;
- (vi) All Property owned by Declarant;
- (vii) All real property not part of The Village at Canal Park; and
- (viii) Any Lot owned by a Builder.

No type of assessment, including Community Assessments, shall be applicable to Exempt Property, subject to Section 6.7.3. below.

6.7.3. Declarant's Loan to Fund Deficits. Notwithstanding any other provision herein, Declarant shall up to the date of the Transition Meeting, loan funds from time to time at commercially reasonable rates and terms to the Community Association for operating budget deficits, including reserves based upon the expected life of items for which reserved, but not including shortfalls caused by nonpayment of assessments by any Member or extraordinary expenditures (e.g., expenses caused by natural catastrophes or environmental hazards). Unless Declarant determines otherwise, in its sole discretion, the Community Association shall be

responsible for reimbursing in full Declarant for any costs advanced by Declarant for such loan and such reimbursements shall be included as part of the assessments of the Community Association payable by the Owners. Declarant shall have a lien and security interest in all real and personal property of the Community Association to secure payment of such sums. The Community Association shall promptly execute and deliver such notes, agreements and other instruments as may be requested by Declarant to confirm the Community Association's obligations under this Section 6.7.3. Any such loan or loans may be in lieu of, or in addition to, loans obtained by the Community Association from other parties and shall accrue interest, compounded monthly, from the date it is made until the date of its repayment, at the short-term AFR, as published by the Internal Revenue Service, and adjusted monthly to reflect the AFR for such month. Any such loan may be represented and secured by one or more promissory notes and mortgages of the Community Association and may be listed and disclosed as "Loans from Declarant", as the case may be, on all annual budgets and year-end financial statements of the Community Association. Declarant shall have the express right, but not the obligation, to forgive, extend the term or reduce in whole or in part, any amounts due and payable by the Community Association to Declarant. The Declarant's deficit funding described above, in the sole discretion of the Declarant, may be satisfied with in-kind payments of services or materials.

In addition to the foregoing, certain portions of the Property may ultimately be conveyed by the Declarant or the Community Association to City of Salisbury or the State of Maryland. Until such conveyance occurs and maintenance of the subject land is assumed by the grantee, the affected land shall be subject to this Declaration and the maintenance, including snow removal, of all such areas shall be paid as part of the assessments of the Community Association payable by the Owners and, to the extent Declarant has advanced costs to perform such maintenance, then the amounts so advanced, may be included as a loan, as described above in this Section 6.7.3.

6.7.4. Other Community Assessments. Special Assessments, Reconstruction Assessments, and Capital Improvement Assessments shall be allocated in the same manner as Regular Assessments. Enforcement Assessments and Single Benefit Assessments shall be levied directly to the individual Lots in a manner consistent with provisions of Subsections 6.4.4. and 6.4.5. of this Declaration.

6.8. Levy of Community Assessments. Community Assessments shall be levied and shall commence according to the procedures set forth below:

6.8.1. Commencement of Regular Assessments. Subject to the provisions of this Declaration, the annual Regular Assessments shall commence as to any Lot on the date that the Lot is conveyed to any person, other than the Declarant or Builder. The annual Regular Assessments as to each Lot shall be paid monthly subject, however, to the provisions of Section 6.8.2. below. As to any Lots which are hereafter annexed into The Village at Canal Park pursuant to a Supplementary Declaration, Regular Assessments shall commence as to each Lot on the date such Lot is conveyed to any person, other than Declarant or Builder.

6.8.2. Annual Levy of Regular Assessment. The Community Board shall fix the amount of the Regular Assessment against each Lot at least sixty (60) days in advance of each annual Community Assessment period and written notice shall be sent to every Owner subject thereto at least thirty (30) days prior to its effective date. Unless expressly provided otherwise by

the Community Board, each Regular Assessment shall be payable in advance, in equal quarterly installments, which shall be due and payable on the first day of the first month of each calendar quarter. Upon resolution of the Community Board, installments of Regular Assessments may be levied and collected on either an annual, semi-annual, quarterly or monthly basis. Any Owner may elect to prepay one (1) or more installments of any Regular Assessment levied by the Community Association, without premium or penalty. If any excess of Community Assessments is collected over actual Common Expenses incurred by the Community Association, such excess may, at the election of the Community Board, be placed in a Reserve Fund which may be used to offset the future expenses of the Community Association in any manner designated by the Community Board. Upon resolution of the Community Board, installments of Regular Assessments may be levied and collected on either an annual, semi-annual, quarterly or monthly basis.

6.8.3. Levy of Other Community Assessments. All other Community Assessments shall be fixed at such times and in such amounts as the Community Board deems appropriate, and the Owners shall be given reasonable notice thereof. The due dates for such other Community Assessments shall be established by the Community Board.

6.8.4. Capital Contribution. Other than Declarant or Builder (or as otherwise may be determined by a separate agreement with Declarant), to ensure adequate funds to meet the expenses of the Community Association, each initial Owner and every subsequent Owner of a Lot shall pay to the Community Association an amount of One Thousand Dollars (\$1,000.00). The amounts set forth herein are not to be considered in lieu of annual Regular Assessments or any other Community Assessments levied by the Community Association.

6.8.5. Certificate of Payment. The Community Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Community Association setting forth where the Community Assessments on a specified Lot have been paid. Such certificate, if signed by an officer of the Community Association, shall be conclusive evidence of payment of any Community Assessment therein stated to have been paid.

6.9. Collection of Assessments.

6.9.1. Neighborhood Association. Each Neighborhood Association shall act as the collection agent for the Community Association and shall have the responsibility for collecting Community Assessments on behalf of the Community Association. Such Community Assessments shall be due and payable to the Neighborhood Association on the same day that such assessments would be due and payable to the Community Association. A Neighborhood Association shall levy late charges and interest charges against any Owner who fails to pay such Community Assessments within the time periods specified in the Section of this Article entitled "Late Charges and Interest". Within ten (10) calendar days of payment of the Community Assessments to the Neighborhood Association, the Neighborhood Association shall deliver such Community Assessments as collected to the Community Association. In addition, the Neighborhood Association shall provide an accounting of the amounts collected including the Lot number, the name of the Owner and the amount so collected. The Community Board shall establish procedures for the payment by the Neighborhood Association to the Community Association of Community Assessments collected by the Neighborhood Association. Any Community Assessments collected by the Neighborhood Association shall be held in trust for the benefit of the Community Association. The Neighborhood

Association shall be held jointly and severally liable with the Owner of a Lot for any amounts not delivered to the Community Association which are due hereunder. If the Neighborhood Association fails to pay Community Assessments to the Community Board when due, and in accordance with the provisions of any guidelines established by the Community Board, the Community Board may bring an action against the Neighborhood Association and/or the Owners including, but not limited to, an action pursuant to the Maryland Contract Lien Act and all costs of enforcement shall be levied as an Enforcement Assessment against the Neighborhood Association and Owners. The Community Board may, upon a vote by a majority of the Community Directors, elect to terminate the obligation of any Neighborhood Association to collect the Community Assessments. Notwithstanding the foregoing, in the event the Neighborhood Association fails to levy any late charges and/or interest on any delinquent Community Assessment as set forth in this Section, the Community Association shall be entitled to levy such late charges and/or interest against the delinquent Owner and the Neighborhood Association without limiting any other rights of enforcement available to the Community Association in accordance with the Master Management Documents or as otherwise provided by applicable law.

6.9.2. No Offsets. All Community Assessments shall be payable in the amount specified by the particular Community Assessment, and no offset against such amount shall be permitted for any reason, including, without limitation, a claim that the Declarant or the Community Association is not properly exercising its duties or powers as provided for in the Declaration or that an Owner is not satisfied with the scope or quality of any services or amenities.

6.9.3. Community Assessment Rolls. The Community Association may maintain and revise annually, an assessment roll for the Lots within The Village at Canal Park, reflecting the name and address of each Owner, and other data necessary to levy the Community Assessments. Each Neighborhood Association shall supply the Community Association with the Neighborhood's assessment rolls and all amendments or revisions thereto on a regular basis or, upon request therefor, from the Community Association.

6.10. Transfer of Property. After transfer or sale of a Lot in The Village at Canal Park, the selling Owner or Owners shall not be liable for any Community Assessment levied on the Lot after the date of such transfer of ownership. The selling Owner shall remain personally responsible for all Community Assessments and charges levied on the Lot prior to any such transfer unless the personal obligation is expressly assumed by the transferee, and such assumption is accepted in writing by the Community Association.

6.11. Effect of Non-Payment of Assessments - Remedies of Community Association.

6.11.1. Late Charges and Interest. Community Assessments which are not paid when due shall be delinquent on said due date ("Delinquency Date"). If any such Community Assessment is not paid within thirty (30) days after the Delinquency Date or such earlier date as may be established by the Community Board upon prior notice to the Members, a late charge equal to Fifteen Dollars (\$15.00) or one-tenth (1/10th) of the total amount of delinquent Community Assessment or installment, whichever is greater (provided that the late charge may not be imposed more than once for the same delinquent payment), interest charge of eighteen percent (18%) per annum from the Delinquency Date and reasonable costs of collection, including attorneys' fees of no less than twenty percent (20%) of the delinquent Community Association (which includes, late

fees, interest thereon and costs of collection pre-judgment and post-judgment), shall be levied by the Community Board provided, however, that upon any amendments to Maryland law or statute regulating the amount of the late charge, the late charge shall be adjusted to comply with the provisions of any such statute or law. In the event of a default or defaults in payment of any Community Assessment and in addition to any other remedies provided herein or by law, the Community Association may enforce each such obligation as set forth below.

6.11.2. Action Against Owner. Notwithstanding the provisions of Section 6.9., the Community Association may bring a suit or suits at law to enforce such Community Assessment obligation. Any judgment rendered in any such action shall include a sum for reasonable attorneys' fees in such amount that the Court may adjudge against such defaulting Owner and/or Neighborhood Association but in no event less than twenty percent (20%) of the delinquent Community Assessment (which includes late fees, interest thereon and costs of collection pre-judgment and post-judgment). Upon full satisfaction of any such judgment, it shall be the duty of the Community Association by any authorized officer thereof to execute and deliver to the judgment debtor an appropriate satisfaction thereof.

6.11.3. Foreclosure of Lien. Within thirty (30) days after the delinquency of any Community Assessment, the Community Association shall furnish a notice of delinquent assessment to the defaulting Owner, which notice shall state the date of the delinquency, the amount of the delinquency, and the interest and late fees charged for such delinquency, and make a demand for payment thereof. If such delinquency, late fees and interest are not paid within ten (10) days after delivery of such notice, the Community Association may proceed to collect the same under the Maryland Contract Lien Act.

6.11.4. Cure of Default. Upon the timely curing of any default for which a Notice of Lien was recorded by the Community Association, officers of the Community Association or a managing agent appointed by the Community Board are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a reasonable fee, to be determined by the Community Board, to cover the cost of preparing and filing or recording such release together with a payment of such other costs, interest or fees as shall have been incurred.

6.11.5. Non-Exclusive Remedy. The Community Assessment liens and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution of all other rights and remedies which the Community Association and its assigns may have hereunder and by law, including a suit to recover a monetary judgment for unpaid Community Assessment as above provided.

6.11.6. Delegation of Authority. Each Owner, with the exception of the Administrator of Veteran Affairs or an Officer of the United States, hereby vests in and irrevocably delegates to the Community Board or its duly authorized representatives the right and power to bring all actions at law or equity, and lien foreclosures, whether judicially or by power of sale, or otherwise, against any Owner or Member for the collection of delinquent Community Assessments in accordance herewith, and hereby expressly waives any objection to the enforcement in accordance with this Declaration of the obligation to pay Community Assessments as set forth in this Declaration.

6.12. Neighborhood Assessment. With consent of any Neighborhood Association, which shall not be unreasonably withheld, the Community Association is empowered to, but shall not have the duty, to collect, enforce and otherwise administer the Neighborhood Assessments of a Neighborhood established within The Village at Canal Park such that Community Assessments and Neighborhood Assessments may be collected contemporaneously. The Community Board shall disburse funds collected on behalf of any such Neighborhood Association as promptly as possible. The Community Board may not charge for any such collection other than any actual additional costs for such collection that are charged to the Community Association. If any Neighborhood Association fails to levy or collect Neighborhood Assessments or fails to duly operate and maintain the Neighborhood to the standards established for The Village at Canal Park, the Community Association may elect to preempt the rights of the Neighborhood Association without the consent of the Neighborhood Association and may fix, levy, collect and enforce said Neighborhood Assessments and arrange for such operation and maintenance provided that fifteen (15) days prior written notice of such election is given to the Neighborhood Association. Such preemption regarding Neighborhood Assessments and maintenance shall require a vote of at least two-thirds (2/3rds) of the Community Board. Any Neighborhood Assessments collected under such preemption by the Community Association shall be used solely for the purposes stated in the Neighborhood Declaration for the Neighborhood from which the Neighborhood Assessments were collected. The Community Board may retain the funds collected pursuant to this provision and directly disburse such funds to assure that it is being properly operated and maintained. A Neighborhood Association may not levy or collect any Neighborhood Assessments during the period in which the Community Association has preempted its rights to so levy or collect Neighborhood Assessments. The preemption shall expire at the end of the fiscal year of the Neighborhood in which the preemption occurred. The Community Association may include in any such preempted Neighborhood's Assessment a reasonable amount for reimbursement of direct costs of administration and collection of such preempted Neighborhood Assessment.

6.13. Subordination of the Lien to Mortgages. The lien of the Community Assessments and Neighborhood Assessments provided for herein shall be subordinate to the lien of any First Mortgage recorded prior to the lien of the Community Association, subject to applicable law. The sale or transfer of any Lot shall not affect any Community Assessment lien or Neighborhood Assessment lien. The lien for unpaid Community Assessments shall be prior to any lien for an unpaid Neighborhood Assessment unless the Neighborhood Association elects to pay the Community Assessment lien and thereafter include any amounts paid by the Neighborhood Association to the Community Association in its Neighborhood Association lien. Nothing in this Section shall be construed to release any Owner from his personal obligation to pay for any Community Assessment or Neighborhood Assessment levied pursuant to this Declaration or the governing documents of any Neighborhood Association.

6.14. Community Association Accounts.

6.14.1. Operating Statements. The Community Board shall prepare or cause to be prepared and distribute to each Owner and Neighborhood Association copies of the budgets, balance sheets, operating statement and other information described below.

(a) Budget. The Community Board shall prepare a pro-forma operating statement (“Budget”) for each fiscal year, which Budget shall be distributed to each Owner and any Neighborhood Association not less than thirty (30) days prior to its adoption at an open meeting of the Community Board. A copy of the Budget and notice of such Community Board meeting to adopt the Budget shall be given to each Owner and each Neighborhood Association. In addition to the notice methods provided by Article IV, Section 4.5. of the Bylaws, notice of such Community Board meeting and a copy of the Budget may be delivered personally, placed in the first class United States mail, postage prepaid, to the most recent address furnished by such Owner and Neighborhood Association, as applicable, in writing to the Community Association for the purpose of notice, by Electronic Transmission (as such term is defined in the Bylaws), by posting on the Community Association’s webpage, if any, or by inclusion in the Community Association’s newsletter, if any. In addition to any information required to be included in the Budget in accordance with the HOA Act, the Budget shall contain the following information:

- (i) estimated revenue and expenses on an accrual or cash basis; and
- (ii) the amount of the total cash reserves of the Community Association currently available for replacement or major repair of common facilities and for contingencies; and
- (iii) an itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to, major components of the Community Common Areas for which the Community Association is responsible.

The Budget shall include reserves for major repairs and replacement for each operational facility and Improvements located on the Community Common Areas, in such amounts as may be determined from time to time by the Community Board or as required by law. The Budget for the initial fiscal year shall be prorated for the balance of the year remaining. The Community Board shall assess the total operating expenses determined by the Budget to all assessable Owners as a Regular Assessment, allocated as specified in the Section of this Article entitled “Allocation of Community Assessments”.

(b) Annual Report. An annual report shall be prepared within one hundred twenty (120) days after the close of each fiscal year which annual report shall consist of the following: (i) a balance sheet as of the end of the fiscal year; (ii) an operating (income) statement for the fiscal year, (iii) a statement of changes in financial position for the fiscal year and (iv) any information required to be reported under any successor statute or law. The annual report shall be prepared by an independent accountant for any fiscal year in which the gross income to the Community Association exceeds Fifty Thousand Dollars (\$50,000.00). If the report is not prepared by an independent accountant, it shall be accompanied by a certificate of an authorized officer of the Community Association that the statements were prepared without audit from the books and records of the Community Association.

(c) Operating Statement. A balance sheet prepared as of an accounting date (“Accounting Date”) which shall be the last day of the month closest in time to six (6) months from the first sale of a Lot to an Owner other than Declarant or Builders, and an operating statement

which has been prepared for the period from the date of the first sale of a Lot to an Owner other than Declarant or a Builder to the Accounting Date shall be prepared within sixty (60) days after said Accounting Date. Said operating statement for the first six (6) months accounting period shall include a schedule of assessments received or receivable, itemized by Lot number and by name of the person or entity assessed.

(d) Increase of Budget. Any expenditure made, other than those made because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Owners or a significant risk of damage to the Community, that would result in an increase in the Regular Assessments for the current fiscal year of the Community Association in excess of fifteen percent (15%) of the budgeted amount previously adopted, shall be approved by an amendment to the Budget adopted at a special meeting of the Community Board, upon not less than ten (10) days' written notice to the Owners.

6.14.2. Review of Accounts. The Community Board shall, not less frequently than on an annual basis, perform the following:

(a) cause a current reconciliation of the Community Association's operating accounts and reserve accounts to be made and review the same;

(b) review the current year's actual reserve revenues and expenses compared to the current year's Budget;

(c) review the most current account statements prepared by the financial institution where the Community Association has its Maintenance and Operation Fund and Reserve Fund; and

(d) review an income and expense statement for the Community Association's Maintenance and Operation Fund and Reserve Fund.

6.14.3. Audit. The Declarant, a Builder, a Neighborhood Association, an Owner or a Mortgagee may, upon written request, at any reasonable time, and at the sole cost and expense paid in advance by the party requesting an audit or inspection, cause an audit or inspection to be made of the books and records of the Community Association, provided, however, that not more than a total of one (1) such audits may be performed in any fiscal year. The Community Board shall obtain such other audits as required by the Community Bylaws.

6.14.4. Notice to Mortgagees. Copies of each such balance sheet, operating statement and annual report for the Community Association shall be mailed to any Mortgagee who has requested in writing that such copies be sent to it.

6.15. Inspection of Community Association Books and Records.

6.15.1. Availability of Community Association Books and Records. Any membership register, including mailing addresses and telephone numbers (to the extent made available to the Community Association), books of account and minutes of meetings of the Members, the Community Board and committees of the Community Board, shall be made

available for inspection and copying by any Community Director, any Member, Delegate, Mortgagee or any party entitled to inspection under applicable law, during normal business hours at the office of the Community Association or at such other place within The Village at Canal Park as the Community Board prescribes and in accordance with Section 11B-112 of the HOA Act.

6.15.2. Community Board Rules Regarding Inspection of Records. The Community Board may establish by resolution reasonable rules in accordance with Section 11B-112 of the HOA Act with respect to:

(a) notice to be given to the custodian of the records of the Community Association by the Community Directors, Members, Members' representatives, Delegates, Mortgagees or other party entitled to inspection under applicable law desiring to make an inspection:

(b) the hours and days of the week when an inspection may be made;

(c) payment of the cost of reproducing copies of documents (as described below) requested by a Member, Member's representative, Delegate, Mortgagee or other party entitled to inspection under applicable law; and

(d) cost of personnel to accomplish inspection and copying of the foregoing, in accordance with applicable law.

6.15.3. Director's Rights. Every director of the Community Association shall have the absolute right during normal business hours' time to inspect all books, records and documents of the Community Association and the physical properties owned or controlled by the Community Association. The right of inspection by a director includes the right to make one (1) set of extracts and copies of documents at no charge.

6.16. Declarant's Consent to Certain Budget Matters. Notwithstanding anything to the contrary contained in this Declaration, until the expiration of the Development Period, the Community Board may not adopt a budget which increases the Regular Assessments by ten percent (10%) or more from the prior year or impose a Special Assessment at any time, without the prior written consent of Declarant, which Declarant may withhold in its sole discretion.

ARTICLE VII ARCHITECTURAL CONTROL

7.1. Scope. Except as otherwise provided in this Declaration, there shall be no excavation, construction, building, landscaping, development or installation of other Improvements within The Village at Canal Park without compliance with this Article. The provisions of this Article shall preempt and supersede any inconsistent provision of any rules or restrictions of any Neighborhood Association to the extent that the governing documents or rules and regulations of a Neighborhood Association are in conflict with the provisions of this Declaration. The provisions of the Zoning Laws are incorporated herein by reference, and this Declaration shall be subject to the operation and effect of the Zoning Laws.

7.2. Exemptions. The following exemptions shall apply as provided in Section 7.3. below.

7.3. Declarant Exemption and Exemption with Declarant Consent. Any building, Structure, Improvements, grading, fence, wall or landscaping erected or installed by the Declarant anywhere in The Village at Canal Park or any personal property or fixture which is annexed thereto or any building, Structure, Improvements, grading, fence, wall or landscaping which is approved in writing by Declarant, from time to time, shall not be subject to the provisions of this Article VII.

7.3.1. Builder Exemption. A Builder shall be exempt from the provisions of this Article VII only if the Improvements or Structure proposed to be constructed by said Builder have been approved in writing by Declarant.

7.4. Appointment of Architectural Committee. There shall be one (1) Architectural Committee for The Village at Canal Park. Upon the Annexation of any Annexable Property within The Village at Canal Park, the Annexed Property shall be subject to the provisions of this Article. The Architectural Committee shall consist of either up to three (3) or more persons who shall initially be appointed by the Declarant, or any other business entity formed under the laws of the State of Maryland by Declarant. Members of, or the entity serving as, the Architectural Committee appointed by the Declarant need not be Owners of Lots in the Community Association. The Declarant shall retain the sole right to appoint, augment or replace the entity or members of the Architectural Committee until the expiration of the Development Period; provided that Declarant may, at its sole option, transfer this right to appoint the Architectural Committee to the Community Board by written notice thereof prior to the end of the Development Period. Thereafter, the right to appoint, augment or replace the entity or members of the Architectural Committee shall automatically be transferred to the Community Board; provided, however, that during the Development Period at least one (1) member of the Architectural Committee may, at Declarant's election, be appointed by Declarant. Declarant shall be exclusively entitled to appoint any party or persons to exercise all rights and powers of the Architectural Committee under this Declaration for the Property until the end of the Development Period and at such time such rights and powers will be expressly assigned in writing by the Declarant. Each Owner of a Lot shall be deemed to covenant and agree that neither initial construction of Improvements nor any exterior addition, change or alteration to existing Improvements shall be commenced within the Owner's Lot until such construction, addition, change or alteration is approved in accordance with this Article VII. As the developer and initial owner of the Property, the Declarant has a significant and substantial interest in ensuring that all Improvements are consistent with the overall development plan for The Village at Canal Park and that the Improvements do not have an adverse impact upon the Declarant's ongoing ability to market, sell, and/or lease all or any portion of the Property. Accordingly, in its exercise of the rights and powers of the Architectural Committee, it shall have the right to approve or disapprove any plans and specifications for Improvements in its sole and absolute discretion. Additionally, the Declarant shall have authority to modify the plan of development for the Community and to change, add to, eliminate or otherwise modify the design, views, size, and location of the Neighborhoods and Property in the Community. Until termination of the Development Period, Declarant may, in its sole discretion, revoke any prior assignment of all or part of the rights and powers under this Article VII that the Declarant may have assigned to the Architectural Committee or other designee. If Declarant revokes any previously assigned rights and powers

under this Article VII, Declarant shall then automatically have the authority to exercise such rights and powers. In the event the Architectural Committee ceases to exist at any time, then any of its rights, powers and duties hereunder may be assumed by the Community Board.

Each applicant acknowledges that the composition of the Architectural Committee will change from time to time and that decisions regarding aesthetic matters and interpretation and Application of the Architectural Specifications applicable to the applicant's Lot may vary from time to time. In addition, each applicant acknowledges that it may not always be possible to identify objectionable features of proposed Improvements until the Improvements are completed, in which case it may be unreasonable to require changes to Improvements previously approved; however, the Architectural Committee may refuse to approve similar Improvements in the future. Approval of Improvements for any particular applicant or Lot shall not be deemed a waiver of the right to withhold approval as to any similar Improvements subsequently submitted for approval.

7.5. Resignations. Any member or alternate member of the Architectural Committee may at any time resign from the Architectural Committee upon written notice delivered to the Declarant or to the Community Board, whichever then has the right to appoint members.

7.6. Vacancies. Vacancies on an Architectural Committee, however caused, shall be filled by the Declarant or the Community Board, whichever then has the power to appoint members.

7.7. Duties. It shall be the duty of the Architectural Committee to consider and act upon such proposals or plans submitted to it pursuant to the terms hereof, to administer any Architectural Specifications promulgated by the Declarant during the Development Period or Architectural committee after the Development Period, to perform other duties delegated to it by the Community Association, to ensure that any Improvements constructed within The Village at Canal Park conform to plans approved by the Architectural Committee, and to carry out all other duties imposed upon it by this Declaration. Declarant (during the Development Period) and the Architectural Committee (after the Development Period) may establish reasonable rules for the submission of plans and specifications including, without limitation, the number of sets of plans to be submitted; and may assess a fee in connection with review of plans. Declarant during the Development Period or the Architectural Committee after the Development Period, in its own name or on behalf of the Community Association, may exercise all available legal and equitable remedies to prevent or remove any unauthorized and unapproved construction of Improvements within The Village at Canal Park or any portion thereof. Notwithstanding the foregoing, the Architectural Committee may delegate its plan review responsibilities to one or more members of the Architectural Committee. Any such delegation must be made in writing and filed with the Community Board. Upon such delegation, the approval or disapproval of plans and specifications by such person(s) shall be equivalent to approval or disapproval by the entire Architectural Committee. Unless any such rules regarding submission of plans are complied with, such plans and specifications shall be deemed not submitted.

7.8. Address. The address of the Architectural Committee shall be the principal office of the Community Association or any other place as may be designated by the Community Board

pursuant to the Community Bylaws. Such address shall be the place for the submittal of plans and specifications and the place where the current Architectural Specifications, if any, shall be kept.

7.9. Effect of Architectural Committee. The establishment of an Architectural Committee and the procedures herein for architectural approval shall not be construed as changing any rights or restrictions upon Owners to maintain, repair, alter, modify or otherwise have control over the Owners' respective Lot(s) and the Dwellings and other Improvements situated thereon, as may otherwise be specified in this Declaration, the Community Bylaws or any Community Association Rules.

7.10. Meetings. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. Unless otherwise provided for herein, the vote or written consent of a majority of the members of an Architectural Committee shall constitute an act by such Architectural Committee unless the unanimous decision of its members is otherwise required by this Declaration. The members of the Architectural Committee shall be entitled to reimbursement for reasonable expenses incurred by them in the performance of any Architectural Committee function, but shall otherwise receive no compensation for services rendered unless agreed to by seventy-five percent (75%) or more of The Village at Canal Park Voting Power.

7.11. Approval and Conformity of Plans.

(a) Application. No Improvements of any kind shall be commenced, erected or maintained upon the Property until a design review application ("Application") is submitted to and approved by the Architectural Committee. The Application shall include detailed plans showing the site layout, exterior elevations, exterior materials and colors, landscaping, drainage, lighting, irrigation, and other relevant features of the Improvements, as required by the Architectural Committee and any Architectural Specifications applicable to the applicant's Lot. The Architectural Committee may also require the submission of such additional information as it deems necessary to consider any Application. The Architectural Committee may consider, but shall not be restricted to consideration of, visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, compliance with the general intent of applicable Architectural Specifications and architectural merit. In many instances, decisions will be based solely on aesthetic considerations and each applicant acknowledges that determinations as to such matters may be highly subjective and opinions may vary as to the desirability and/or attractiveness of particular Improvements. The Architectural Committee may deny any request for exterior changes to a Lot which it deems inappropriate for any reason in its sole and absolute discretion.

(b) Limitation on Improvements. If the Architectural Specifications so provide, no Improvements shall be commenced, erected or maintained upon the Property, nor shall there be any addition to or change in the exterior of any Dwelling, Structure or other Improvement, unless plans and specifications therefor have been submitted to and approved by the appropriate architectural committee in accordance with the procedures set forth in this Declaration. Repainting of the exterior of a Dwelling, the color of which has been previously approved by the Architectural Committee, shall not require another approval of the Architectural Committee.

(c) Time Limitations. The Architectural Specifications may set forth time limitations for the completion of any Improvements for which approval is required pursuant to the Architectural Specifications.

(d) Criteria and Review Fees. The Architectural Specifications may include such other limitations and restrictions as the Architectural Committee in its reasonable discretion shall adopt including, without limitation, regulations of the following: construction, reconstruction, exterior addition, change or alteration to or the maintenance of any building, Structure, wall or fence, including, without limitation, the nature, kind, shape, height, materials, exterior color and surface and location of any Dwelling, Structure or other Improvements of any kind. The Architectural Committee may (i) establish and charge reasonable fees for review of Applications hereunder; (ii) retain architects, engineers or other design professionals as reasonably necessary to assist in its review of Applications; and (iii) require reimbursement by the applicant of fees charged by any architect, engineers or other design professionals.

(e) Time Period for Review of Plans and Specifications. If the Architectural Committee fails to approve or disapprove such plans and specifications within ninety (90) days after the same have been duly submitted in accordance with any rules regarding such submission adopted by such Architectural Committee, the Owner requesting said approval may submit a written notice to the Architectural Committee advising the Architectural Committee of its failure to act. If the Architectural Committee fails to approve or disapprove any such plans and specifications within thirty (30) days after the receipt of said notice from such Owner, said plans shall be deemed approved. In addition, until the termination of the Development Period, Declarant may, in its sole discretion, veto any decision made pursuant to this Article VII by the Architectural Committee. The Architectural Committee shall provide Declarant written notice of each Application it approves within three (3) business days after such approval. Declarant shall have ten (10) calendar days after receipt of such notice to veto the approved Application by written notice to the applicant and/or to the Architectural Committee, as applicable.

(f) Time Period for Completion of Construction. Construction of Improvements in accordance with the approved Application shall be completed within twelve (12) months following approval of the Application, or within such greater or lesser periods as the Architectural Committee may specify in its approval. In the event construction is not completed within the period aforesaid, then approval of the plans and specifications shall be conclusively deemed withdrawn and the applicant must re-submit an Application and otherwise comply with the requirements of this Article VII. There shall be no material deviations from plans and specifications approved by the Architectural Committee without the prior consent in writing of the Architectural Committee.

7.12. Appeal. If plans and specifications submitted to the Architectural Committee are disapproved thereby, the party or parties making such submission may appeal in writing to the Community Board. The written request must be received by the Community Board not more than ten (10) days following the final decision of the Architectural Committee. The Community Board shall submit such request to the appropriate architectural committee for review, whose written recommendations will be submitted to the Community Board. Within forty-five (45) days following receipt of the request for appeal, the Community Board shall render its written decision.

The failure of the Community Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the appellant. This Section 7.12. shall only apply after the Development Period.

7.13. Waivers and Variances. The approval by the Architectural Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval. In addition, the Architectural Committee in its sole discretion may, but shall not be required to, authorize waivers or variances from compliance with any Architectural Specifications or for nonconforming Improvements when circumstances such as topography, natural obstructions, aesthetic or environmental considerations, architectural merit, or other reasonable considerations warrant such a waiver or variance. Such waivers and variances shall be granted only if and when the Architectural Committee determines that some or all of the foregoing circumstances warrant a waiver or variance. No applicant shall have any right to demand or obtain a waiver or variance. Except for a waiver or variance authorized by, the Declarant, no waiver or variance may (i) be effective unless in writing, (ii) be contrary to this Declaration, or (iii) be inconsistent with the goals or objectives of the Declarant. In no event shall any waiver or variance estop the Architectural Committee from denying a waiver or variance in other circumstances.

7.14. Estoppel Certificate. Within forty-five (45) days after written demand is delivered to the Architectural Committee by any Owner, and upon payment to the Community Association of a reasonable fee (as fixed from time to time by the Community Association, but not to exceed One Hundred Dollars (\$100.00)), subject, however, to any increase in accordance with the provisions of Section 18.19. of this Declaration), the Architectural Committee shall provide an estoppel certificate, executed by any two (2) of its members, certifying (with respect to any Lot of said Owner) that as of the date thereof either; (a) all Improvements made and other work done upon or within said Lot comply with the provisions of this Article VII, or (b) such Improvements or work do not so comply, in which event the certificate shall also identify the non-complying Improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in said Lot through him, shall be entitled to rely on said certificate with respect to the matter therein set forth, such matters being conclusive as between the Community Association, Declarant and all Owners and such persons deriving any interest through them.

7.15. Liability. Neither the Architectural Committee nor any member thereof shall be liable to the Community Association, any Member or to any Owner for any damage, loss or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether pursuant to approved plans, drawings and specifications, (c) the development of any property within The Village at Canal Park, or (d) the execution and filing of an estoppel certificate pursuant to Section 7.14. above, whether or not the facts therein are correct, provided that such member has acted in good faith on the basis of such information as may be possessed by him. Any plans and specifications submitted to the Architectural Committee are not approved by the Architectural Committee for architectural or engineering design, and by approving such plans and specifications neither the Architectural Committee, the members thereof, the Community

Association, the Community Board nor the Declarant assumes liability thereof or for any defect in any Structure constructed from such plans and specifications. Without in any way limiting the generality of the foregoing, the Architectural Committee, or any member thereof, may, but is not required to consult with or hear the views of any Member of the Community Association with respect to any plans, drawings, specifications or any other proposal submitted to the Architectural Committee.

7.16. Governmental Requirements. The Application to and the review and approval by the Architectural Committee of any proposals, plans or other submittals shall not in any way be deemed to be in satisfaction of or in compliance with any Zoning Laws, building permit process or any other governmental requirements, the responsibility for which shall be solely with the respective Owner.

7.17. Architectural Specifications. Declarant may, from time to time during the Development Period, and in its absolute discretion, adopt and establish Architectural Specifications for the Property and/or for each Neighborhood Association and/or Lot. Any Architectural Specifications and any changes thereto for a particular Neighborhood Association shall be kept with the books and records of the Neighborhood Association and made available for review by the Community Directors, Owners, and any manager for the Community Association and/or Neighborhood Association. The Architectural Specifications may be established to provide guidance to Owners, Builders and contractors regarding matters deemed to be of relevance or importance to the Architectural Committee in considering Applications for architectural approval. Such Architectural Specifications shall not be the exclusive basis for decisions hereunder and compliance with the Architectural Specifications shall not guarantee approval of an Application. Architectural Specifications may contain general provisions applicable to all Lots, as well as specific provisions which vary from one Lot, depending upon the location, type of construction or use, and unique characteristics of the Lots. Any Architectural Specifications adopted pursuant to this Article VII shall be subject to modification and amendment from time to time in the sole discretion of Declarant during the Development Period and thereafter, by the Architectural Committee. Modifications and amendments to Architectural Specifications shall not apply to or require modifications to or removal of Improvements previously approved once such Improvements have commenced. However, modifications or amendments to Architectural Specifications may prohibit an exact replacement of a previously approved Improvement. Any subsequent removal or alteration of any previously approved Improvements shall be subject to the Architectural Specifications in existence at the time of such subsequent removal or alteration. There shall be no limitation on the scope of modifications or amendments to any Architectural Specifications. All modifications and amendments to Architectural Specifications shall be published in Community Association newsletters, electronic bulletin boards, by e-mail, community website or by other means calculated to give reasonable notice to the Owners covered by such Architectural Specifications; provided, however, that the failure of any Owner to actually receive any Architectural Specifications or modification or amendment to any Architectural Specifications shall not affect the validity or enforceability against such Owner of any such Architectural Specifications or modification or amendment thereto. The Architectural Committee shall make copies of Architectural Specifications available to Owners, builders and contractors and may charge a reasonable fee to cover the costs of providing the Architectural Specifications.

The Architectural Committee may from time to time adopt and promulgate procedures and requirements for the submission of Applications to the Architectural Committee, including, without limitation, requirements regarding the number of copies, the content, scale and detail of the plans and specifications to be included with such Applications, and the identification of any required supporting materials; provided, however, that such application procedures shall not contravene any specific requirement established by this Declaration. Any Application procedures adopted pursuant to this Article VII shall be subject to modification and amendment from time to time in the sole discretion of the Architectural Committee. Such Application procedures shall not be construed as a waiver of the provisions of this Article VII or any other provision or requirement of this Declaration. Any Architectural Specifications or Application procedures promulgated by the Architectural Committee shall be subject to the Declarant's prior approval during the Development Period.

7.18. Enforcement. Any Improvements constructed in material violation of this Article VII or in a manner inconsistent with an approved Application shall be deemed to be nonconforming. Upon written request from the Architectural Committee, the defaulting Owner shall, at its own cost and expense, promptly either remove any nonconforming Improvements and restore the Lot to substantially the same condition that existed prior to the installation of the nonconforming Improvements or bring the nonconforming Improvements into compliance with the approved Application, as applicable. If an Owner fails to remove any nonconforming Improvements and fails to restore its Lot or bring the nonconforming Improvements into compliance with the approved Application, as applicable, the Architectural Committee shall have the right to enforce this Article VII and remove the violation and restore the Lot to substantially the same condition as previously existed. If the Architectural Committee undertakes the foregoing self-help remedy, such action shall not be deemed a trespass. Upon demand by the Architectural Committee, the Owner of the Lot shall promptly reimburse all costs incurred in connection with enforcement under this Section 7.18. and such costs shall be collectible in the same manner as Assessments and may become a lien upon such Lot, provided the requirements of the Maryland Contract Lien Act have been satisfied. The Architectural Committee may preclude any contractor, subcontractor, agent, employee or other invitee of any Owner who fails to comply with the terms and provisions of this Article VII and the applicable Architectural Specifications from continuing any further activities on the Lot or any other portion of the Property.

Upon assignment or termination of any or all of the rights of the Declarant under this Article VII, if the Architectural Committee fails to take enforcement action within thirty (30) calendar days after receipt of a written demand from the Declarant identifying the violator and/or specifying the nature of the violation, then the Declarant may undertake any appropriate enforcement action and the Community Association shall reimburse the Declarant for all costs reasonably incurred by the Declarant in taking such enforcement action with respect to such violation.

Neither Declarant nor the Architectural Committee, nor any of its members, officers, directors, employees, agents, or representatives shall be held liable to any Owner or any other person or entity for exercising the rights granted by this Article VII.

ARTICLE VIII
PROPERTY RIGHTS; COMMUNITY COMMON AREAS

8.1. Ownership of Community Common Areas. The Community Common Areas shall be owned in fee simple or held by lease, license or easement by the Community Association. Declarant shall convey fee simple title of the Community Common Areas at such time as Declarant may desire, subject to applicable law, and further subject to this Declaration, any Age-Restricted Declaration, and any other matters of public record. The Community Common Areas in any Neighborhood Common Areas shall be owned and maintained by the Neighborhood Association subject to the provisions of this Declaration unless such maintenance responsibilities are expressly assumed by the Community Association herein. Notwithstanding the foregoing, Declarant, and its agents and employees, shall have the right to enter the Community Common Areas to complete the construction of any landscaping or other Improvements to be installed on the Neighborhood Common Areas by the Declarant or Community Association. Exterior Community Common Areas located in Neighborhood Common Areas, such as paths, sidewalks, fields and noise reduction walls, but not including limited Common Areas which are designated for the use and benefit of less than all of the members of the Neighborhood Association, may be used by Members subject to reasonable rules which may be adopted by the Neighborhood Association and are subject to approval by the Community Board. Also, notwithstanding the foregoing, if any of Declarant's subcontractors are contractually obligated to maintain the landscaping and/or other Improvements on the Community Common Areas, such maintenance shall not be assumed by the Community Association until the termination of such contractual obligation. Neither such construction nor such maintenance shall in any way postpone the commencement of Community Assessments pursuant to this Article or entitle a Member or Owner to claim any offset or reduction in the amount of such Community Assessments.

8.2. Permitted Uses of Community Common Areas. The Community Common Areas shall be used by the Owners, their families, tenants, agents, guests, patrons or invitees for the common interest and benefit of The Village at Canal Park.

8.3. Owners' Right to Use Community Common Areas. All Owners shall have a nonexclusive easement for use in and to the Community Common Areas and such right shall be appurtenant to and shall pass with the title to each portion of the Property, subject to the following:

8.3.1. Limits on Users of Community Common Areas. The right of the Community Association to limit the use of portions of the Community Common Areas solely to those Owners who own or lease Lots, and to limit usage thereof by occupants, tenants, non-Members and/or non-Owners as the Community Association deems appropriate or subject to a separate written agreement. Notwithstanding the foregoing and subject to any rights of use granted pursuant to Subsection 8.3.11. hereof, the Community Association may limit the number of guests, invitees, tenants, patrons or agents of Owners using the Community Common Areas.

8.3.2. Establish Community Association Rules. The right of the Community Association to establish reasonable rules and regulations pertaining to the use of the Community Common Areas.

8.3.3. Restrict Use of Community Common Areas. The right of the Community Association to limit and restrict the use of the Community Common Areas and portions thereof during specific times or on specific dates, and to prohibit all use and access to portions of the Community Common Areas as deemed necessary by the Community Board for health, safety, welfare, privacy or security purposes.

8.3.4. Suspend Right to Use Community Common Areas. The right of the Community Association to suspend the right to use the facilities located on the Community Common Areas by an Owner for any period during which any Community Assessment against such Owner's Lot remains unpaid or delinquent or for a period not to exceed sixty (60) days for any single infraction of the published Community Association Rules, the Community Bylaws or this Declaration; provided, however, that any suspension of such right to use the facilities located on the Community Common Areas, except for failure to pay Community Assessments, shall be made only by the Community Association or duly appointed committee thereof, after notice and hearing given and held in accordance with the Community Bylaws. In addition, the right of an Owner to use Community Common Areas which provides pedestrian or vehicular access to his or her Lot shall not be suspended hereunder.

8.3.5. Dedication. The right of the Community Association to dedicate or transfer all or any part of the Community Common Areas to any public agency, authority or utility or other entity, which dedication or transfer shall be subject to the provisions of this Declaration and such other conditions as the Community Association deems proper.

8.3.6. Levy Charges. The rights of the Community Association to levy a charge for the use of the Community Common Areas (except the streets, sidewalks, and other routes for ingress or egress).

8.3.7. Easements. The rights of Owners, as provided in the Article entitled "Easements", to exclusive easements appurtenant to the various Lots for encroachments on the Community Common Areas for Improvements originally constructed by Declarant and/or Builders.

8.3.8. Establish Special Assessment District. The right of the Community Association to establish, in cooperation with City of Salisbury, a special assessment district for the performance of all or a portion of the maintenance and other functions now within the responsibility of the Community Association, together with the right of the Community Association to convey, lease or otherwise transfer, subject to the provisions of this Declaration, all or any portion of the Community Common Areas to said district.

8.3.9. Establish Open Space Easements. The right of the Community Association to establish such open space easements as are deemed necessary by the Community Association over portions of the Community Common Areas.

8.3.10. Borrow Money. The right of the Community Association, in accordance with the Community Articles and Community Bylaws, to borrow money for the purpose of improving, replacing, restoring or expanding the Community Common Areas or adding new Community Common Areas; to mortgage said property, provided that the rights of such

Mortgagees shall be subordinated to the rights of the Members and Owners. In the event of a default upon any such Mortgage of the Community Common Areas, the lender's rights thereunder shall be limited to a right, after taking possession of such properties, to charge admission and other fees as a condition to continued use of the Members and Owners and, if necessary, to open the use of the Community Common Areas to a wider public until the mortgage debt is satisfied, whereupon the possession of such properties shall be returned to the Community Association and all rights of the Members and Owners hereunder shall be fully restored.

8.3.11. Use by Public. The right of the Community Association to allow use of the Community Common Areas by members of the public, pursuant to any requirements imposed by City of Salisbury, or as may be determined by the Community Board from time to time in its sole and absolute discretion or as otherwise provide herein. Further, the Community Association may allow non-Members to use the Community Common Areas (or any portion thereof) and may charge a fee for such use in an amount determined in the sole discretion of the Board.

8.4. Alteration of Improvements on Community Common Areas. Other than work performed by Declarant in connection with development of the Community Common Areas, no work which in any way alters any portion of the Community Common Areas from its natural or existing state after the date such Community Common Areas was conveyed by Declarant or Builders to the Community Association shall be made or done except by the Community Association or its agent. The Community Association shall reconstruct, replace or refinish any Improvements or portion thereof situated within the Community Common Areas. Such work shall be in accordance with original design, finish or standard of construction of such Improvements when such Community Common Areas was conveyed by Declarant or Builder to the Community Association and which was approved by City of Salisbury, or, if in a different manner, then with the approval of City of Salisbury or other government agency having jurisdiction thereof as may be required by applicable law. Additionally, the Community Association shall maintain and landscape the Community Common Areas, except for any assessment districts created pursuant to the provisions of Subsection 8.3.8., in accordance with the provisions of the Article hereof entitled, "Installation, Repair and Maintenance" and as the Community Association deems necessary for the health, welfare and safety of the Owners and guests subject to the jurisdiction of the Community Association.

8.5. Delegation of Use. Any Owner may delegate his right of use of the Community Common Areas to the members of his family or his tenants who reside on his Lot, or to his guests, subject to Community Association Rules adopted by the Community Board and any applicable provisions of the Community Bylaws and further, subject to any rights of the Community Association to suspend an Owner's right of use of the Community Common Areas.

8.6. Waiver of Use. No Owner may exempt himself from liability for Community Assessments duly levied by the Community Association, nor release the Lot owned by him from the liens and charges hereof, by waiver of the use of the Community Common Areas, or the abandonment of his Lot.

8.7. Non-Severability. In no event shall an Owner sell or otherwise sever or separate the interest the Owner may have in the Community Common Areas or Neighborhood Common Areas from his ownership interest in a Lot.

ARTICLE IX
USE RESTRICTIONS FOR THE VILLAGE AT CANAL PARK

9.1. Neighborhood Restrictions. Each Neighborhood Association within The Village at Canal Park, unless excluded by Declarant, shall have a Neighborhood Declaration which shall specify the procedures for operation and management of the Neighborhood Association and establish the uses permitted and prohibited on or about the Lots within the Neighborhood and the Neighborhood Common Areas (collectively, the “Neighborhood Restrictions”). There shall be no amendment of the provisions in any such Neighborhood Declaration except with written consent of the Declarant during the Development Period and after the termination of the Development Period, the prior written approval of the Community Board. The Neighborhood Restrictions shall be established and recorded in the Land Records by the Declarant or Builder, as appropriate, of the Neighborhood prior to the sale of the first Lot in the Neighborhood to any Owner other than Builder. In addition, as provided in Article VII herein, the Declarant may (but shall not be obligated to) adopt and establish Architectural Specifications for each Neighborhood Association and Lots, and if so, such Architectural Specifications shall be a part of the Neighborhood Restrictions. The Community Association is expressly made a third (3rd) party beneficiary to each Neighborhood Declaration. The Community Association shall have the right to enforce any provisions of any Neighborhood Declaration, to the extent that the Community Association deems it necessary to protect the overall interest in The Village at Canal Park. The Community Association shall not, however, in any event, be considered as having a duty or obligation to enforce any particular provisions of any particular Neighborhood Declaration.

9.2. Permitted Uses and Restrictions. The following use restrictions shall apply to each Neighborhood in The Village at Canal Park.

9.2.1. Residential Use. Except as otherwise provided herein, all Lots, except Community Common Areas and Neighborhood Common Areas, shall be used for no purpose other than residential purposes except as may be otherwise provided herein. and as otherwise permitted in applicable zoning laws. Subject to the provisions of this Declaration, no building shall be erected, altered, placed or permitted to remain on any Lot other than a building used as a Dwelling or used in conjunction with a Dwelling.

9.2.2. No Commercial Use. Except as otherwise permitted in this Declaration, including without limitation, under the Section of Article XIV entitled “Construction and Sales” and Subsection 9.3.18. herein, no other portion of the Property shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such nonresidential purposes; provided however, that the Community Association shall have the right to provide or authorize such services on the Community Common Areas as it deems appropriate for the use of the Community Common Areas and the benefit of the Owners.

9.2.3. Rental of Dwelling. An Owner shall be entitled to rent the Dwelling situated on the Owner’s Lot, subject to the restrictions contained in this Declaration. Any rental or leasing agreement shall be in writing, shall be made only to natural persons who actually reside in the Dwelling, shall provide that the lease or rental is subject to this Declaration, the Community

Bylaws, Community Articles and the Community Association Rules and shall provide that any failure to comply with any provisions of this Declaration, the Community Bylaws, Community Articles or Community Association Rules shall be a default under the terms of the rental or lease agreement. No Owner may lease such Owner's Lot or Improvements thereon for hotel, motel or transient purposes. Excluding any Lots owned by Declarant, no Lot may be leased for a period less than twelve (12) months (or such lesser term as may be required by any applicable regulations promulgated by the Federal Housing Administration ("FHA")). Any Owner who shall lease his or her Dwelling shall be responsible for assuring compliance by such Owner's lessee with this Declaration, the Community Articles, Community Bylaws and the Community Association Rules; provided, however, the obligation of the foregoing sentence shall not apply to the Declarant or Builder. Further, Declarant and a Builder shall be exempt from this Section 9.3.3. if either of such parties is using a Lot as a model home, construction office or the like during the Development Period. Moreover, none of the restrictions contained in this Section 9.3.3. shall apply to any Unit insured by the Veterans Administration, except that the rental or leasing agreement be in writing.

9.2.4. Swimming Pools and Hot Tubs. No pools of any type are permissible on any Lot; provided, however, that the foregoing shall not apply to hot tubs (Jacuzzis) which have been approved in advance by the Architectural Committee in its sole and absolute discretion, in accordance with the provisions hereof, for installation by Owners only on a rear deck or rear patio. In addition, notwithstanding the foregoing, a temporary "kiddie pool" no greater than four (4) feet in diameter and eight (8) inches in height will be permitted to be placed on a rear deck or rear patio of a dwelling, provided the "kiddie pool" is emptied daily and stored in the garage. Further, any Owner on whose Lot a "kiddie pool" is used or Jacuzzi is installed, and all occupants of such Lot, agree to and shall comply with all of the following: (i) the Owner and occupants of the dwelling on the subject Lot shall indemnify and hold harmless the Community Association from and against all claims for property damage and/or personal injury or death arising out of the presence, use, maintenance and/or repair of the "kiddie pool" or Jacuzzi, (ii) the "kiddie pool" or hot tub shall be maintained in a safe and sanitary condition by the Owner or occupants at all times, at his or their sole cost and expense, and (iii) the Community Association shall have the right (but not the obligation) to take all reasonable actions it deems necessary, at the sole cost and expense of the Owner and occupants, to abate a "kiddie pool" or Jacuzzi nuisance or to respond to an emergency or impending emergency situation when a threat to the health or safety of occupants or damage to property appears imminent.

9.2.5. Temporary Structures. No Structure of a temporary character, trailer, basement, tent, shed, shack, garage, or other outbuildings shall be used on any Lot at any time as a residence, either temporarily or permanently, unless such type of Structures is approved in advance by the Architectural Committee in accordance with the provisions of this Declaration. In addition, portable basketball apparatus may be located on a Lot if the Owner of said Lot obtains the prior written approval of the Architectural Committee as provided for herein and further provided that such apparatus is stored when not in use in the least conspicuous location. Neither portable nor permanent basketball apparatus shall be located in any Community Common Areas.

9.2.6. Real Estate Sales or Construction Office. Notwithstanding anything contained herein to the contrary, a real estate sales office/model home, construction office or a trailer, and related signs, may be erected, maintained and operated on any Lot owned or leased by Declarant, Builder or their agents and designees from time to time, or in any Structure now or

hereafter located thereon, provided such office/model home or construction office or trailer, and signs, are used and operated in connection with the development and/or initial sale of any Lot or Lots in the Community or land located in an adjacent development, and/or the initial construction of improvements on any Lot now or hereafter laid out or created in the Community.

9.2.7. Clotheslines and Flagpoles. No exterior clothes dryer, clothes pole or similar equipment shall be erected, installed or maintained on any Lot, nor shall articles of clothing, bedding, or similar items be hung outside; provided, however, if clotheslines are permitted under applicable Maryland law, the following restrictions shall be applicable:

- (a) Clotheslines may not exceed five feet by five feet (5' x 5') or twenty feet (20') in length;
- (b) Clotheslines shall be placed in areas not visible from any road or placed in a location which interferes or blocks in any manner emergency or related access to the Lots;
- (c) Clotheslines shall not be installed permanently and must be removed on a daily basis; and
- (d) Clothing shall not remain on any clothesline for any longer than twenty-four (24) hours.

Freestanding flagpoles, other than in connection with the initial sale or marketing of Lots, are prohibited. A single flagpole staff per Lot, which flagpole staff does not exceed six (6) feet in length and is attached at an incline to the wall or pillar of the dwelling is permitted.

9.2.8. Traffic View. No Structure, landscaping, shrubbery or any other obstruction shall be placed on any Lot so as to block the clear view of traffic on any streets, nor shall any planting be done on any corner Lots closer than twenty (20) feet from either street line that will exceed three (3) feet in height (except shade trees which shall be trimmed so that a clear view may be maintained to the height of eight (8) feet).

9.2.9. Front Lawn. The area within the front of a dwelling shall be kept only as a lawn for planting of grass, trees and shrubbery and no other installations shall be permitted, including, without limitation, decorative lawn ornaments. In addition, all Condominium Units shall also be subject to any provisions set forth in the governing documents of the applicable Condominium concerning limited common element yards.

9.2.10. Fences. Other than fences initially constructed by Declarant or Builder, no fence shall be placed or kept on a Lot, except for the fence style shown on **Exhibit "B"** and which are approved by the Architectural Committee. However, additional fence styles may be considered by the Architectural Committee from time to time. Any fences erected by an Owner (other than Declarant or Builder) shall be located in the rear of the Dwelling on the Lot and shall not extend beyond from a location that is more than fifty percent (50%) from the rear wall of the Dwelling on the Lot.

9.2.11. Neat Appearance. Except for any maintenance and repair which the Community Association or Neighborhood Association may be obligated to perform hereunder, Owners shall, at all times, maintain their Lots and all appurtenances thereto in good repair and in a state of neat appearance, including but not limited to, the painting or other appropriate external care of all Structures on the Lot, and the watering of all lawn areas and yards (with the exception of grass cutting on only those Lots with yards that are not fenced, which shall be performed by the Community Association as a common expense of the Community Association), all in a manner and with such frequency as is consistent with good property management and the maintenance and keeping of all on-Lot sidewalks and any sidewalks located within the Community Common Areas bordering on any Lot. Owners shall be responsible for keeping driveways and leadwalks in clean condition and in good repair, including but not limited to, ice and snow removal as well as the pruning and cutting of all trees and shrubbery and the painting (or other appropriate external care) of all Structures on the Lot, including, without limitation, roofs, gutters and downspouts, all in a manner and with such frequency to properly maintain the same. Any driveways, sidewalks and leadwalks shall be paved and or repaved with the same material as the original construction, unless another material is approved in advance by the Architectural Committee. Gravel surfaces are prohibited. Every driveway shall provide positive drainage away from the dwelling and garage.

If, in the opinion of the Architectural Committee, any Owner fails to perform the duties imposed on such Owner, the Community Association, on affirmative action of a majority of the Board of Directors, after fifteen (15) days written notice to such 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, as an additional assessment on the Lot.

9.2.12. Nuisances. No noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done or placed thereon which may become an annoyance or nuisance to the neighborhood or any adjoining property owners, including the use of any substance which causes odors to adjoining property owners that includes, without limitation, smoking of cigarettes and cannabis, except as otherwise provided by applicable law. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such properly maintained and operated devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any dwelling or upon the exterior of any other Structure constructed upon any Lot. No snowmobiles, go-carts, motorbikes, trail bikes, other loud-engine recreational vehicles or skateboard ramps shall be run or operated upon any Lot or upon any roadways serving the Property.

9.2.13. Animals. No animals of any kind, including pigeons, or other non-domestic or exotic animals, shall be raised, bred or kept on any Lot, except that dogs, cats or any household pets, not to exceed two (2) in the aggregate (unless a third (3rd) animal is approved in writing by the Board, in its sole and absolute discretion), may be kept, provided they are not kept, bred or maintained for any commercial purpose, and provided they do not become a nuisance to the neighborhood or to any other Owners. Animals must be restrained with a leash at all times and cannot be chained or left to roam unattended on the Property or any Lot. Pets shall be registered, licensed and inoculated as required by law. Owners shall be responsible for the immediate clean-up and removal of their pet's waste on any of the Property including their own Lot. Puppies and

kittens in excess of the numbers set forth above may be kept until they reach the age of twelve (12) weeks. The Board of Directors or, upon resolution of the Board of Directors, the Architectural Committee, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other Members and to require such pet be removed from the Property. Further and in addition to the foregoing restrictions, the Community Board may promulgate Community Association Rules from time to time affecting animals in the Community. Household pets shall not include miniature pigs, horses or other hybrid livestock or farm animals.

9.2.14. Vehicles.

(a) As used herein,

(i) “Vehicle” means a Commercial Vehicle, Motor Vehicle, Recreational Vehicle, automobile, Large Truck, other truck or van (in each case, as defined by the Maryland Motor Vehicle Administration, or by common usage and practice), trailer, motorcycle, bicycle, mo-ped, or other powered or unpowered vehicle.

(ii) “Commercial Vehicle” means any (1) automobile, truck or van used or designed principally for commercial, business or industrial use, or (2) taxicab or other Vehicle displaying a commercial logo, message or identification.

(iii) “Inoperable Vehicle” means any Commercial, Recreational or other Vehicle, which is a junk Vehicle, or is inoperable, or lacks current, valid registration plates, or would not pass applicable state vehicular inspection criteria.

(iv) “Large Truck” means any truck or van (in each case, as defined by the Maryland Motor Vehicle Administration or by common usage and practice), or self-propelled farm or construction vehicle, which is more than 24 feet long, or has a capacity exceeding three-quarters ton.

(v) “Motor Vehicle” means a vehicle required by law to be registered with the Maryland Motor Vehicle Administration or another governmental authority or entity, or propelled by a motor.

(vi) “Recreational Vehicle” means any (1) boat, boat trailer, camp truck, camp trailer, golf cart, house trailer, personal watercraft, snowmobile, recreational bus or similar vehicle, motor home, camper van or all-terrain vehicle, or (2) other powered or unpowered vehicle designed primarily for use for sports or recreational purposes.

(b) No Vehicle shall be parked or stored in the Community other than in accordance with the provisions hereof; provided, however, that any Vehicle may be kept (1) in a fully enclosed garage located on a Lot, or (2) elsewhere if expressly permitted by this Declaration, or (3) on a public road if permitted by law; and further, provided, that in the case of a Recreational Vehicle, such Recreational Vehicle may only be parked or stored in the location and in the manner (i.e., cover or other concealment), all as approved and directed by the Architectural Committee. In addition, only operable regular passenger automobiles and motorcycles may be stored on a driveway located on a Lot and no other type of Vehicle (including,

without limitation, any Commercial Vehicle, Inoperable Vehicle, Large Truck or Recreational Vehicle) shall be allowed to be kept on a driveway except as provided herein.

(c) Anything to the contrary notwithstanding herein, nothing herein shall prohibit the parking of Commercial Vehicles on a parking area or driveway on any Lot while providing maintenance, repair or installation services on, or making a delivery to or from, such Lot.

(d) No automobile or other Vehicle shall be constructed, restored or repaired on a Lot or Community Common Areas at a location visible from outside a garage or other building thereon, other than for minor repairs such as oil, filter, battery, belt, wiper, light and tire changes, or emergency repairs which cannot reasonably be performed elsewhere, in each case if performed (1) on a Vehicle, including motorcycle, owned by an Owner of, and customarily kept on, such Lot or Community Common Areas, (2) using all appropriate environmental safeguards, and (3) in a continuous and timely manner.

(e) No person shall operate a Vehicle, including a motorcycle, in the Community other than in a safe and quiet manner, and with due consideration for the rights of all Owners and occupants, or without holding a valid driver's license.

(f) No all-terrain vehicles, off-road motorcycles, "mini-bikes" or other types of off-road motor vehicles of any kind shall be permitted to operate within the subdivision, including the Community Common Areas, unless otherwise specifically permitted by applicable law.

(g) Nothing in this Declaration shall prohibit or restrict the Declarant or Builder during the Development Period from operating, parking, maintaining or otherwise using a Vehicle anywhere in the Community.

(h) Prior to the installation or use of electric vehicle recharging equipment located on the Property by an Owner, the Owner must:

(i) Obtain the prior written approval of the Board of Directors or Architectural Committee, as applicable. If an application is not denied in writing within sixty (60) days after the Board of Directors or Architectural Committee, as applicable, receives the application, the application shall be deemed approved, unless the delay is the result of a reasonable request for additional information. The Board of Directors or Architectural Committee, as applicable, shall approve the installation of electric vehicle recharging equipment if:

(A) Installation is reasonably possible and does not unreasonably impede the normal use of an area outside the Owner's parking space; and

(B) The Owner agrees in writing to (1) comply with all relevant building codes and safety standards, as well as any Community Association Rules; (2) engage a licensed contractor to install the electric vehicle recharging equipment; and

(3) pay for the electricity usage associated with the separately metered electric vehicle recharging equipment.

(ii) Obtain any permit or approval for electric vehicle recharging equipment that is required by the County, City, or municipal corporation in which the Property is located.

(iii) Provide a certificate of insurance naming the Association as an additional insured, or reimburse the Community Association for the cost of an increased insurance premium attributable to the electric vehicle recharging equipment.

(iv) The Owner, and each successive Owner, of a Lot upon which electric vehicle recharging equipment is located is responsible for: (A) installation costs for the electric vehicle recharging equipment; (B) costs for damage to the electric vehicle recharging equipment or Common Areas resulting from the installation, maintenance, repair, removal, or replacement of the electric vehicle recharging equipment; (C) costs for the maintenance, repair, and replacement of the electric vehicle recharging equipment up until the equipment is removed; (D) if the Owner decides to remove the electric vehicle recharging equipment, costs for the removal and for the restoration of Community Common Areas after removal; and (E) the cost of electricity associated with the electric vehicle recharging equipment.

9.2.15. Lighting and Wiring. The exterior lighting on Lots shall not be directed outward from, or extend beyond, the boundaries of any Lot or in any manner which has no effect on any other Lot. All wiring on any Lot shall be underground.

9.2.16. Antennae. No radio aerial, antenna or satellite or other signal receiving dish, or other aerial or antenna for reception or transmission, shall be placed or kept on a Lot outside of a dwelling, except on the following terms:

(a) An Owner may install, maintain and use on its Lot one (or, if approved, more than one) Small Antenna (as hereinafter defined) , at such location, and screened from view from adjacent dwellings in such a manner and using such trees, landscaping or other screening material, as are approved by the Architectural Committee, in accordance with Article II. Notwithstanding the foregoing terms of this subsection, (i) if the requirement that a Small Antenna installed on a Lot be placed in the approved location would impair such Small Antenna's installation, maintenance or use, then it may be installed, maintained and used at another approved location on such Lot where such installation, maintenance or use would not be impaired; (ii) if and to the extent that the requirement that such Small Antenna be screened would result in any such impairment, such approval shall be on terms not requiring such screening; and (iii) if the prohibition against installing, maintaining and using more than one (1) Small Antenna on a Lot would result in any such impairment, then such Owner may install on such Lot additional Small Antenna as are needed to prevent such impairment (but such installation shall otherwise be made in accordance with this subsection).

(b) In determining whether to grant any approval pursuant to this Section, neither Declarant, the Architectural Committee nor the Board of Directors shall withhold such approval, or grant it subject to any condition, if and to the extent that doing so would

result in an impairment.

(c) As used herein, (i) “impair” has the meaning given it in 47 Code of Federal Regulations Part 1, section 1.4000, as hereafter amended; and (ii) “Small Antenna” means any antenna (and accompanying mast, if any) of a type, the impairment of the installation, maintenance or use of which is the subject of such regulation. Such antennae are currently defined thereunder as, generally, being one (1) meter or less in diameter or diagonal measurement and designed to receive certain types of broadcast or other distribution services or programming.

9.2.17. Subdivision. No Lot shall be divided or subdivided and no portion of any Lot (other than the entire Lot) shall be transferred or conveyed for any purpose; provided, however, this shall not prohibit transfers of parts of Lots between adjoining Lot owners where the transfer is not for the purpose of creating a new building Lot. The provisions of this subsection shall not apply to the Declarant and, further, the provisions hereof shall not be construed to prohibit the granting of any easement or right-of-way to any person for any purpose. Additionally, this provision shall not be applicable to any Condominium, including any Condominium Units, due to the nature of the type of dwellings being Condominium Units and the buildings located in the Condominium.

9.2.18. Signage. No sign, advertisement or billboard of any kind shall be displayed to the public view on any Lot, Community Common Areas or Neighborhood Common Areas with the following exceptions:

(a) signs as may be required by legal proceedings, or the prohibition of which is precluded by law;

(b) signs as may be used by Declarant, Builder or their respective sales agents in connection with the development of The Village at Canal Park and the sale and marketing of the Lots;

(c) signs on the Community Common Areas which the Declarant deems necessary for the construction of any Improvements and identification signs regarding financing and construction;

(d) signs on the Community Common Areas as may be required for traffic control and regulation of open areas within The Village at Canal Park;

(e) identification signs on the Community Common Areas as may be deemed appropriate by the Community Board to designate facilities within The Village at Canal Park;

(f) identification and directional signs placed by a Neighborhood Association on the Neighborhood, subject to approval of the Architectural Committee; and

(g) any business located in a Neighborhood can have a reasonable and customary sign subject to approval of the Architectural Committee.

Notwithstanding the foregoing, Declarant may place signs on the Community Common Areas during the Development Period. In addition, Declarant may permit Builders during the Development Period to place such signs on the Community Common Areas, as provided for herein, for the same purpose as Declarant deems appropriate, provided such signs have been approved by Declarant. Notwithstanding the foregoing, in accordance with the provisions of law, an Owner may display on his Lot not more than one "for sale" or "for lease" sign per Lot so long as such sign shall comply with any reasonable standards promulgated by the Community Board or Architectural Committee as to the size, color, shape or other qualifications for permitted signs. In addition to the foregoing, no candidate sign (as such term is defined in Section 11B-111.2 of the HOA Act), or a sign that advertises the support or defeat of any proposition, may be displayed in the Community Common Areas; any permissible candidate sign shall be displayed in accordance with provisions of federal, State and local law; and may only be displayed no more than thirty (30) days before the primary election, general election, or vote on the proposition; and no more than seven (7) days after the primary election, general election or vote on the proposition.

9.2.19. Forest Conservation and Forest Buffer Easement Areas. Any portion of the Community Common Areas or Lots designated and shown on any recorded subdivision plat of all or a portion of the Property as forest conservation easement and/or forest buffer easement (collectively, the "FC/FB Areas") shall remain in a natural, undisturbed state and will not be developed, or improvements erected thereupon by the Declarant or its successors or assigns, the Community Association or any Owner, except those of a minor nature necessary for such intended use and permitted by applicable law. All Owners shall be subject to the provisions of any recorded Declaration of covenants, conditions and restrictions (the "Forest Conservation and/or Forest Buffer Declaration") pertaining to the FC/FB Areas. Each Owner agrees to provide Declarant, its agents and any other party to the Forest Conservation and/or Forest Buffer Declaration full access to their Lot at any time for the purposes of complying with the Forest Conservation and/or Forest Buffer Declaration and to otherwise comply with all provisions of the Forest Conservation and/or Forest Buffer Declaration.

9.2.20. Trash and Other Materials. No lumber, metals, bulk materials, refuse or trash shall be kept, stored or allowed to accumulate on any Lot, except for (a) building materials used during the course of construction of any approved dwelling or other permitted Structure, and (b) firewood, which shall be cut and neatly stored at least six inches (6") off the ground and twelve inches (12") away from any Structure. No burning of trash shall be permitted on any Lot. If trash or other refuse is to be disposed of by being picked up and carried away on a regular and recurring basis, containers may be placed in the open in accordance with local law or on any day that a pick-up is to be made at such place on the Lot as to provide access to persons making such pick-up. At all other times such containers shall be stored in such a manner so as not to be visible from the roadway or the other Lots or Community Common Areas. Trash shall be disposed of in hard rubber or plastic containers covered with a lid. Notwithstanding the foregoing, nothing in this Section 9.2.20 shall be applicable to Declarant or Builder during the Development Period.

9.2.21. Non-Interference With Utilities. No Structure, planting or other material shall be placed or permitted to remain upon any Lot which may damage or interfere with any

easement for the installation or maintenance of utilities, or which may change, obstruct or retard direction or flow of any drainage channels. No poles and wires for the transmission of electricity, telephone and the like shall be placed or maintained above the surface of the ground on any Lot. Each Owner and occupant hereby covenants and agrees for himself, his heirs, assigns, contractors and successors in interest that he will not interfere with, or permit, suffer, or cause the interference with, the established drainage pattern over any portion of the Community. For the purpose hereof, “established drainage” is defined as the drainage that will occur at the time the overall grading of the Lots and Community Common Areas, including the landscaping of each Lot and the Community Common Areas, is completed, including, but not limited to within any drainage easement areas and/or stormwater management easement areas, in accordance with the provisions of this Declaration.

9.2.22. Tree Removal. The prior approval of the Architectural Committee shall be required for the removal of any live trees; provided, however, that no live trees may be removed from any forest conservation easement or buffer area designated on the Plats except in accordance with any recorded easement, applicable laws, the terms of any site development or subdivision plat approval, or of any other permit or approval in connection with the development of the Property. All existing or planted forest, woodland and trees shall be retained in accordance with the final development plans on file with the County. Dead trees or scrub trees (weed type trees with a trunk less than one inch (1”) in diameter) may be removed from any Lot without Architectural Committee approval and shall be replaced within the next growing season with another tree or landscaping approved by the Architectural Committee, except within any forest conservation easement area.

9.2.23. Distribution of Written Information and Materials. Until the Owners elect officers or a Board of Directors in accordance with Section 11B-111.3 of the HOA Act, no Owner may distribute any written information or materials regarding the operation of, or matters relating to the Community Association, in any manner or place which the Board of Directors uses to distribute written information or materials, excluding, however, door-to-door distribution. From and after the date that the Owners shall elect officers or a Board of Directors, the Board of Directors may regulate the time of distribution and impose any other restrictions that are permissible under Section 11B-111.3 of the HOA Act, as amended from time to time, and any other applicable law.

9.2.24. Sheds; accessory structures. No sheds or other similar accessory structures, such as greenhouses, shall be permitted on any Lot unless and until approved by the Architectural Committee. No metal sheds of any kind shall be located on any Lot.

9.2.25. Play equipment and trampolines. No freestanding playground equipment, including, by way of example and not limitation, basketball backboards, basketball hoops, swing sets, tree houses or playhouses, trampolines and other equipment associated with either adult or juvenile recreation, either temporary or permanent, shall be permitted on any Lot.

9.2.26. Grading; Drainage. No Lots shall be used or maintained so as to cause excessive erosion of soil or sediment. During the grading and construction of any improvements upon any Lot, adequate arrangements shall be made to insure that no erosion of soil or sediment shall take place. Drainage from roof areas shall be channeled to downspouts and appropriately discharged.

9.2.27. Decks, patios and porches; awnings; storm doors. Decks, patios and screened porches may be built on any Lot only with the approval of the Architectural Committee and upon obtaining a valid building permit. Decks, patios and porches shall not extend forward of the rear foundation wall into any front or side yard, shall not impede surface drainage, and shall comply in all respects with the height, setback and other requirements of the appropriate authorities. The deck surface and all structural elements, railings, slats, banisters and posts, and screened enclosures, shall be constructed of materials of the type, style and construction as shall have been approved by the Declarant or Architectural Committee from time to time. Awnings (other than as part of an approved screened porch) are discouraged and must be approved in advance by the Architectural Committee on a case-by-case basis. Patios shall be constructed of the same materials as decks or porches, or of slate, stone or concrete, or such other materials as may be specified or approved by the Architectural Committee. Storm doors (or screen doors) shall be permitted, subject to the specifications and conditions established by the Architectural Committee.

9.2.28. Auctions, Flea Markets, Yard Sales. Other than auctions held in conjunction with foreclosure and/or tax sales, no auctions will be permitted without the prior written consent of the Architectural Committee. Flea markets or yard sales may be held only as part of a coordinated community event approved by the Architectural Committee.

9.2.29. Utilities. All exterior mechanical and electrical equipment, other than heat pumps and utility meters, must be housed or screened from view from streets, home entries and neighboring Lots. No window unit air conditioners or window fans shall be permitted.

9.2.30. Solar Collection Systems. Any installation of solar panels or other solar collection systems on any Lot shall require the prior written approval of the Architectural Committee, subject to the provisions of Section 2-119 of the Real Property Article, Annotated Code of Maryland (as amended from time to time), as the same may be amended from time to time, and any other applicable laws.

9.2.31. Storage Tanks. No above-ground or underground tanks for storage of petroleum products, propane or any other substance shall be permitted on any Lot or on the Community Common Areas without the prior written consent of the Board, except as may be permitted by the Community Association Rules.

9.2.32. Right to Prohibit or Restrict Use of Pesticides, Fertilizer and Other Forms of Nitrogen Loading. Declarant hereby reserves unto itself, the right to prohibit and/or restrict the use of pesticides, fertilizers and other ground-based sources of nitrogen loading and/or phosphorus loading within the Property for so long as Declarant or any Builder has an interest in the Property, including, without limitation, any warranty obligations. Further, from and after the date that Declarant or any Builder no longer has any interest in the Property, such right to prohibit and/or restrict the use of pesticides, fertilizers and other ground-based sources of nitrogen loading and/or phosphorous loading shall automatically vest in and be enforceable by the Community Association. This right may be exercised for any reason in the sole discretion of Declarant including, without limitation, in response to any governmental or quasi-governmental agency enacting, or indicating an intention to enact a moratorium on development, or any regulation or

requirement which would affect the Property, or any portion thereof, based upon nonpoint source nitrogen loading and/or phosphorus loading of stormwater management or water quality facilities and/or waterways. The Declarant shall notify the Community Association and each Owner of its decision to impose such a prohibition or such restrictions in a written notice sent to the Community Association at the address indicated on the State Department of Assessments and Taxation website and sent to each Owner at such Owner's address within the Property, regardless of any other address such Owner may use. Such written notice shall indicate the class or classes of sources of pesticides, nitrogen loading and/or phosphorus loading being prohibited and/or restricted and, if such class of source of loading is being restricted and not strictly prohibited, the parameters of such restriction.

Upon the Declarant's delivery of such notice to the Community Association and the Owners in the manner aforesaid, the Community Association and each Owner and all occupants of any improvements on the Property shall immediately comply with such restrictions or regulations. Any failure to so comply shall be deemed a default of this Declaration, and the Declarant shall thereupon be entitled to exercise all rights and remedies available to the Declarant or to the Community Association hereunder in the event of a default of this Declaration, including but not limited to the right to levy fines.

Declarant shall have the right at any time, but shall not be required, to rescind or modify any prohibition or restriction implemented as described above. Notice of such a rescission or modification shall be delivered as set forth in this Section.

9.2.33. Laws and Ordinances. Each Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of federal, state and/or municipal governments or authorities applicable to the use, occupancy, construction, improvement, and maintenance of any Lot and the Community Common Areas, including any improvements or facilities erected thereupon. Without limiting the generality of the foregoing, all improvements constructed within or upon a Lot by an Owner shall meet all applicable local, county, or other building codes and municipal requirements including, but not limited to zoning requirements. The obligation to comply with all governmental requirements shall rest with the Owner and not the Architectural Committee or the Community Association. The Architectural Committee's approval of an Owner's proposed improvements shall not relieve the Owner of his obligation to design and construct the proposed improvements in accordance with the requirements of the Governing Documents, nor shall such approval constitute nor be construed as certification by the Architectural Committee that the proposed improvements meet or otherwise comply with architectural, engineering, or construction industry standards, or applicable building codes, laws, ordinances, rules, or regulations of any governmental authority or any other applicable agency. Neither the Declarant, the Architectural Committee nor the Community Association shall be liable for any defects in any plans or specifications submitted, revised or approved in accordance with the Governing Documents, or any defects in construction undertaken in accordance with such plans and specifications, and the Owner undertaking the construction, reconstruction, renovation or installation of any improvements within the Community shall indemnify and hold harmless and defend all of the foregoing from and against all costs, expenses, damages and claims whatsoever arising out of such Owner's activities in the Community.

9.2.34. City of Salisbury Right of Access. The duly authorized employees and

representatives of City of Salisbury, Maryland, shall have the right to enter upon the Property for the purposes of performing necessary inspection, maintenance and repair to any completed private stormwater management facilities.

9.2.35. Unsightly Items. All weeds, rubbish, debris, or unsightly materials or objects of any kind shall be regularly removed from the Lots and shall not be allowed to accumulate thereon. All refuse containers, woodpiles, storage areas, machinery and equipment shall be prohibited upon any Lot unless obscured from view of adjoining streets, Lots, alleys or Community Common Areas nearest such portion of the Lot from a height of six (6) feet or less and shall comply with any restrictions or standards promulgated by the Community Board or the Architectural Committee.

9.2.36. No Obstructions. There shall be no obstruction of any Community Common Areas or Neighborhood Common Areas except as permitted herein or as provided by the Community Association Rules. Nothing shall be placed or stored in the Community Common Areas, except as allowed by the express permission of the Community Board.

9.2.37. Compliance with Laws, Etc. No Owner shall permit anything to be done or kept in a Lot that violates any laws, ordinances, statutes, rules or regulations of any county, state or federal body.

9.2.38. Fires and Environmental. There shall be no exterior fires on the Community Common Areas or Neighborhood Common Areas, except barbecue fires contained within the receptacles provided by the Community Association or Neighborhood Association, as applicable, or fire pits approved by the Architectural Committee in writing. Nothing shall be kept in any Lot or on any part of the Community Common Areas or Neighborhood Common Areas which may in any way increase the rate of fire insurance on the Community Common Areas and any Improvements located thereon beyond the rate established therefore when and as used for the purposes permitted under the Master Management Documents. Further, nothing shall be done or permitted to be done, including but not limited to, keeping or storing of fuel, solvent, or other reactive (including explosive), ignitable, corrosive or toxic material or substance on any Lot or Community Common Areas or Neighborhood Common Areas, if the same violates any fire law, ordinance, rule or other regulation. No hazardous material, hazardous waste, or hazardous or toxic substance, as such terms are defined from time to time under federal, state and local environmental laws, shall be disposed of on any Community Common Areas or through any sanitary or storm sewer system within The Village at Canal Park. Storage, disposal, and transportation of all hazardous materials, hazardous waste, and hazardous or toxic substances from any Lot or Community Common Areas or Neighborhood Common Areas shall comply with all applicable federal, state and local laws and regulations. If any Lot Owner and/or tenant violates this Subsection 9.2.38., such Owner and/or tenant, as applicable, shall indemnify and save harmless every other Owner and tenant as well as the Community Association, any Neighborhood Association and Declarant from any and all damages, losses, fines, penalties, clean up costs, and other expenses (including, but not limited to, reasonable attorney's fees) arising from such violation.

9.2.39. Family Child Care. The use of any Dwelling as a “family child care home”, as defined in Section 11B-111.1 of the Maryland Homeowners Association Act (“Act”), is

prohibited. Pursuant to Section 11B-111.1 (d) of the HOA Act, the restriction imposed in this subsection on family child care homes may not be enforced until after this may restriction be approved by a simple majority of the eligible voters of the Community Association, not including the Declarant..

9.2.40. No-Impact Home Based Businesses. Except as hereinafter provided, lots shall be used for private and residential purposes only. The use of any Lot as a “no-impact home-based business” (as such term is defined in Section 11B-111.1 of the HOA Act) is allowed, subject to the following provisions:

(a) An Owner or occupant intending to use his Lot as a no-impact home-based business shall notify the Community Association before operating the no-impact home-based business.

(b) No-impact home-based businesses are expressly prohibited in any Community Common Areas.

(c) No employees are used by the no-impact home- based business.

(d) Such additional requirements and/or Community Association Rules as may be specified by the Community Directors of the Community Association, to the extent permitted by applicable law. The foregoing provisions of this Section are intended to be a restatement of the provisions of Section 11B-111.1 of the HOA Act, and any future amendments or modifications thereto shall be deemed incorporated by reference herein as a part hereof.

For purposes hereof, a “no-impact home-based business” means a business that:

(a) Is consistent with the residential character of the Lot;

(b) Is subordinate to the use of the Lot for residential purposes and requires no external modifications that detract from the residential appearance of the Lot;

(c) Uses no equipment or process that creates noise, vibration, glare, fumes, odors, or electrical or electronic interference detectable by neighbors or that causes an increase of common expenses that can be solely and directly attributable to a no-impact home-based business; and

(d) Does not involve use, storage, or disposal of any grouping or classification of materials that the United States Secretary of Transportation or the State of Maryland or any local governing body designated as a hazardous material.

A no-impact home-based business may not have any employees or signage nor create any type of nuisance as a result of operating a no-impact home-based business and further, the use of the Lot as a no-impact home-based business may not violate any applicable law or ordinance.

9.3. Easements. There are hereby established easements over, under and through each Lot and the Community Common Areas and Neighborhood Common Areas, which easements are described in Article XIV hereof entitled “Easements.”

ARTICLE X INSTALLATION, REPAIR AND MAINTENANCE

10.1. Repair and Maintenance by Community Association. Without limiting the generality of the statement of duties and powers contained in this Declaration, and except for any districts created pursuant to the provisions of the Section of Article VIII entitled “Establish Special Assessment District”, the Community Association shall accomplish the following upon the Lots, Community Common Areas, Neighborhood Common Areas or other land within The Village at Canal Park in such manner and at such times as the Community Board shall prescribe.

(a) General. The Community Association shall repair, replace, restore, maintain, manage, operate and insure the Community Common Areas and the improvements thereon, and all street lights, street trees, sidewalks (located within any Community Common Areas and including routine maintenance of any pervious sidewalks in the Community Common Areas), entrance monuments or signs or other community signage, retaining walls, decorative walls or screening or community fencing installed by the Declarant, regardless of whether such improvements are located on land owned by the Community Association, in good order, condition and repair and in a neat and attractive condition, including, but not limited to: (i) periodically mowing all grass in the Community Common Areas, (ii) maintaining any private area lighting, (iii) maintaining all stormwater management facilities within the Community Common Areas in full compliance with City of Salisbury regulations (to the extent such maintenance is not to be performed by City of Salisbury) and landscaping and grass-cutting within and around the stormwater management facilities and any access roadways and/or pathways related thereto, (iv) maintain streets trees, private roadways and private alleys including repair, replacement of the foregoing areas and removal of the accumulation of ice and snow from all private streets and private parking areas, driveways and leadwalks of Lots (provided there is no impediment to such removal), (v) retaining walls; (vi) lawn care surrounding the Lots (including grass-cutting, mulching and fertilization); provided, however, there is no impediment (including, without limitation, a fence) which prevents the Community Association from performed such maintenance, in which case, grass cutting and mulching shall be the sole responsibility of the Owner of the Lot; and (vii) private storm drainage systems. The Community Association shall levy against each Member of the Community Association a proportionate share of the aggregate cost and expense required for the care, maintenance and improvement thereof, which proportionate share shall be determined based on the ratio which the number of Lots owned by the Member bears to the total number of Lots then laid out or established on the Property. The Community Association may also maintain and care for, as a common expense of the Community Association, any property dedicated or to be dedicated to the County and located within or adjacent to the Property, including but not limited to, rights-of-way, storm water management areas and local open space, as deemed necessary or desirable by the Board of Directors or the Architectural Committee for the preservation or enhancement of the appearance of the Property. The Community Association shall provide private trash and recycling collection, at a reasonable frequency, and shall cut the grass on all Lots, as a common expense of the Community Association.

(b) Additional Maintenance Obligations. The Community Association shall also perform all of the obligations under any Maintenance Agreement as soon as each of the improvements described in the Maintenance Agreement is operational and, in particular by way of example, the Community Association shall take all actions as set forth in the Operation and Maintenance Schedules of the Maintenance Agreement, as applicable, and comply with any Geotechnical Recommendations, all as set forth in each applicable Maintenance Agreement. Among other things, the Maintenance Agreements also require the Community Association to maintain and repair the land described in the Maintenance Agreements in perpetuity, carry adequate hazard and comprehensive general liability insurance for such land, provide the County with certificates of insurance, reimburse the County for costs associated with the County's correction of deficiencies and periodically assess fees from the Owners in the Community Association as well as notifying the County of any conveyance of the land described in the Maintenance Agreements. The Community Association shall indemnify and hold harmless the Declarant and any future owner of any areas covered by the Maintenance Agreements from any and all claims, demands, actions, damages, liability and/or expenses, including attorney's fees, which result from any act or omission of the Community Association under the Maintenance Agreements. In no event may this Section 10.2 (b) be amended or otherwise revised without the prior written consent of the County and Declarant.

10.2. Maintenance Obligations of the Neighborhood Associations. For the purposes of this Declaration, a Neighborhood Association shall be deemed responsible for the maintenance of the Neighborhood, except for any maintenance obligations specifically described in this Declaration to be performed by the Community Association. The Neighborhood Association shall not amend any such declaration to terminate or modify the maintenance responsibilities of such Neighborhood Association without the prior written approval of the Declarant during the Development Period and after the termination of the Development Period, the prior written approval of the Community Board. If a Neighborhood Association does not perform its maintenance responsibilities in compliance with the Architectural Specifications and/or in accordance with the requirements of this Declaration, the Community Association may perform such maintenance itself and levy on the members of such Neighborhood Association a Single Benefit Assessment therefor and notwithstanding the provisions of the Section of Article VI entitled "Single Benefit Assessment", the vote of the Owners in such Neighborhood Association shall not be required.

10.3. Landscape Maintenance. The Community Association shall inspect, maintain and repair the landscaping within the Community Common Areas and Lots at least to the standards set forth in this Section. In addition, at least once during every consecutive one-year period beginning six (6) months after the first sale of a Lot to an Owner, the Community Directors shall conduct a physical inspection of the landscaping in the Community Common Areas. The Community Board shall make a written report of observations made during such inspection and present such report to the Delegates at the next regularly scheduled meeting of the Members. Such report shall be made a part of the written minutes of such meeting. The Community Association may employ the services of a professional landscape architect, maintenance contractor or other such professional person to assist the Community Association in performing its duties hereunder. Should such inspection require the inspection of any portion of the Property not included as Community Common Areas, there is hereby created a nonexclusive easement in favor of the Community Association, and its officers, agents, employees and independent contractors, to conduct such

inspections and to provide such maintenance, repair and replacement, provided that entrance is made at reasonable hours and with at least three (3) days advance notice to the Owner, except in case of emergency. Any damage to any Structure, landscaping or other Improvements caused by the Community Association, or any of its officers, agents, employees or independent contractors, while performing such maintenance, repair or replacement work shall be repaired by the Community Association at its sole cost and expense.

10.4. Repair and Maintenance by Owner. Except for the obligations or rights of the Community Association to repair and maintain as may be provided in this Declaration, and except for the maintenance obligations of any Neighborhood Association with respect to Lots and Neighborhood Common Areas within the Neighborhood, every Owner shall do as set forth below.

10.4.1. Maintenance of Lots. Unless performed by the Community Association pursuant to the provisions herein, in addition to any other maintenance obligations of an Owner contained in this Declaration, each Owner shall maintain his Lot and any Improvements located thereon, including without limitation, drywells, the exterior of the Owner's Dwelling, if applicable, any sidewalk in the City of Salisbury right-of-way located on such Owner's Lot. Also, all Owners must maintain their Lot in such a manner as reasonably determined by the Community Board and/or in accordance with all requirements of City of Salisbury or any other applicable laws.

10.5. Standards for Maintenance and Repair.

10.5.1. Landscaping. Except to the extent that Neighborhood Declarations require such maintenance to be accomplished by the Neighborhood Association and unless the Builder installs landscaping on a particular Lot, all portions of a Lot which are improved with a Dwelling or Structure, except for Lots owned by Declarant or a Builder, shall be landscaped by the Owner thereof within one hundred twenty (120) days from the original conveyance of such Lot by Declarant in accordance with any Community Association Rules promulgated by the Community Board. Any Neighborhood Association shall maintain any landscaped areas which it owns or which are owned in common by its members (excluding any areas which are used by all Members of the Community Association which shall be the responsibility of the Community Association), in a clean, safe, and attractive condition according to any Community Association Rules promulgated by the Community Board.

10.5.2. Right of Community Association to Maintain and Install. If any Owner fails to maintain its property in accordance with the requirements of this Article X, and, if applicable, the Neighborhood Association fails to perform its duty of enforcing the maintenance obligations of an Owner, the Community Association may cause such maintenance and installation to be accomplished as hereinafter set forth.

(a) Upon a finding by the Community Board of deficiency in such maintenance or installation, the Community Board may give notice of deficiency to the responsible Owner which shall briefly describe the deficiency and set a date for hearing before the Community Board or a committee selected by the Community Board for such purposes. The Community Board may delegate its power under this Subsection to a duly appointed committee of the Community Association.

(b) Such hearing shall be held not less than ten (10) nor more than thirty (30) days from the date of said notice.

(c) Such hearing shall be conducted pursuant to such reasonable rules and procedures as the Community Board shall adopt and shall provide the Owner with the right to present oral and written evidence and to confront and cross-examine adverse witnesses. If the Community Board, or any such committee, renders a decision against the responsible Owners, it shall further set a date by which the deficiency is to be corrected by the responsible Owner. A decision of such committee may be appealed to the Community Board, but a decision of the Community Board shall be final.

(d) If the deficiency continues to exist after the time limitation imposed by a final decision of the Community Board, or any such committee, the Community Board or such committee after approval by a majority of either, may enter upon the Lot and cause such maintenance or installation to be accomplished.

(e) If the Community Board, or such committee, elects to cause such maintenance or installation to be accomplished, the following shall apply:

(i) The responsible Owner shall have no more than ten (10) days following the receipt of written notice of such election from the Community Board, or such committee to select a day or days upon which such maintenance or installation work shall be accomplished;

(ii) The date which said Owner selects shall be not less than fifteen (15) days nor more than forty-five (45) days following the last day of said ten (10) day period;

(iii) If said Owner does not select such day or days within said ten (10) day period, the Community Board or such committee may select a day or days upon which such work may be accomplished which shall be not less than twenty-five (25) nor more than fifty-five (55) days from the last day of the said ten (10) day period; and

(iv) Unless the Owner and the Community Board otherwise agree, such maintenance or installation shall take place only during daylight hours, Monday through Friday, excluding holidays.

(f) If the Community Association pays for all or any portion of such maintenance, repair, replacement or installation, the cost thereof shall be charged to the Owner of the Lot as a Single Benefit Assessment.

ARTICLE XI INSURANCE

11.1. Types. The Community Association, to the extent available, shall obtain and continue in effect, in its own name, the types of insurance set forth below:

11.1.1. Public Liability Insurance. A policy of comprehensive public liability insurance covering the Community Common Areas with limits of not less than One Million Dollars (\$1,000,000) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage liability, liability for non-owned and hired automobile and liability for property of others, and such other risks as shall customarily be covered with respect to similar communities and shall contain a “severability of interest” endorsement or the equivalent which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of the Community Association or other Owners.

11.1.2. Casualty Insurance. A “master” or “blanket” policy of fire and casualty insurance with extended coverage for the full replacement value (i.e. one hundred percent (100%)) of current “replacement cost” exclusive of land, foundation, excavation and other items normally excluded from coverage of the Community Common Areas (including all building service equipment and the like), without deduction for depreciation , with an “agreed amount endorsement” or its equivalent, a “demolition endorsement” or its equivalent, and, if necessary an “increased cost of construction endorsement” or “contingent liability from operation of building laws endorsements” and clauses waiving subrogation against Members and the Community Association and persons upon the Property with the permission of a Member, such insurance to afford protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, and such other risks as shall customarily be covered with respect to similar development.

11.1.3. Fidelity Bonds. Fidelity coverage against fraud, dishonest and criminal acts on the part of Community Directors, officers, managing agent, employees or volunteers who handle or who are responsible to handle the funds of the Community Association, and such fidelity bonds shall (a) name the Community Association as obligee; (b) shall be written in an amount equal to at least the estimated maximum of funds, including reserves, in the custody of the Community Association or a management agent at any given time during the term of the fidelity bond; provided, however, that the bond shall not be less than the lesser of: (1) three (3) months’ aggregate Regular Assessments on all Lots plus Reserve Funds and the total amount held in all investment accounts at the time the fidelity insurance is issued, or (2) Three Million Dollars (\$3,000,00.00), (c) shall contain waivers of any defense based on the exclusion of persons who serve without compensation or from any definition of “employee” or similar expression, and (d) shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to Mortgagees.

11.1.4. Other Insurance as Required by Law. Any other insurance policy as may be required by law.

11.2. Required Provisions. All such property and liability insurance shall be subject to the following provisions and limitations:

11.2.1. Named Insured. The named insured under any such policies shall be the Community Association as a trustee for the Members or their authorized representative, including any trustee with which such Community Association may enter into any insurance trust agreement,

or any successor trustee, each of which shall be herein elsewhere referred to as the “Insurance Trustee” who shall have exclusive authority to negotiate losses under said policies. If required by Declarant, the Community Association shall name Declarant as additional insured.

11.2.2. Contribution. In no event shall the insurance coverage obtained and maintained pursuant to the requirement of this Article be brought into contribution with other insurance purchased by the Neighborhood Association, Owners, or their Mortgagees.

11.3. Neighborhood Association. Each policy of public liability insurance maintained by Neighborhood Associations shall name the Community Association and Declarant as additional insured.

11.4. Waiver by Members and Owners. As to each of said policies which will not be voided or impaired thereby, the Members and Owners hereby waive and release all claims against the Community Association, the Community Board, the Declarant, and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only.

11.5. Other Insurance; Annual Review. The Community Association shall purchase, if available, officers’ and directors’ liability and errors and omission insurance and may purchase such other insurance as it may deem necessary, including but not limited to, plate-glass insurance and worker’s compensation. The Community Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage for the Community Common Areas in light of increased construction costs, inflation, practice in the area in which The Village at Canal Park is located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interest of the Community Association. If the Community Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same. If the Community Board determines, in its reasonable and good faith judgment, that increased, decreased or additional insurance is required, it shall take appropriate action.

11.6. Premiums and Proceeds. Insurance premiums for any such blanket insurance coverage obtained by the Community Association and any other insurance deemed necessary by the Community Association shall be a Common Expense to be included in the Regular Assessments levied by the Community Association. Insurance proceeds shall be used by the Community Association for the repair or replacement of the property for which the insurance was carried, or otherwise disposed of as provided in the Article hereof entitled “Destruction of Improvements.” Any two (2) Community Directors may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Community Association and the Members and Owners.

11.7. Abandonment of Replacement Cost Insurance. Unless unavailable at reasonable costs in the insurance market or unless at least two-third (2/3) of the Institutional Mortgagees (based on one (1) vote for each First Mortgage) have given their prior written approval, the Community Association shall not be entitled to fail to maintain the extended coverage fire and casualty insurance required by this Article on less than a one hundred percent (100%) current

replacement cost basis, if available, subject to reasonable deductible amounts and co-insurance provisions which may be approved by the Community Board.

11.8. Requirements of Federal Agencies. Notwithstanding the foregoing provisions of this Article, the Community Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements by the Federal Housing Administration, the Veterans Administration and/or the Department of Housing and Urban Development (the “Federal Agencies”), so long as it insures or guarantees a Mortgage on a Lot, except to the extent such coverage is not available or has been waived in writing by the foregoing entities.

ARTICLE XII EMINENT DOMAIN

12.1. Condemnation. The term “taking” as used in this Article shall mean condemnation by eminent domain or sale under threat of condemnation. In the event of a threatened taking of all or any portion of the Community Common Areas or any action is brought to condemn all or any portion of the Community Common Areas, or a sale of all or part thereof is made in lieu of condemnation, the Members hereby appoint the Community Board and such persons as the Community Board may delegate to represent all of the Members and Owners in connection with the taking. The Community Board shall act, in its sole discretion, with respect to any awards being made in connection with the taking and shall be entitled to condemnation action. Any awards received on account of the taking shall be paid to the Community Association, and used, held or distributed as reasonably deemed appropriate by the Community Board subject to the provisions hereof.

12.2. Total Taking. If the taking is of the entire Community Common Areas, the amount payable shall be paid to the Community Board as trustee for distribution to the Owners, subject to the rights of Mortgagees holding Mortgages covering the properties and all unpaid Community Assessments of each Owner, together with any interest charges attributable thereof. Said proceeds shall be distributed to the Owners and their respective Mortgagees according to the relative values of the respective properties in The Village at Canal Park determined by an independent appraisal made by a qualified MAI real estate appraiser selected by the Community Board. The rights of an Owner and the Mortgagee of the Owner’s Lot as to such pro rata distribution shall be governed by the provisions of the Mortgage encumbering such Lot.

12.3. Minor Taking. If the award is for the acquisition of only part of the Community Common Areas and is less than ten percent (10%) of the value of all Community Common Areas, the entire amount thereof shall be payable to the Community Board and such amount, together with any interest earned thereon, shall be held by the Community Association for the construction of capital improvements on other portions of the Community Common Areas or for general operating expenses of the Community Association.

12.4. Major Taking. If the award is for the acquisition of only part of the Community Common Areas, but is in excess of ten percent (10%) of the value of all Community Common Areas, the Community Board, in its sole discretion, may retain all or any part thereof in the general funds of the Community Association for the purpose of construction of alternative facilities for

those so taken, or may distribute all or any part thereof to the Owners, as their interests appear, subject however, to any unpaid assessments and rights of Mortgagees, in the manner set forth above.

ARTICLE XIII DESTRUCTION OF IMPROVEMENTS

13.1. Restoration of Improvements. In the event of partial or total destruction of Improvements upon the Community Common Areas, it shall be the duty of the Community Association to restore and repair the same to its former condition as promptly as practical, as hereinafter set forth. Notwithstanding the foregoing, in the event of destruction, the Community Association shall have the right to restore the damaged Improvements with Improvements which are different but equal in value to the former Improvements provided that the Community Association shall have obtained the prior consent of a majority of The Village at Canal Park Voting Power.

13.1.1. Insurance Proceeds Adequate. If the cost of repairing or rebuilding the Community Common Areas does not exceed the amount of insurance proceeds initially offered or paid by the insurance carrier by more than ten percent (10%) of the cost of reconstruction, then the following shall apply.

(a) All insurance proceeds shall be paid to a commercial bank or trust company designated by the Community Board to be held for the benefit of the Community Association and the Owners and their Mortgagees, as their interests shall appear.

(b) The Community Board shall levy a Reconstruction Assessment against the Owners in the same manner as provided in the Article hereof entitled "Funds and Assessments" equal to the difference between the cost of repairing or rebuilding and the amount of available insurance proceeds, which sums shall be payable into the fund held by the insurance trustee. The Community Board may advance the amount of the Reconstruction Assessment to the insurance trustee from Community Association general funds or reserves.

(c) When the amount held by the insurance trustee is sufficient to pay the costs of repair and reconstruction, the Community Board shall thereupon contract for the repair or reconstruction of the Improvements, paying the cost of such work from the amount held by the insurance trustee, said repair or reconstruction to be for the purpose of returning the Improvements substantially to their appearance and condition immediately prior to the casualty.

(d) The Community Association may rebuild such damaged or destroyed common facilities in a different manner, or in a different location on the Community Common Areas, provided that such Community Board action shall require consent of at least eighty percent (80%) of the Community Board. If the Community Board cannot reach an eighty percent (80%) decision, any such change shall require the vote or written assent of the Members representing at least fifty-one percent (51%) of The Village at Canal Park Voting Power, and the written consent of fifty-one percent (51%) of the Mortgagees. If such changed plans require additional capital so as to necessitate a Capital Improvement Assessment, the written assent of the Members representing at least fifty-one percent (51%) of The Village at Canal Park Voting Power must be obtained if so required by the Article VI hereof entitled "Funds and Assessments."

13.1.2. Insurance Proceeds Inadequate. If the cost of such repairing or rebuilding exceeds the amount of available insurance by more than ten percent (10%) of the cost of reconstruction, then all insurance proceeds shall be deposited as provided in Subsection 13.1.1. above and the Community Board shall require a determination by written assent or vote of the Members representing at least a majority of The Village at Canal Park Voting Power as to whether a Reconstruction Assessment equal to the difference between available insurance proceeds and the cost of such repairing or rebuilding shall be levied. If the Members determine not to levy such assessment, then the Community Board shall use the insurance proceeds available to make such restoration or repair as soon as reasonably possible or to clear the site at the damaged premises, and the costs thereof shall be paid for with the insurance proceeds. Any deficiency may be raised by a Reconstruction Assessment in an amount determined by the Community Board. In the event any excess insurance proceeds remain, the Community Board, in its sole discretion, may retain such sums in the general funds of the Community Association or distribute pro-rata all or a portion thereof to the Members, subject to the prior rights of Mortgagees whose interest may be protected by insurance policies carried by the Community Association. The rights of the Owner and the Mortgagee of his Lot as to such pro-rata distribution shall be governed by the provisions of the Mortgage encumbering such Lot.

13.1.3. Neighborhood Common Areas and Lots. In the event of partial or total damage or destruction of Neighborhood Common Areas or any Lot within The Village at Canal Park the responsible Neighborhood Association or Owner shall either:

(a) diligently commence to rebuild the same, if the insurance proceeds and other funds available to the Neighborhood Association or Owner are sufficient to pay the cost of such rebuilding. Upon reconstruction, the Improvements shall be rebuilt substantially in accordance with the original plans and specifications therefor provided, however, that the exterior appearance thereof shall substantially resemble the appearance in form and color prior to such damage and destruction. Notwithstanding the foregoing, however, the Owner of such damaged Improvements may reconstruct or repair the same in accordance with new or changed plans or specifications with the prior written approval of the Architectural Committee. The Neighborhood Declaration shall provide procedures and standards for repair or reconstruction of damaged or destroyed Property including special reconstruction assessments for repair of Neighborhood Common Areas so damaged or destroyed; or

(b) if there are not sufficient funds to rebuild, clear and level the Neighborhood Common Areas or Lot, remove all wreckage, foundations, slabs, debris and remains of the building or buildings therefrom and leave the same in a level, clean and landscaped condition.

ARTICLE XIV EASEMENTS

14.1. Amendment to Eliminate Easement. This Declaration cannot be amended to modify or eliminate the easements reserved to Declarant herein without prior written approval of Declarant and any attempt to do so shall have no effect. Any attempt to modify or eliminate this Article shall likewise require the prior written approval of Declarant.

14.2. Owners' Easements and Encroachments. An Owner's right to use his or her Lot, and the Community Common Areas and the Neighborhood Common Areas shall be subject to the easements and encroachments described below.

14.2.1. Utility Easements. Wherever sanitary sewer house connections, water house connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Property, the Owners of any Lot served by said connections, lines or facilities shall have the right, and there is hereby reserved to Declarant, together with the right to grant and transfer the same to Owners, an easement to the full extent necessary therefor, to enter upon the Lots owned by others, or to have utility companies enter upon the Lots owned by others, in or upon which said connections, lines or facilities, or any portion thereof are located to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below, provided that such Owner or utility company shall promptly repair any damage to a Lot caused by such entry as promptly as possible after completion of work thereon.

14.2.2. Utility Connections. Wherever sanitary sewer house connections, water house connections, electricity, gas, telephone or cable television lines, or drainage facilities are installed within The Village at Canal Park, which connections serve more than one (1) Lot, the Owner of each Lot served by said connections shall be entitled to the full use of such portions of said connections which service the Owner's Lot.

14.3. Easements Reserved to Declarant and/or Builder. There are hereby reserved to Declarant and/or Builder, together with the right to grant and transfer the same, as well as to any other mentioned, the easements set forth below:

14.3.1. Utilities. Easements on, over, under, through and across the Property for the purpose of constructing, erecting, operating, landscaping and maintaining facilities and Improvements, including without limitation, easements for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines, and drainage facilities, roads, park areas, parkways and walkways as may be shown on any approved final development plan or recorded subdivision plat of the Property or as are required by City of Salisbury.

14.3.2. Cable Television. The right to place on, under or across the Property, transmission lines and other facilities for a community antenna television system and satellite master antenna television system and thereafter to own the Property to service, maintain, repair, reconstruct and replace said lines or facilities.

14.3.3. Construction and Sales. Easements over the Community Common Areas as the same may from time to time exist, for a reasonable period of time in light of Declarant's and Builder's development of the Property, for construction, display and exhibit purposes which are reasonably necessary for the erection and sale or lease of Lots within The Village at Canal Park; provided, however, that such use shall be only for a period of twenty years (20) from the date of this Declaration.

14.3.4. Public Bicycle and Pedestrian Trails. An easement for public ingress and egress over any public bicycle and pedestrian trails located in Community Common Areas or in such areas shown on any approved final development plan or recorded subdivision plat.

14.3.5. Repair and Maintenance. An easement over the Lots for the purpose of performing their respective repair and maintenance obligations under this Declaration.

14.3.6. Open Space Easement. A nonexclusive open space easement over portions of the Community Common Areas as deemed necessary by the Community Association.

14.3.7. Completion Easement and Rights of Declarant and Builder. Declarant further reserves unto itself and to the Builder, the right, notwithstanding any other provision of the Declaration, to use any and all portions of the Property, including any Community Common Areas which may have previously been conveyed to the Community Association and the Annexable Property, for all purposes necessary or appropriate for development, sales, marketing, construction, repair, maintenance, replacement or warranty work as well as any other easements the Declarant or Builder deems necessary for the full and final completion of construction of the Community.

14.3.8. Community Association Easements. To Declarant and the Community Association or their duly authorized agents and representatives, such rights of entry as are necessary to perform the duties and obligations of the Community Association as are set forth in this Declaration, or in the Community Bylaws, Community Articles, Community Association Rules or the Architectural Specifications. Any entry upon any portion of the Property by the Declarant or the Community Association pursuant to their respective rights hereto shall not be deemed a trespass.

14.3.9. Easements to Declarant for Adjoining Property. An easement over, upon, through and across the Community Common Areas, for the purpose of reasonable ingress to and egress from, over and across The Village at Canal Park to the Annexable Property until the Declarant has fully developed and conveyed all Improvements located within the Annexable Property.

14.3.10. Neighborhood Association Easement. Declarant reserves a nonexclusive easement over the Community Common Areas for the benefit of any Neighborhood Association, together with the right to grant and transfer the same, for the purpose of fulfilling the Neighborhood Association's maintenance or other responsibilities in accordance with the provisions of this Declaration and/or pursuant to a separate written agreement.

14.3.11. Maintenance of Trees. Declarant shall have the right to enter onto any Lot within the Property even though said Lot has been transferred to an Owner to maintain, replace and/or plant trees in accordance with any County approved plans for the Property. This right shall continue for six (6) years after the subdivision has been dedicated to the County. However, Declarant shall not be responsible for any other trees on any Lot within the Property except for those in accordance with the subdivision plat for the Property filed with the County, nor shall it be liable for any damages incurred in maintaining, replacing or planting of the trees.

14.4. Nature of Easements. Any easements reserved to Declarant herein, when transferred to an Owner in the same instrument conveying a Lot to an Owner or in the same instrument conveying Community Common Areas to the Neighborhood Association shall be appurtenant to such Owner's interest in said Lot or the Neighborhood Association's interest in the Community Common Areas. Use of easements or work in easement areas shall be done in manner which reasonably limits adverse impacts on adjacent landowners and disturbance of land shall be restored by party causing disturbance. In addition, any easements reserved by Declarant under Section 14.3. hereof that permits Declarant to access a Lot which is occupied may be only accessed by Declarant for completing development requirements from time to time.

14.5. Transfer of Easements. As to the easements reserved to Declarant, together with the right to grant and transfer the same to Owners, Declarant shall convey said easements to the Owners in the same instrument conveying the interest required by an Owner by specific description or by reference in said instrument. If such description is not contained in said instrument, such easements shall nevertheless be deemed conveyed to each Owner by such instrument.

14.6. Right of Entry for City of Salisbury. The Declarant hereby grants to City of Salisbury, Maryland and their respective agents, contractors and employees a nonexclusive right of entry over and across all of the private roads and parking areas (collectively the "Traffic Areas") located within The Village at Canal Park, for vehicular and pedestrian ingress and egress so that the County can provide curbside collection services for trash and/or recycling to the residents of The Village at Canal Park. Having been designed and constructed for private use, the Traffic Areas were not required to meet the County roadway standards applicable to roads and parking areas intended to be incorporated into the County's public roadway system. In consideration of the County providing trash collection and/or recycling services even though the roads of the Traffic Areas may not meet County roadway standards, the Community Association and any Owners of any part of the Property hereby (i) waive and release all claims, of whatever kind and nature, that might arise against the County for damage or destruction to pavement, curbs, or structures of any kind located in the Traffic Areas or in the Property, including, without limitation, damage arising from oil, paint, or other liquid spills thereon or therein, if such damage is caused by the operation of trucks or other motor vehicles for curbside collection services, and (ii) further agree to indemnify, defend and hold harmless the County from all such claims, damages, losses and expenses, including reasonable attorney's fees, arising from or relating to the curbside collections. Trucks providing curbside collection services will not collect in Traffic Areas that do not have an adequate "TEE" turn-around or cul-de-sac of the standard dimensions required by the County roadway standards for County roadways. The right of entry granted herein shall terminate at such time as the County no longer provides collection services described herein. Nothing herein shall be deemed to limit or imply a limitation of any or all defenses of immunity that might otherwise be available to the County.

14.7. Easements for Original Construction. With respect to any amenity, Structure or any other Improvements made to the Community Common Areas which is constructed or installed by the Declarant or made to any Lot or Neighborhood Common Areas by Declarant or Builder, or their respective successors or assigns, which may encroach upon any other Lot or Neighborhood Common Areas or upon the Community Common Areas, there is hereby reserved for the benefit of the Community Association, the Owners and the Community Common Areas, and for the benefit of the Owners of the Lot, Neighborhood Common Areas or Community Common Areas,

as applicable, a perpetual and non-exclusive easement for the location, installation maintenance, repair and use of such amenity, Structure, Improvements or items located within the Lot, Neighborhood Common Areas or Community Common Areas, as applicable, but only to the extent the original construction thereof encroaches within the Lot, Neighborhood Common Areas or Community Common Areas, as the case may be.

14.8. Forest Conservation and Forest Buffer Areas. The Declarant, for itself and its successors and assigns, reserves a non-exclusive easement and right-of-way over any portion of the Community for the purpose of performing any activity related to the Forest Conservation and Forest Buffer Declaration and/or to perform reforestation, afforestation and any other activity which Declarant may deem desirable (collectively, the “forest activities”), if any. The foregoing reservation by Declarant shall specifically include the right of ingress and egress and to conduct forest activities by Declarant (or any of its agents or employees) over any Lot, Community Common Areas or Neighborhood Common Areas located in the Community, irrespective of whether or not the title to the Lot, Community Common Areas or Neighborhood Common Areas has been transferred to an Owner already residing on the Lot, to the Community Association or to the Neighborhood Association, as applicable, and if ingress, egress and any forest activities are conducted by Declarant over, on and across a Lot, Community Common Areas or Neighborhood Common Areas, no prior notice to the Owner, Community Association or Neighborhood Association, as applicable, shall be required.

ARTICLE XV ANNEXATION OF REAL PROPERTY

15.1. Annexation. Declarant may annex any of the Annexable Property by any of the methods set forth hereinafter in this Article. Declarant intends to develop the Annexable Property on a phased basis. However, Declarant may elect not to develop all or any part of such real property, to annex such real property to this Declaration in increments of any size whatsoever, or to develop more than one such increment at any given time and in any given order. Although Declarant shall have the right (but not the obligation) to annex the Annexable Property as provided in this Article, Declarant shall not be obligated to annex all or any portion of such Annexable Property. Moreover, Declarant reserves the right to subject any of the Annexable Property which is not subject to the provisions of this Declaration to one or more separate declarations of covenants, conditions and restrictions and to subject such property to the jurisdiction and power of the Community Association or to another nonprofit mutual benefit corporation or other entity with powers and obligations similar to the Community Association.

15.2. Annexation Without Approval. Subject to Subsection 15.2.2. below, during the Development Period, all or any part of the Annexable Property may be annexed to and become subject to the Declaration and subject to the jurisdiction of the Community Association by Declarant without the approval, assent or vote of the Community Association or its Members.

15.2.1. Annexation Pursuant to Approval. Upon the expiration of the Declarant’s power to annex the Annexable Property in accordance with the provisions of Section 15.2., or if any person desires to subject property other than the property described on **Exhibit “A”** to this Declaration to the jurisdiction of the Community Association, then such property may be annexed, if the vote or written assent of two-thirds (2/3) of the Total Voting Power residing in Members of the Community Association other than Declarant and Builders is obtained. The recordation of a

Supplementary Declaration shall constitute and effectuate the Annexation of the real property described therein, making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the Community Association; and thereafter said annexed real property shall be part of the Property and subject to all of the terms and provisions of this Declaration. If the vote or written assent of a certain percentage of Members is required to annex any property as provided for above, then the recordation of a Supplementary Declaration certified to by the President or Vice-President and Secretary or Assistant Secretary shall constitute and effectuate the Annexation of said real property and for the purpose of recording any such instrument, and each Owner hereby grants to the President or the Vice-President and Secretary or Assistant Secretary of the Community Association an irrevocable power of attorney for and on behalf of each and every Owner in certifying, executing and recording said instrument.

15.2.2. Covenants Running With the Land. Declarant may transfer all or any portion of the Annexable Property owned by it to a Builder under a deed wherein Declarant reserves the right to annex such property and subject it to this Declaration. The restriction on the Property described wherein it may be made subject to this Declaration upon the recordation of a Supplementary Declaration is hereby declared to be an equitable servitude upon the Annexable Property in favor of the Property subject to this Declaration and any other real property owned by Declarant in the vicinity of the Property and shall run with the land and be binding on and inure to the benefit of all parties having or acquiring any right, title or interest, in such real property.

15.3. Supplementary Declarations. Supplementary Declarations contemplated above may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed property and as are not inconsistent with the plan of this Declaration. In no event, however, shall any such Supplementary Declaration or any merger or consolidation revoke, modify or add to the covenants established by this Declaration, discriminate between some Owners of such Property and other Owners of any other Property within The Village at Canal Park except as provided herein, change the general common plan created by this Declaration, or affect the provisions hereof or thereof as covenants running with the land or equitable servitudes. The express desired intention of Declarant is to establish a cohesive plan of such covenants and servitudes to be uniformly applicable to The Village at Canal Park, including those portions added thereto by Annexation.

15.4. Rights and Obligations of Owners. After the required Annexation procedures are fulfilled, all Owners in The Village at Canal Park shall be entitled to the use of any Community Common Areas in such annexed property, subject to the provisions of this Declaration, and Owners of such annexed property shall thereupon be subject to this Declaration. After each Annexation, the Lots within the Community Association shall be assessed in accordance with the provisions set forth in the Section of Article VI entitled "Allocation of Community Assessments to Lots" with the annexed property being assessed for a proportionate share of the total The Village at Canal Park Common Expenses on the same basis as the other property in The Village at Canal Park. Community Assessments for the year that such property is annexed shall be prorated on the basis of a three hundred and sixty-five (365) day year.

15.5. De-Annexation. Declarant may delete all or any portion of the real property subject to this Declaration, from time to time, by a supplement hereto or otherwise, provided Declarant is

the sole beneficial Owner of all of the real property to be deleted. Such deletion shall be effective upon the recordation of a Supplementary Declaration among the Land Records withdrawing the effect of the covenants and restrictions of this Declaration from the de-annexed property. Such de-annexed property may be utilized by the Declarant, or any successor, assignee or transferee thereof, for any lawful purpose or use.

ARTICLE XVI MORTGAGEE RIGHTS

16.1. Special Mortgagee Provisions. It is anticipated that part or all of the Lots in The Village at Canal Park may be financed for the Owners through Federal Agencies. The interest of the Community Association and each of the Members and Owners are and shall be subject to and subordinate to the rules, regulations and requirements of such Federal Agencies purchasing Mortgages in The Village at Canal Park. As the requirements of such Federal Agencies are subject to change, if necessary, Declarant shall execute and cause to be recorded a Supplementary Declaration, incorporating such additional covenants, conditions and restrictions as are required by such Federal Agencies, affecting the properties. Notwithstanding prior acquisition of title to any portion of property in The Village at Canal Park by the Community Association, any Neighborhood Association, or any Owner, such supplementary covenants, conditions and restrictions shall be binding upon all Members, the Community Association, and any Neighborhood Association. Declarant may execute as many such Supplementary Declarations as are required to comply with such Federal Agency's requirements from time to time throughout the course of sale of the Lots. Declarant may bind the Community Association and all Owners by written consent with such Federal Agencies.

16.2. Conflict. Notwithstanding any contrary provision contained elsewhere in this Declaration or in the Community Bylaws, Community Articles or Community Association Rules, the provisions of this Article shall control with respect to the rights and obligations of Institutional Mortgagees specified herein.

16.3. Payment of Taxes and Insurance. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Community Common Areas, unless such taxes or charges are separately assessed against the Owners, in which case the rights of First Mortgagees shall be governed by the provisions of their Mortgages. First Mortgagees may, jointly or singly, also pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of policy, for the Community Common Areas and First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Community Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of any First Mortgagee which requests the same to be executed by the Community Association. Institutional Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Community Common Areas or Improvements thereon and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for such Community Common Areas. Institutional Mortgagees making such payments shall be owed immediate reimbursement for such expenditures from the Community Association and, on demand, the Community Association shall execute an agreement in favor of all Institutional Mortgagees reflecting entitlement to reimbursement.

16.4. Termination of Contract and Agreements. Any contract or lease, including any contract providing for the services of Declarant, entered into by the Community Association while Declarant controls the Community Association shall be for a term not to exceed three (3) years and shall provide that the Community Association has the right to terminate such contract or lease with cause upon thirty (30) days' written notice, and without cause and without penalty or the payment of a termination fee at any time after the transfer of control of the Community Association from Declarant upon not more than ninety (90) days' notice to the other party. For purposes of this Section, the term "control" shall mean the right of Declarant to exercise unilateral control over the Community Association, the Community Board, the Members or the Owners in any manner other than by Declarant's exercise of votes allocated to Declarant on the same basis as votes are allocated to other Members.

16.5. Notice to Mortgage Holders. A Mortgagee shall not be entitled to receive any notice which this Declaration requires the Community Association to deliver to Mortgagees unless and until such Mortgagee, or its mortgage servicing contractor, has delivered to the Community Board a written notice stating that such Mortgagee is the holder of a Mortgage encumbering a Lot within the Property (herein any Mortgagee delivering such notice shall be referred to as an "Eligible Holder"). Such notice shall state which Lot or Lots are encumbered by such Mortgage, and whether such Mortgagee is a First Mortgagee. Whenever the approval of all or a specified percentage of Mortgagees is required pursuant to this Declaration, it shall be deemed to mean the vote or approval of all or a specified percentage only of the Eligible Holders. Notwithstanding the foregoing, if any right of a Mortgagee under this Declaration is conditioned on a specific written request to the Community Association, in addition to having delivered the notice provided in this Section, a Mortgagee must also make such request, either in a separate writing delivered to the Community Association or in the notice provided above in this Section, in order to be entitled to such right. Except as provided in this Section, a Mortgagee's rights pursuant to this Declaration, including, without limitation, the priority of the lien of Mortgages over the lien of Community Association levied by the Community Association hereunder shall not be affected by the failure to deliver a notice to the Community Board. Any notice or request delivered to the Community Board by a Mortgagee shall remain effective without any further action by such Mortgagee for so long as the facts set forth in such notice or request remain unchanged. An Eligible Holder is entitled to timely written notice of:

16.5.1. Any condemnation loss or casualty loss which affects either a material portion of the Property or the Lot on which the Eligible Holder holds a First Mortgage;

16.5.2. Any delinquency in the payment of assessments or charges owed by the Owner of a Lot which is subject to a First Mortgage held by the Eligible Holder if the delinquency is not cured within ninety (90) days after its due date;

16.5.3. Any lapse, cancellation or material modification of insurance policy or fidelity bond maintained by the Community Association;

16.5.4. Any proposal to take any action which requires the consent of a specified percentage of Eligible Holders; or

16.5.5. Any default by an Owner-Mortgagor of a Lot in the performance of his obligations under this Declaration or Community Bylaws, which is not cured within ninety (90) days.

16.6. Inspection of Books and Records. Any Mortgagee shall be entitled to inspect the books, records and financial statements of the Community Association as set forth in Article VI of this Declaration.

16.7. Voting Rights of Mortgagees. For purposes of this Article XVI, a Mortgagee shall be entitled to one (1) vote for each Lot encumbered by a First Mortgage held by the Mortgagee.

16.8. Actions Requiring Mortgagee Votes. Neither the Community Association nor any Owner shall do any of the following, unless at least sixty-seven percent (67%) of the Eligible Holders have given their prior written approval;

16.8.1. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any property or Improvements owned, directly or indirectly, by the Community Association for the benefit of the Lots and Owners. The granting of easements or dedication of land for public utilities, roads or for other public purposes consistent with the intended use of the property by the Community Association and Owners shall not be deemed a transfer within the meaning of this Subsection;

16.8.2. By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to architectural design or exterior appearance of Lots, the exterior maintenance of Lots, the maintenance of party walls, fences or driveways, or the upkeep of lawns, plantings or other landscaping within The Village at Canal Park;

16.8.3. By act or omission change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;

16.8.4. Fail to maintain fire and extended coverage insurance on insurable portions of the Community Common Areas on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value based on current replacement cost; or

16.8.5. Use hazard insurance proceeds for losses to any property or Improvements owned by the Community Association other than for the repair, replacement or reconstruction of the property and Improvements.

16.9. Votes for Termination. Any election to terminate the legal status of the Property as a planned unit development shall require:

16.9.1. The approval of at least fifty-one percent (51%) of the Eligible Holders if the election to terminate the legal status is a result of substantial destruction or a substantial taking in condemnation of the Property; or

16.9.2. The approval of sixty-seven percent (67%) of The Village at Canal Park Voting Power and of sixty-seven percent (67%) of the Eligible Holders, if Subsection 16.9.1. above is inapplicable.

16.10. Condemnation or Destruction. In the event a portion of the Property is either condemned or destroyed or damaged by a hazard that is insured against restoration or repair, it shall be performed substantially in accordance with the provisions of this Declaration and the original plans and specifications for the Property, unless fifty-one percent (51%) of the Eligible Holders approve the taking of other action by the Community Association.

16.11. Mortgagee Protection. A breach of any of the conditions contained in this Declaration shall not defeat nor render invalid the lien of any Mortgage made in good faith and for value as to any Lot within the Property; provided, however, that the conditions contained in this Declaration shall be binding upon and effective against any Owner of a Lot if the Lot is acquired by foreclosure, trustee's sale or otherwise.

16.12. Distribution of Insurance and Condemnation Proceeds. No Owner, or any other party, shall have priority over any right of Institutional First Mortgagees of Lots pursuant to their Mortgages in case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Lots or Community Common Areas. Any provision to the contrary in this Declaration or in the Community Bylaws or other documents relating to the Property is to such extent void. All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses naming the Mortgagees, as their interests may appear.

16.13. Non-Curable Breach. Any Mortgagee who acquires title to a Lot by foreclosure or by deed in lieu of foreclosure shall not be obligated to cure any breach of this Declaration that is non-curable or of a type that is not practical or feasible to cure.

16.14. Loan to Facilitate. Any Mortgage given to secure a loan to facilitate the resale of a Lot after acquisition by foreclosure or by a deed in lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of this Article.

16.15. Appearance at Meetings. Because of its financial interest in the Property, any Mortgagee may appear (but cannot vote except under the circumstances set forth herein) at meetings of the Members and the Community Board to draw attention to violations of this Declaration that have not been corrected or made the subject of remedial proceedings or assessments.

16.16. Right to Furnish Information. Any Mortgagee can furnish information to the Community Board concerning the status of any Mortgage and the Owners hereby authorize the Community Association to furnish information to the Mortgagee as necessary to cure any default of an Owner, as determined in the Community Association's sole discretion.

16.17. Inapplicability of Right of First Refusal to Mortgagee. No right of first refusal or similar restriction of right of an Owner to sell, transfer or otherwise convey the Owner's Lot shall be granted to the Community Association without the written consent of any Mortgagee of the Lot. Any right of first refusal or option to purchase a Lot that may be granted to the Community

Association (or other person, firm or entity) shall not apply to any conveyance or transfer of title to such Lot, whether voluntary or involuntary, to a Mortgagee which acquires title to or ownership of the Lot pursuant to the remedies provided in its Mortgage or by reason of foreclosure of the Mortgage or deed in lieu for foreclosure.

ARTICLE XVII
AMENDMENT AND TERM OF DECLARATION

17.1. Duration and Amendment. All covenants, conditions and restrictions set forth in this Declaration shall run with and bind the land and shall be perpetual, unless expressly stated otherwise in this Declaration. Further, any amendment must be in writing and recorded in the Land Records and shall be subject to the following conditions:

(a) Declarant shall have the unilateral right, power and authority to amend, modify, revise or change any of the terms or provisions of this Declaration, the Community Bylaws, or the Community Articles during the Development Period and in order to accomplish any such amendment, each Owner (other than Builder) and any lienholder(s) of a Lot (other than a lienholder of a Lot owned by Declarant) appoint Declarant as their power of attorney to execute any such amendment provided that Builder's written consent to such amendment, modification, revision or change shall be required while the Builder owns any Lots, has any Lots under contract or has any outstanding warranty obligations, however Builder's consent cannot be unreasonably withheld, delayed or conditioned, subject to the terms of any agreement between Declarant and Builder. THIS SPECIAL POWER OF ATTORNEY SHALL BE IRREVOCABLE AND COUPLED WITH AN INTEREST. In addition, during the Development Period, this Declaration may be amended by an instrument in writing, signed and consented to by the Declarant, Builder (provided Builder owns any Lots and/or has any Lots under contract at such time and/or has any outstanding warranty obligations for any of the Lots) as well as by the President or Vice-President and Secretary or Assistant Secretary of the Community Association, after approval of the amendment by at least sixty percent (60%) of the Class A Members in good standing (not more than ninety (90) in arrears of any amounts owed to the Community Association) at a meeting of the Community Association duly called for such purpose.

(b) Following the Development Period, this Declaration may be amended by an instrument in writing, signed and acknowledged by the President or Vice-President and Secretary or Assistant Secretary of the Community Association with the approval of at least sixty percent (60%) of the Class A Members in good standing (not more than ninety (90) in arrears of any amounts owed to the Community Association) at a meeting of the Community Association duly called for such purpose, provided such amendment does not affect any right or obligation of the Declarant or Builder without the prior written consent of Declarant or Builder, as applicable, which may be withheld in Declarant's and/or Builder's sole discretion.

(c) An amendment which requires approval of the Class A Members as provided herein shall be effective when executed by the President or Vice-President and Secretary or Assistant Secretary of the Community Association who shall certify that the amendment has been approved in accordance with the provisions hereof and provided that any written consent by Declarant and/or Builder which is required above has been obtained. For the purpose of recording the amendment, each Owner hereby grants to the President or Vice-President and Secretary or

Assistant Secretary of the Community Association an irrevocable power of attorney to act for and on behalf of each and every Owner (other than Declarant and Builder) in certifying, executing and recording said instrument.

(d) Any amendment to this Declaration shall be recorded in the Land Records of the County. Unless a later date is specified in any such instrument, any amendment to this Declaration shall become effective on the date of recording.

17.2. Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Community Association, Declarant, each Owner or any Member, their respective legal representatives, heirs, successors, and assigns, for a term of sixty (60) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for a successive period of ten (10) years, unless an instrument, signed by a majority of The Village at Canal Park Voting Power has been recorded, at least one (1) year prior to the end of any such period agreeing to change said covenants, conditions and restrictions in whole or in part. After said initial term, this Declaration may be terminated by the written assent of seventy-five percent (75%) of all of The Village at Canal Park Voting Power.

ARTICLE XVIII MISCELLANEOUS

18.1. Enforcement.

18.1.1. Rights of Enforcement. In addition to any other remedies provided herein, the Community Association, Declarant, Neighborhood Association or any Owner shall have a right to action against any Owner or any Neighborhood Association, and any Owner shall have a right of action against the Community Association or Neighborhood Association, to enforce by proceedings at law or in equity, all restrictions, conditions, covenants and reservations, now or hereafter imposed by the provisions of this Declaration or any amendment thereto, including the right to prevent the violation of such restrictions, conditions, covenants, or reservations and the right to recover damages or other dues for such violation except that Owners and any Neighborhood Association shall not have any right of enforcement concerning Community Association liens. The Community Association, Declarant, any Owner or any Neighborhood Association shall also have the right to enforce by proceedings at law or in equity the provisions of the Community Articles or Community Bylaws and any amendments thereto. The Community Association shall have the exclusive right to the enforcement of provisions relating to architectural control and Community Association Rules, unless the Community Association refuses or is unable to effectuate such enforcement, in which case any Owner who otherwise has standing shall have the right to undertake such enforcement.

18.1.2. Disputes Between Community Association and Declarant. Any controversy, dispute, or claim whatsoever between the Community Association and Declarant arising out of or concerning the interpretation, performance or breach of any of the provisions of this Declaration including, without limitation, the validity, scope and enforceability of this arbitration provision, shall be resolved, at the request of either party, by arbitration conducted in City of Salisbury in accordance with the then existing rules of the American Arbitration Association and judgment upon any award rendered by the arbitrator(s) may be entered by any

State or Federal Court having jurisdiction thereof. Such matters shall be submitted to one (1) arbitrator who shall have knowledge of the subject matter being arbitrated and be qualified to serve as an arbitrator under the rules of the American Arbitration Association. The party initiating the arbitration shall send written notice to the other party indicating its desire to invoke the arbitration provisions set forth in this Subparagraph 18.1.2. If the parties are unable to agree on an arbitrator within ten (10) days after receipt of such notice by the non-initiating party, then each party shall select one (1) qualified arbitrator and provide written notice to the other party of the person so designated. Within ten (10) business days from the date thereof, the two (2) arbitrators designated by the parties shall jointly select one (1) person to act as the single arbitrator. Any decision of the arbitrator shall be final, conclusive and binding on both parties. Further, if the Declarant is the prevailing party, it shall be awarded all costs and expenses incurred as a result of the arbitration including, without limitation, attorneys' fees. If, however, the Community Association is the prevailing party, then the Community Association and the Declarant shall equally share in the costs of the arbitration and each party shall pay its own attorneys' fees.

18.1.3. Disputes Between Community Association and Neighborhood Association or Owners. Any controversy, dispute, or claim whatsoever between the Community Association and any Neighborhood Association or any Owner other than Declarant arising out of or concerning the interpretation, performance or breach of any of the provisions of this Declaration, including, without limitation, the validity, scope and enforceability of this arbitration provision, shall be settled, at the request of either party, by arbitration conducted in Wicomico County in accordance with the then existing rules of the American Arbitration Association, and judgment upon any award rendered by the arbitrator(s) may be entered by any State or Federal Court having jurisdiction thereof. Such matters shall be submitted to one (1) arbitrator who shall have knowledge of the subject matter being arbitrated and be qualified to serve as an arbitrator under the rules of the American Arbitration Association. The party initiating the arbitration shall send written notice to the other party indicating its desire to invoke the arbitration provisions set forth in this Subparagraph 18.1.3. If the parties cannot agree upon an arbitrator within ten (10) days after receipt of such notice by the non-initiating party, then each party shall select one (1) qualified arbitrator and provide written notice to the other party of the person so designated. Within ten (10) business days from the date thereof, the two (2) arbitrators designated by the parties shall jointly select one (1) person to act as the single arbitrator. Any decision of the arbitrator shall be final, conclusive and binding on both parties. Further, the prevailing party shall be entitled to an award of all costs and expenses incurred as a result such arbitration, including, without limitation, attorneys' fees.

18.1.4. Revocation of Dispute Resolution Procedures. Either or both of the two preceding Subsections may be terminated, and shall be of no further effect concerning controversies, disputes, or claims which arise after such termination, if within ninety (90) days after a majority of the members of the Community Board have been elected for the first time by Members other than Declarant, such termination is approved by (a) a majority of the Community Board, and (b) by Members representing a majority of the Total Voting Power other than Declarant. Notwithstanding any provision hereof to the contrary, an amendment to this Declaration covering such termination may be recorded in the Land Records of Wicomico County without the approval of any other persons, including, without limitation, the Declarant or Eligible Mortgage Holders, if such amendment is recorded with a certificate of the President and Secretary attached

thereto certifying that the approval of the Community Board and of the Members other than Declarant required by this Subsection has been obtained within the time period specified herein.

18.1.5. Vote Requirements. Notwithstanding the foregoing, neither the Community Association nor any person acting or purporting to act on its behalf shall (a) file or otherwise commence, or prosecute, in any jurisdiction whatsoever, any (i) civil, criminal or administrative proceeding in or with any court or administrative body or officer, or (ii) appeal of or objection to any decision or other action made or taken by any court or administrative body or officer, in any judicial or administrative proceeding, or (b) testify or submit evidence (except where required by law, subpoena or formal order of such court, administrative body or officer), or otherwise take a formal position on any issue under consideration, in any such proceeding or appeal, in all cases until such action is approved in writing by, or by the vote of, both Members entitled to cast at least seventy-five percent (75%) of the votes held by all Owners other than Declarant, and at least seventy-five percent (75%) of the votes of Class B Member. Nothing in this Subsection shall apply to a civil or administrative proceeding which the Community Association commences or prosecutes with a court or administrative body or officer (a) to collect an Assessment, or enforce or foreclose a lien securing an Assessment, (b) otherwise to enforce the Community Association's rights or another person's obligations under the Declaration, Community Bylaws or Community Articles on account of a default or otherwise or (c) any action taken by the Declarant at any time or action undertaken by the Architectural Committee during the Development Period.

18.2. Equitable Servitudes. The provisions of this Declaration shall be deemed covenants, conditions and restrictions and equitable servitudes running with the land, which may be enforced by any Owner, a Neighborhood Board, the Community Board, or Declarant, unless enforcement is specifically limited herein to a particular person or group, and which shall be liberally construed to effectuate the purpose of Declarant creating a uniform plan for the development and operation of The Village at Canal Park. In the event of a default in the performance of any of the provisions of this Declaration, the Community Articles, and Community Bylaws or the failure of any Owner to comply with this Declaration, the Community Articles, or Community Bylaws, such default or failure may be resolved by all appropriate legal proceedings including but not limited to by injunction and suit for monetary damages.

18.3. Severability. If any phrase, clause, sentence, paragraph, section, article or other portion of this Declaration shall become illegal, null or void or against public policy, or any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Declaration shall not be affected thereby and shall remain in full force and effect.

18.4. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a mixed-use commercial and residential community or tract and for the maintenance of The Village at Canal Park. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions or interpretation or construction.

18.5. Number and Gender. Whenever the context of this Declaration requires same, the singular shall include the plural and the masculine shall include the feminine.

18.6. Nuisance. The result of every act or omission, whereby any provision, condition, restriction, covenant, easement, or reservation contained in this Declaration is violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, any may be exercised by the Community Association, Declarant, each Owner or any Member. Such remedy shall be deemed cumulative and not exclusive.

18.7. No Waiver. Failure by the Community Association, Declarant, an Owner or any Member to enforce any provision of the Master Management Documents in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future beach of the same or any other such provision.

18.8. Cumulative Remedies. All rights, options and remedies of Declarant, the Community Association, the Owners, Members, Delegates or Mortgagees under this Declaration are cumulative, and no one of them shall be exclusive of any other. Declarant, the Community Association, the Owners, Members, Delegates and the Mortgagees shall have the right to pursue any one or all of the such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

18.9. Attorneys' Fees. Notwithstanding any other provision contained herein to the contrary, if action is instituted to enforce any of the provisions contained in this Declaration by the Community Association or Declarant against an Owner, it shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorneys' fees and costs of such suit. In the event the Community Association or Declarant, as applicable, is the prevailing party in such action, the amount of such attorneys' fees and costs shall be an Enforcement Assessment with respect to the Lot(s) and its Owner involved in the action.

18.10. Exhibits and Schedules. All exhibits and schedules attached hereto are hereby incorporated into this Declaration.

18.11. Notices. Any notice to be given to Members, Owners, or a Mortgagee or mortgage servicing contractor under the provisions of this Declaration shall be in writing and may be delivered as follows:

18.11.1. Notice to a Member (through the Delegate) or an Owner shall be deemed to have been properly delivered when delivered personally or placed in the first-class United States mail, postage prepaid, to the most recent address furnished by such Member or Owner in writing to the Community Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Lot or the resident agent address of the Neighborhood Association. Any notice deposited in the mail within Maryland shall be deemed delivered on the second mail delivery day after such deposit. Notice may also be delivered by Electronic Transmission as defined in the Bylaws, and in accordance with Section 4.12. of the Bylaws.

18.11.2. Notice to a Mortgagee or its mortgage servicing contractor shall be deemed to have been properly delivered when placed in the first-class United States mail, postage prepaid, to the address furnished to the Community Association by such Mortgagee or such

contractor for purposes of notice or, if no such address is furnished, to any office of the Mortgagee in Wicomico County, Maryland or, if no such office is located in said County, to any office of such Mortgagee.

18.12. Conflicts Between Master Management Documents. In the event of a conflict between any provisions of any of the Master Management Documents with the provisions of another Master Management Document, or other document, the provisions of the Controlling Document named below in the first column shall be deemed to supersede the provisions of the Subordinate Document or Documents named below in the second column to the extent of any such conflict.

CONTROLLING DOCUMENTS

SUBORDINATE DOCUMENTS

(a) Declaration

Community Articles, Community Bylaws, Architectural Specifications, and Community Association Rules

(b) Community Articles

Community Bylaws, Architectural Specifications, and Community Association Rules

(c) Community Bylaws

Architectural Specifications, and Community Association Rules

18.13. Conflicts Between Master Management Documents and Neighborhood Association Documents. In the event of any conflict between the Master Management Documents and any provisions of the articles, bylaws, Neighborhood Declaration, Architectural Specifications and rules and regulations of a Neighborhood Association, the Master Management Documents shall be deemed to supersede such Neighborhood Association documents to the extent of such conflict.

18.14. Effect of Declaration. This Declaration is made with the intent to establish a general scheme for the use and occupancy of the Property and each and every Lot and portion thereof. Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances and regulations applicable thereto.

18.15. Non-liability of Officials. To the fullest extent permitted by law, neither the Community Board, the Architectural Committee and other committees of the Community Association nor any member of such Community Board or committee shall be liable to any Member of the Community Association or any Owner for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Community Board, committees or persons reasonably believed to be the scope of their duties.

18.16. Documents to be Provided to Prospective Purchasers.

18.16.1. By Owner. As required by the HOA Act, an Owner shall provide the information to a prospective purchaser required by the HOA Act before transferring title to his Lot or executing a real property sales contract.

18.16.2. By Community Association. Upon written request, the Community Association shall, within ten (10) days after the mailing or delivery of the request, provide an Owner with a copy of the items that such Owner is required to provide to his prospective purchaser as provided in the HOA Act. The Community Association may charge a fee for this service, provided, however, that such fee shall not exceed the Community Association's reasonable cost to prepare and reproduce the requested items.

18.17. Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any portion of the Property is hereby declared to be a violation of this Declaration and subject to any and all of the enforcement procedures herein set forth.

18.18. Increase in Monetary Amounts. Any monetary amounts provided in the Master Management Documents shall be increased by the CPI (as such term is defined below) from time to time by Declarant during the Development Period, and thereafter, by the Community Association; provided, however, that this provision shall not affect any provision of the Master Management Documents which prescribe a method or limitation of increases or decreases in the specified amount (i.e., Section 6.5. regarding limitation on Assessments and the like).

For purposes hereof, "CPI" means the New Series Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), Washington-Baltimore CMSA (Nov. 1996=100) published by the Bureau of Labor Statistics of the United States Department of Labor, except that if the Consumer Price Index hereafter uses a different standard reference base or is otherwise revised, an adjustment shall be made therein for purposes of this Declaration, using such conversion factor, formula or table for making such adjustment as is published by such Bureau, or if such Bureau does not publish the same, as is published by Prentice-Hall, Inc., Bureau of National Affairs, Commerce Clearing House or another nationally recognized publisher of similar statistical information, as selected by the Community Association.

18.19. Governing Law. This Declaration shall be governed by and construed under the laws of the State of Maryland.

18.20. Declarant Development. As long as Declarant has an interest in developing the Property, the Community Association shall not use its financial resources, directly or indirectly, to defray the costs of opposing any development activities reasonably consistent with the general intention of any Plats and/or Final Development Plans and any plans with City of Salisbury, as amended. Notwithstanding any language in this Declaration to the contrary, each Owner, each Member and the Community Association acknowledge and agree, by acceptance of a deed to any portion of the Property, that in no event shall any Owner, Member and/or the Community Association, have the right, directly or indirectly, to challenge, appeal, contest, participate in, protest or object to any zoning, plan or plat approvals, building permits, hearings or any other

permits, special exceptions, variances or governmental approvals (collectively, “Approvals”) in accordance with any Final Development Plans and any plans with City of Salisbury sought by of the Declarant in connection with the Property, including by way of example and not limitation, development, redevelopment or expansion of the Property. Further, Declarant, its successors and assigns, shall have the absolute unilateral right, power and authority to modify, revise, amend, or change any Approvals, including, without limitation, any site development plan, partial final development plan, final development plan, record plat or any other governmental development or building approval for the Property (all of which shall be deemed within the meaning of “Approvals”) to the extent same are desired by Declarant, its successors and assigns for the benefit of the Community. By acquiring title to a Lot, each Owner, Member and the Community Association expressly (i) consents and approves of any such modification, revisions, amendment, or change (or other Approvals), and this provision shall serve as the Owner’s consent, which may be required under applicable City of Salisbury law or other law or regulation, (ii) consents indicating its concurrence with the modified, revised, amended, or changed plan (or other Approvals) and declares that no public hearing is necessary, and (iii) grants and conveys to Declarant, its successors and assigns power of attorney, which shall be coupled with an interest, to consent and approve on behalf of each Owner and its respective successors and assigns any such modifications, revision, amendment or change (or other Approvals).

18.21. Perpetuities. If any of the covenants, conditions, easements, restrictions, or other provisions of this Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the members of the 108th United States Congress.

ARTICLE XIX SPECIAL PROVISIONS RELATING TO VETERANS ADMINISTRATION

19.1. Notwithstanding any provisions herein, the Community Bylaws or in the Community Articles, in the event VA has guaranteed any loan secured by any Lot, from time to time, the following provisions shall control:

19.1.1. Material Amendments and Extraordinary Actions. Notwithstanding any provisions to the contrary above, any Material Amendments (as hereinafter defined) and Extraordinary Actions (as defined below), regardless of whether such action is taken prior to the termination of the Development Period, shall be approved by Members entitled to cast at least sixty-seven percent (67%) of the votes allocated to Members, which Members’ respective Delegates are present in person or by proxy, and voting at any meeting of the Community Association held in accordance with Section 12.1. of the Bylaws (such vote shall include a majority of the votes allocated to all Members whose Delegates are present, in person or by proxy, and voting at any meeting of the Community Association other than the Declarant, or sixty-seven percent (67%) of the total authorized votes of all Members, such vote including the vote of a majority of the votes allocated to Members other than Declarant).

19.1.2. For purposes of this Section 19.1., “Material Amendments” include adding, deleting or modifying any provision of this Declaration regarding the following:

- (a) Assessment basis or assessment liens;

- (b) Any method of imposing or determining any charges to be levied against individual Owners;
- (c) Reserves for maintenance, repair or replacement of Community Common Areas improvements;
- (d) Maintenance obligations;
- (e) Allocation of rights to use Community Common Areas;
- (f) Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on Lots;
- (g) Reduction of insurance requirements;
- (h) Restoration or repair of Community Common Areas improvements;
- (i) The addition, Annexation or withdrawal of land to or from the project;
- (j) Voting rights;
- (k) Restrictions affecting leasing or sale of a Lot; or
- (l) Any provision which is for the express benefit of Mortgagees.

19.1.3. For purposes of this Section 19.1., “Extraordinary Actions” include the following:

- (a) Merging or consolidating the Community Association (other than with another non-profit entity formed for purposes similar to the Community Association);
- (b) Determining not to require professional management if professional management has been required by the Master Management Documents, a majority of Eligible Holders or a majority vote of the Members;
- (c) Expanding the Community Association to include land not previously described as additional land in the Declaration which increases the overall land area of the project or number of Lots by more than ten percent (10%);
- (d) Abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring or relocating the boundaries of Community Common Areas (except for (A) granting easements which are not inconsistent with or which do not interfere with the intended Community Common Areas use; (B) dedicating Community Common Areas as required by a public authority; (C) limited boundary–line adjustments made in accordance with the provisions of the Declaration; or (D) transferring Community Common Areas pursuant to a

merger or consolidation with a non-profit entity formed for purposes similar to the Community Association);

(e) Using insurance proceeds for purposes other than construction or repair of the insured improvements; or

(f) Making capital expenditures (other than for repair or replacement of existing improvements) during any period of twelve (12) consecutive months costing more than twenty percent (20%) of the annual operating budget.

19.1.4. Meetings of the Community Association for Material Amendments or Extraordinary Actions. The following provisions pertain to meetings for the purpose of approving any Material Amendment or Extraordinary Action:

(a) Notice must be provided to all Members at least twenty-five (25) days prior to the date of such meeting;

(b) The notice must state the purpose of the meeting and contain a summary of any Material Amendment or Extraordinary Action proposed; and

(c) The notice must contain a copy of the proxy that can be cast in lieu of attendance at the meeting.

19.1.5. Material Amendments Affecting the Rights of a Specified Class of Member. Any Material Amendment affecting the rights of Class A Members or Class B Members, as applicable, must also be approved by at least fifty-one percent (51%) of the total votes of the affected Class A Members or Class B Members, as applicable, who are present, in person or by proxy, and voting at any meeting of the Community Association, or at least fifty-one percent (51%) of the total authorized votes of all Class A Members or Class B Members, as applicable.

19.1.6. Termination, Dissolution, Conveyance of Common Areas. The following actions must be approved by Members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Members of the Community Association (including at least a majority of the total authorized votes entitled to be cast by Members other than the Declarant):

(a) Termination of the Declaration;

(b) Dissolution of the Community Association except pursuant to a consolidation or merger; and

(c) Conveyance of all Community Common Areas.

19.1.7. Period of Declarant Control. Prior to the time the Declarant transitions control of the Community Board to the Members (referred to as the “Declarant Control Period” for purposes of this Article XIX), a copy of all amendments shall be provided to VA and all Material Amendments and Extraordinary Actions must be approved by VA.

19.1.8. Amendments to Declaration. Any amendment to this Declaration, other than Material Amendments and Extraordinary Actions, shall be approved by a majority of the total number of votes entitled to be cast by Members present, in person or by proxy, and voting at any meeting of the Community Association at which a quorum is present, or in writing by Members entitled to cast a majority of the total authorized votes of all Members of the Community Association.

19.1.9. Increases of Assessments. The maximum annual Regular Assessment may increase automatically by the greater of ten percent (10%) or based upon the Consumer Price Index (i.e. U.S. Department of Urban Price Index – All Urban Consumers (1982-84=100)). The maximum annual Regular Assessment may also be increased by a majority vote of the Owners obligated to pay such Regular Assessment or with the written approval of Owners entitled to cast a majority of the total number of authorized votes of Owners obligated to pay such Regular Assessment (in both cases excluding the Declarant during the Declarant Control Period). Increases in certain fixed costs, including without limitation, insurance, taxes recycling and/or waste disposal, may be passed on to the Owners through the automatic increase of the maximum annual Regular Assessment.

19.1.10. Rights of Eligible Holders.

(a) Notwithstanding Article XVI of this Declaration, Eligible Holders shall have the following rights:

(i) the right to inspect Community Association documents and records on the same terms as Owners;

(ii) notice of all Material Amendments to the Master Management Documents;

(iii) notice of any Extraordinary Action;

(iv) notice of any property loss, condemnation or eminent domain proceeding affecting the Community Common Areas resulting in losses greater than ten percent (10%) of the annual budget or any Lot insured by the Community Association in which the Eligible Holder has an interest;

(v) notice of any termination, lapse or material modification of an insurance policy held by the Community Association;

(vi) notice of any default by an Owner of a Lot subject to a Mortgage held by an Eligible Holder in paying assessments or charges to the Community Association which remains uncured for sixty (60) consecutive days;

(vii) notice of any proposal to terminate this Declaration or dissolve the Community Association at least thirty (30) days before any such action is taken;

(viii) right of a majority of the Eligible Holders to demand professional management; and

(ix) right of a majority of the Eligible Holders to demand an audit of the Community Association's financial records.

19.1.12. Annexation Without Approval. Notwithstanding the provisions of Section 15.2. above, all or any part of the Annexable Property may be annexed to and become subject to the Declaration and subject to the jurisdiction of the Community Association by Declarant without the approval, assent or vote of the Community Association or its Members or Owners for a period of seven (7) years from the date of recordation of this Declaration or five (5) years from the date of recordation of the latest annexation document, whichever is later.

19.1.13. If there are no Lots affected by VA guaranteed Mortgages, then the provisions of this Article XIX shall be inapplicable, until such time, if any, that one (1) or more Lots are affected by a VA guaranteed Mortgage at a later time.

19.1.14. To the extent any provisions of this Article XIX conflict with any applicable law, then such law shall control and govern over such conflict.

[SIGNATURES CONTINUED ON NEXT PAGES]

IN WITNESS WHEREOF, the hand and seal of the Declarant hereto on the day hereinabove first written as evidence that this Declaration is executed under seal.

WITNESS/ATTEST:

DECLARANT:
CANAL PARK, LLC
a Maryland limited liability company

By: _____(SEAL)
Travis Martin, Managing Member

STATE OF _____, CITY/COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 2026, before, me, the subscriber, a Notary Public of the State of Maryland, personally appeared, Travis Martin, Managing Member, of CANAL PARK, LLC, a Maryland limited liability company, the Declarant named in the foregoing Declaration of Covenants, Conditions and Restrictions, and who, being authorized to do so, in my presence, signed and sealed the same and acknowledged the same to be the act and deed of the Declarant.

AS WITNESS my hand and seal.

Notary Public

My Commission Expires: _____

EXHIBIT “A”

PROPERTY INITIALLY SUBJECT TO THIS DECLARATION

All that real property as shown on the plat entitled, “RESUBDIVISION OF LOTS 2B, 2C, 3A, 3B & 3C S SHOWN ON RESUBDIVISION PLATS FOR 6 C’S INCORPORATED (13/44) & (13/85) THE VILLAGE AT CANAL PARK” dated January 20, 2026, and recorded among the Land Records of Wicomico County, Maryland.

EXHIBIT “B”

APPROVED FENCE STYLES

1. 4 foot black powder coated aluminum fence.



CONSENT AND JOINDER BY TRUSTEES AND BENEFICIARY

N. EUGENE MALONE, JR. and NESTOR T. BLEECH, who are, respectively the Trustees, either of whom may act alone, and FIRST SHORE FEDERAL SAVINGS AND LOAN ASSOCIATION, the Beneficiary pursuant to a First Deed of Trust dated September 26, 2024, and recorded among the Land Records of Wicomico County, Maryland at Liber 5452, folio 127 and any amendments or modifications thereto from time to time (the “Deed of Trust”), hereby join in the foregoing Declaration of Covenants, Conditions and Restrictions (the “Declaration”) for the express purpose of subordinating all of their right, title and interest under such Deed of Trust in and to the real property described in the Declaration to the operation and effect thereto.

Nothing in the foregoing provisions of this Consent and Joinder by Trustees and Beneficiary shall be deemed in any way to create between the person or entity named in such Declaration as the “Declarant”, and any of the undersigned, any relationship of partnership or joint venture, or to impose upon any of the undersigned any liability, duty or obligation whatsoever.

IN WITNESS WHEREOF, the Trustees (or such number of them as required to bind the Trustees) and Beneficiary have executed and sealed this Consent and Joinder by Trustees and Beneficiary, or caused it to be executed and sealed on its behalf by its duly authorized representative, this ____ day of _____, 2026.

WITNESS/ATTEST:

TRUSTEE:

_____(SEAL)

By: _____

WITNESS/ATTEST:

BENEFICIARY:

FIRST SHORE FEDERAL SAVINGS
AND LOAN ASSOCIATION

By: _____(SEAL)

Name: _____

Title: _____

[NOTARIES ON FOLLOWING PAGE]

STATE OF _____: COUNTY OF _____: TO WIT:

I HEREBY CERTIFY, that on this ____ day of _____, in the year 2026, before me, the subscriber, a Notary Public, personally appeared, _____, Trustee, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that they executed the same for the purposes therein contained, and IN MY PRESENCE SIGNED AND SEALED THE SAME.

AS WITNESS my hand and Notarial Seal.

Notary Public

My Commission expires: _____

STATE OF _____: COUNTY OF _____: TO WIT:

I HEREBY CERTIFY, that on this ____ day of _____, in the year 2026, before me, the subscriber, a Notary Public, personally appeared _____ [name], as _____ [title] of FIRST SHORE FEDERAL SAVINGS AND LOAN ASSOCIATION, and they acknowledged the foregoing Joinder and Consent by Trustees and Beneficiary to be their act as said _____ [title], and IN MY PRESENCE SIGNED AND SEALED THE SAME.

AS WITNESS my hand and Notarial Seal.

Notary Public

My Commission expires: _____

CONSENT AND JOINDER BY TRUSTEES AND BENEFICIARY

NESTOR T. BLEECH and N. EUGENE MALONE, JR., who are, respectively the Trustees, either of whom may act alone, and FIRST SHORE FEDERAL SAVINGS AND LOAN ASSOCIATION., a Maryland bank, the Beneficiary pursuant to a Deed of Trust dated September 17, 2025, and recorded among the Land Records of Wicomico County, Maryland at Liber 5603, folio 281 and any amendments or modifications thereto from time to time (the "Deed of Trust"), hereby join in the foregoing Declaration of Covenants, Conditions and Restrictions (the "Declaration") for the express purpose of subordinating all of their right, title and interest under such Deed of Trust in and to the real property described in the Declaration to the operation and effect thereto.

Nothing in the foregoing provisions of this Consent and Joinder by Trustees and Beneficiary shall be deemed in any way to create between the person or entity named in such Declaration as the "Declarant", and any of the undersigned, any relationship of partnership or joint venture, or to impose upon any of the undersigned any liability, duty or obligation whatsoever.

IN WITNESS WHEREOF, the Trustees (or such number of them as required to bind the Trustees) and Beneficiary have executed and sealed this Consent and Joinder by Trustees and Beneficiary, or caused it to be executed and sealed on its behalf by its duly authorized representative, this ____ day of _____, 2026.

WITNESS/ATTEST:

TRUSTEE:

_____(SEAL)

By: _____

WITNESS/ATTEST:

BENEFICIARY:

FIRST SHORE FEDERAL SAVINGS AND LOAN
ASSOCIATION

By: _____(SEAL)

Name: _____

Title: _____

[NOTARIES ON FOLLOWING PAGE]

STATE OF _____: COUNTY OF _____: TO WIT:

I HEREBY CERTIFY, that on this ____ day of _____, in the year 2026, before me, the subscriber, a Notary Public, personally appeared, _____, Trustee, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that they executed the same for the purposes therein contained, and IN MY PRESENCE SIGNED AND SEALED THE SAME.

AS WITNESS my hand and Notarial Seal.

Notary Public

My Commission expires: _____

STATE OF _____: COUNTY OF _____: TO WIT:

I HEREBY CERTIFY, that on this ____ day of _____, in the year 2026, before me, the subscriber, a Notary Public, personally appeared _____ [name], as _____ [title] of FIRST SHORE FEDERAL SAVINGS AND LOAN ASSOCIATION., a Maryland Bank, and they acknowledged the foregoing Joinder and Consent by Trustees and Beneficiary to be their act as said _____ [title], and IN MY PRESENCE SIGNED AND SEALED THE SAME.

AS WITNESS my hand and Notarial Seal.

Notary Public

My Commission expires: _____

JOINDER AND CONSENT OF CONTRACT PURCHASER/OWNER

NVR, INC., a Virginia corporation, as the contract purchaser/owner (“Contract Purchaser”) of a portion of the Property described in the foregoing Declaration of Covenants, Conditions and Restrictions (“Declaration”), hereby joins in the foregoing Declaration for the purpose of agreeing that the terms, provisions, covenants, conditions and restrictions contained in the foregoing instrument intended to be recorded among the Land Records of Wicomico County shall run with and bind the title to any property described in the Declaration in which Contract Purchaser has any right, title and interest and agrees to execute any further assurances of the foregoing as may be requested by the parties to the Declaration.

Nothing in the foregoing provisions of this Joinder and Consent of Contract Purchaser/Owner shall be deemed in any way to create between the persons or entities named in such Declaration as the “Declarant” and the undersigned, any relationship of partnership or joint venture, or to impose upon any of the undersigned any liability, duty or obligation whatsoever.

IN WITNESS WHEREOF, the Contract Purchaser has executed and sealed this Joinder and Consent of Contract Purchaser or caused it to be executed and sealed on its behalf by its duly authorized representatives, this ____ day of _____, 2026.

WITNESS/ATTEST:

CONTRACT PURCHASER:

NVR, INC., a Virginia corporation

By: _____ (SEAL)

Name: _____

Title: _____

STATE OF _____, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 2026, before me, the subscriber, a Notary Public of the State of _____, personally appeared _____, who acknowledged themselves to be the _____ of NVR, INC., a Virginia corporation, and they acknowledged that they executed the foregoing instrument on behalf of the said entity, as being authorized to do so, for the purposes therein contained and they acknowledged the same to be the lawful act and deed of the aforesaid entity.

AS WITNESS my hand and Notarial Seal the day and year first above written.

Notary Public

My Commission Expires: _____

ATTORNEY CERTIFICATION

The undersigned, an attorney duly admitted to practice and in good standing before the Supreme Court of Maryland, certifies that the foregoing instrument was prepared by them.

Rachel M. Hess

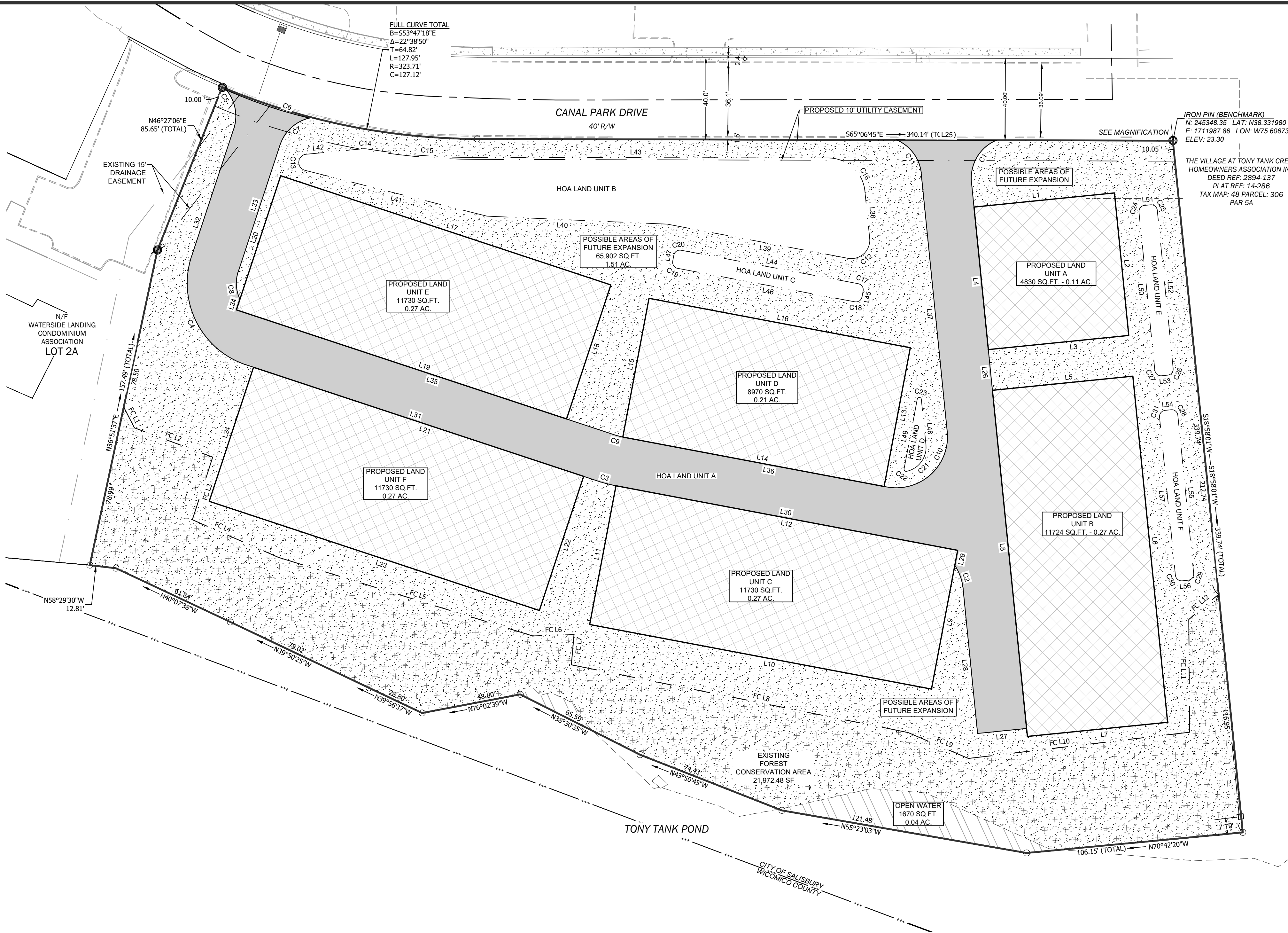
AFTER RECORDATION, PLEASE RETURN TO:

RACHEL M. HESS, ESQUIRE
CARNEYKELEHAN, LLP
10715 CHARTER DRIVE, SUITE 200
COLUMBIA, MARYLAND 21044

8/14/2026 1:04:16 PM
Unit Condominium Declaration.dwg

FOREST CONSERVATION EASEMENT TABLE		
LINE	DIRECTION	LENGTH
FC L1	S2°34'55"E	11.40
FC L2	S44°44'10"E	40.88
FC L3	S42°46'56"W	32.18
FC L4	S41°39'15"E	45.95
FC L5	S48°06'04"E	130.12
FC L6	S67°05'12"E	20.16
FC L7	S29°49'17"W	14.79
FC L8	S53°53'31"E	167.92
FC L9	S41°59'02"E	32.12
FC L10	S72°01'48"E	108.90
FC L11	N24°18'11"E	55.06
FC L12	N74°37'35"E	19.14

SITE AREA BREAKDOWN		
TOTAL SITE AREA	158,304 SQ.FT.	3.63 AC.
LAND UNIT	60,714 SQ.FT.	1.39 AC.
HOA LAND UNIT	30,018 SQ.FT.	0.69 AC.
FUTURE EXPANSION	65,902 SQ.FT.	1.51 AC.
OPEN WATER	1,670 SQ.FT.	0.04 AC.
TOTAL	158,304 SQ.FT.	3.63 AC.



Line Table		
Line #	Direction	Length
L1	S71°00'04"E	69.00
L2	S18°59'56"W	70.00
L3	N71°00'04"W	69.00
L4	N18°59'56"E	70.00
L5	S71°00'04"E	69.01
L6	S18°59'56"W	170.00
L7	N71°00'04"W	68.92
L8	N18°58'14"E	170.00
L9	S35°26'10"W	69.00
L10	N54°33'50"W	170.00
L11	N35°26'10"E	69.00
L12	S54°33'51"E	170.00
L13	S35°26'10"W	69.00
L14	N54°33'50"W	130.00
L15	N35°26'10"E	69.00
L16	S54°33'50"E	130.00
L17	S46°58'32"E	170.00
L18	S43°01'28"W	69.00
L19	N46°58'32"W	170.00

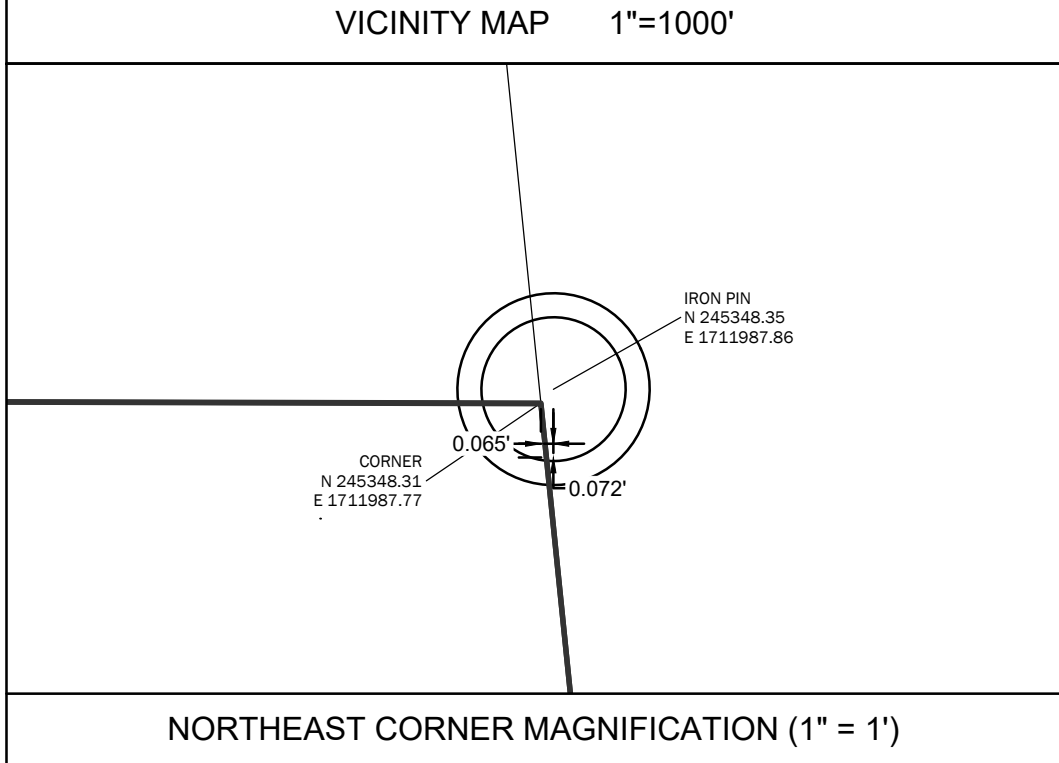
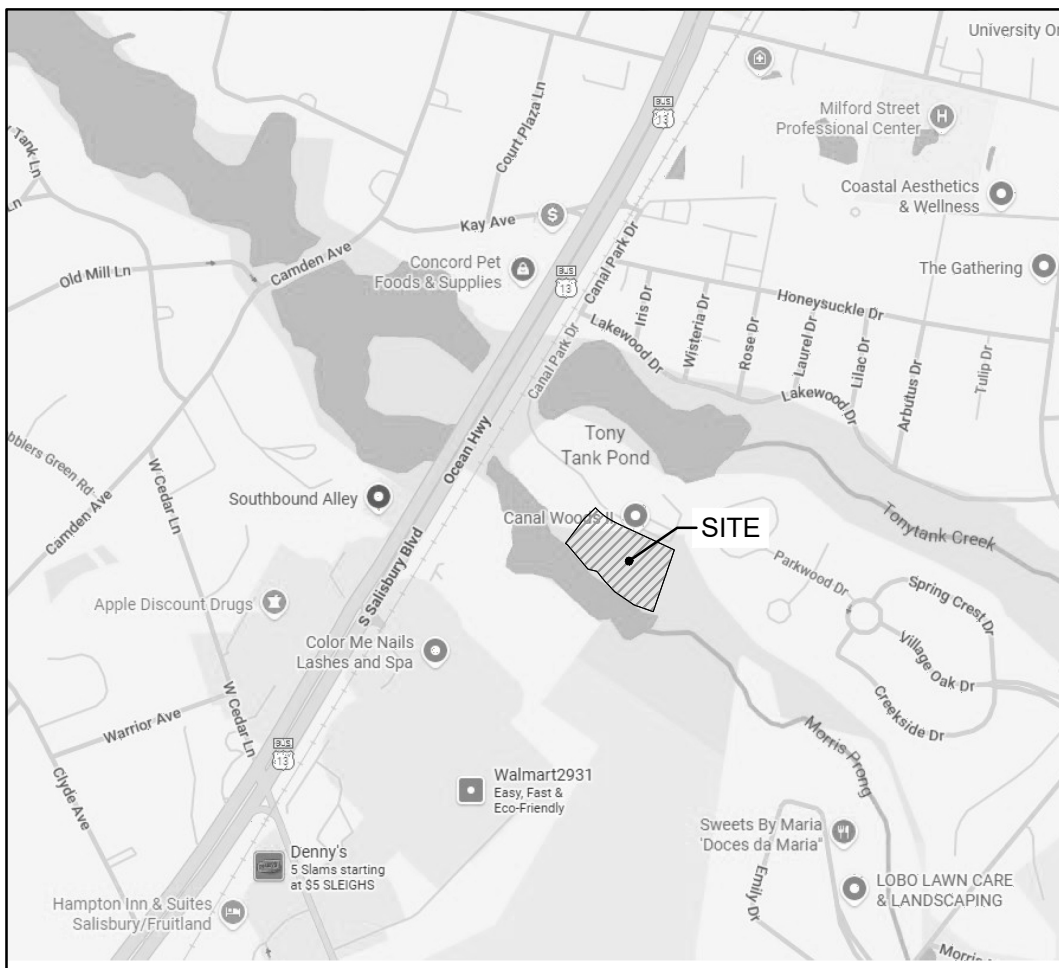
Line Table		
Line #	Direction	Length
L20	N43°01'28"E	69.00
L21	S46°58'32"E	170.00
L22	S43°01'28"W	69.00
L23	N46°58'32"W	170.00
L24	N43°01'28"E	69.00
L25	S65°06'49"E	48.94
L26	S18°59'29"W	268.36
L27	N71°09'43"W	24.00
L28	N18°59'29"E	71.15
L29	N35°26'10"E	7.56
L30	N54°33'51"W	171.26
L31	N46°58'32"W	182.43
L32	N43°01'28"E	65.49
L33	S43°01'28"W	65.16
L34	S43°01'28"W	5.55
L35	N46°58'32"W	195.27
L36	S54°33'50"E	131.35
L37	N18°59'46"E	127.17
L38	S19°00'05"W	23.22

Line Table		
Line #	Direction	Length
L39	N54°33'54"W	89.89
L40	N62°43'30"W	88.22
L41	N51°06'53"W	91.78
L42	S70°39'45"E	28.22
L43	S65°10'31"E	171.68
L44	S54°33'50"E	88.17
L45	S35°26'10"W	3.00
L46	N54°33'50"W	88.17
L47	N35°26'10"E	3.00
L48	S18°59'56"W	22.41
L49	N35°26'10"E	34.77
L50	N19°00'39"E	77.68
L51	S70°59'21"E	3.00
L52	S19°00'39"W	77.68
L53	N70°59'21"W	3.00
L54	S70°59'21"E	3.00
L55	S19°00'39"W	77.68
L56	N70°59'21"W	3.00
L57	N19°00'39"E	77.68

Curve Table			
Curve #	Length	Radius	Delta
C1	25.66	20.01	73°27'30"
C2	12.13	25.00	27°47'36"
C3	6.47	59.19	6°16'01"
C4	65.97	42.00	90°00'00"
C5	20.22	20.00	57°55'41"
C6	42.91	238.91	10°17'26"
C7	20.33	20.00	58°13'43"
C8	13.75	18.00	43°45'42"
C9	3.61	35.19	5°52'26"
C10	46.45	25.00	106°27'10"
C11	20.96	20.00	60°02'54"
C12	16.72	9.00	108°26'02"
C13	11.20	4.00	160°27'08"
C14	1.28	5.00	14°36'50"
C15	54.46	325.21	9°35'39"
C16	26.44	18.00	84°10'36"

Curve Table			
Curve #	Length	Radius	Delta
C17	4.71	3.00	90°00'00"
C18	4.71	3.00	90°00'00"
C19	4.71	3.00	90°00'00"
C20	4.71	3.00	90°00'00"
C21	17.58	12.00	83°56'35"
C22	1.96	1.00	112°29'39"
C23	2.85	1.00	163°33'46"
C24	4.71	3.00	90°00'00"
C25	4.71	3.00	90°00'00"
C26	4.71	3.00	90°00'00"
C27	4.71	3.00	90°00'00"
C28	4.71	3.00	90°00'00"
C29	4.71	3.00	90°00'00"
C30	4.71	3.00	90°00'00"
C31	4.71	3.00	90°00'00"

LEGEND	
	PROPERTY LINE
	BUILDING SETBACK
	EXISTING CITY CORPORATE LIMITS
	EXISTING FOREST CONSERVATION EASEMENT
	PROPOSED BUILDING
	PROPOSED EDGE OF PAVEMENT
	PROPOSED STORMWATER MANAGEMENT
	CONCRETE MONUMENT FOUND
	IRON PIN FOUND
	IRON ROD WITH CAP FOUND
	IRON ROD WITH CAP SET
	MAG NAIL SET
	POINT ON LINE



- GENERAL NOTES**
1. THE PROPERTY SHOWN HEREON IS CURRENTLY OWNED BY:
CANAL PARK LLC
34910 DELAWARE AVENUE
FRANKFORD, DE 19945
SOURCE OF TITLE DB 5571, PG 266
PLAT REFERENCE: MSA 12556-4723, CAB 13, FOLIO 85
 2. TOTAL AREA OF PROPERTY: 158,107 SQ.FT. / ±3.63 ACRES.
 3. THE PRESENT ZONING OF THE PROPERTY IS R-3A RESIDENTIAL.
 4. THE PROPERTY IS LOCATED WITHIN G.P.R. MANAGEMENT ZONE A.
 5. THIS PROPERTY IS SHOWN ON THE F.I.R.M. COMMUNITY PANEL 24045C0263E DATED AUGUST 17, 2015 AS BEING OUTSIDE OF THE 100-YEAR FLOODPLAIN.
 6. ALL COORDINATES ARE BASED ON MARYLAND STATE GRID NAD 83 DATUM.
 7. THIS LAND CONDOMINIUM PLAT WAS PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT AND IS SUBJECT TO ANY ENCUMBRANCES, RESTRICTIONS, EASEMENTS AND/OR RIGHTS-OF-WAY THAT MIGHT BE REVEALED THROUGH A TITLE SEARCH.

- CONDOMINIUM NOTES**
1. ANY COMMON ELEMENTS SHALL BE DEFINED IN THE DECLARATION AND CONSIST OF ANY PORTIONS OF THE PROPERTY OTHER THAN THE LAND UNITS AS SHOWN ON THIS PLAT.
 2. EACH LAND UNIT SHALL CONSIST OF A THREE-DIMENSIONAL SPACE AS DEFINED IN THE DECLARATION FOR THE CONDOMINIUM. THE LAND UNITS AREA DESIGNATED AS "LAND UNIT 1, LAND UNIT 2, ETC".
 3. ALL OF THE LAND SHOWN HEREON IS SUBJECT TO THAT CERTAIN DECLARATION FOR THE VILLAGE OF CANAL PARK LAND CONDOMINIUM RECORDED AMONG THE WICOMICO COUNTY LAND RECORDS.
 4. ALL ROADWAYS, PARKING AREAS AND COMMON AREAS ARE INTENDED TO BE OWNED AND/OR MAINTAINED BY CANAL PARK HOMEOWNERS ASSOCIATION. THE PRIVATE USE-IN-COMMON ROADWAYS, PARKING AREAS, COMMON AREAS AND THEIR RELATED APPURTENANCES ARE PRIVATE AND NOT ELIGIBLE FOR THE CITY OF SALISBURY OR WICOMICO COUNTY OWNERSHIP OR MAINTENANCE. ALL OWNERS OF ANY OF THE LAND SHOWN HEREON WILL HAVE A RIGHT TO THESE AREAS.
 5. THE DECLARANT OF OFFICERS OF THE LAND CONDOMINIUM, AS DESCRIBED IN THE LAND CONDOMINIUM DECLARATION, MAY UNILATERALLY AMEND THIS CONDOMINIUM PLAT TO CORRECT ANY MATHEMATICAL MISTAKES, INCONSISTENCIES OR ANY ERRONEOUS OR INCOMPLETE INFORMATION BASED UPON ANY OBJECTIVELY VERIFIABLE FACTS.
 6. THE DECLARANT RESERVES THE RIGHT TO BUILD, COMPLETE OR NOT TO BUILD ANY IMPROVEMENTS ON THE LAND UNITS.
 7. LOCATED WITHIN THE ENTIRE PROPERTY REGIME IS A PERPETUAL EASEMENT TO UTILITIES AND FOR THE COMMON USE, REPAIR, SERVICING, INGRESS AND EGRESS OF ALL UTILITIES FOR THIS AREA TO BE USED.
 8. ALL NOTES, CONDITIONS, AND RESTRICTIONS INCLUDED IN THE SUBDIVISION PLAT ENTITLED "RECORD SITE AND HOA PLAT - THE VILLAGE AT CANAL PARK" APPLY TO THIS LAND CONDOMINIUM PLAT AND THIS PLAT IS NOT INTENDED TO SUPERCEDE SAID PLATS AND SUBSEQUENT SUBDIVISION PLATS.
 9. THE LAND UNITS CREATED BY THE CONDOMINIUM PLAT ARE SUBJECT TO A FEE OR ASSESSMENT TO COVER OR DEDUCT ALL OR PART OF THE DEVELOPER'S COST OF INSTALLATION OF WATER AND SEWER FACILITIES. THIS FEE OR ASSESSMENT WHICH RUNS WITH THE LAND UNITS, IS A CONTRACTUAL OBLIGATION BETWEEN THE DEVELOPER AND EACH OWNER OF THIS PROPERTY AND IS NOT IN ANY WAY A FEE OR ASSESSMENT OF THE CITY OF SALISBURY.
 10. THE UPPER BOUNDARY OF EACH LAND UNIT IS A HORIZONTAL PLANE AT ELEVATION +500', EXTENDED TO INTERSECT THE LATERAL OR PARAMETRICAL BOUNDARIES THEREOF.
 11. THE LOWER BOUNDARY OF EACH LAND UNIT IS A HORIZONTAL PLANE AT ELEVATION -500', EXTENDED TO INTERSECT THE LATERAL OR PARAMETRICAL BOUNDARIES THEREOF.
 12. THE BUILDINGS AND STRUCTURAL IMPROVEMENTS SHOWN ON THIS PLAT HAVE NOT BEEN CONSTRUCTED AS OF THE DATE OF THIS RECORDING. FROM TIME TO TIME, AS BUILDINGS ARE ADDED OR CHANGED WITHIN THE LAND ELEMENTS, AN AMENDED CONDOMINIUM PLAT SHALL BE RECORDED AS REQUIRED. NO LAND BOUNDARIES HAVE BEEN PERMANENTLY MARKED IN THE FIELD.

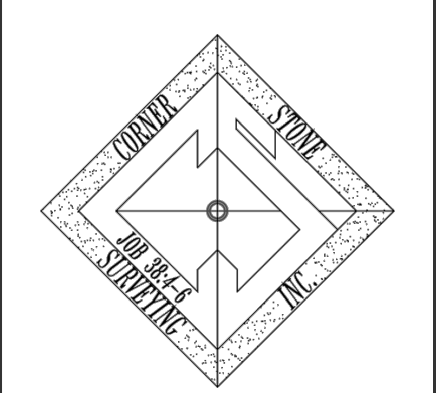
SURVEYOR CERTIFICATION

"I HEREBY CERTIFY THAT THE PLAT, TOGETHER WITH THE APPLICABLE WORDING OF THE DECLARATION, IS A CORRECT REPRESENTATION OF THE CONDOMINIUM DESCRIBED, AND THAT THE IDENTIFICATION AND LOCATION OF EACH UNIT AND THE COMMON ELEMENTS, TO BE CONSTRUCTED, CAN BE DETERMINED FROM THEM."

STEVEN P. TURNER
CORNERSTONE SURVEYING, INC.
38843 WISTERIA LN.
SELBYVILLE, DE 19975
302-436-5810
CORNERSTONESURVEYING@VERIZON.NET
MD LIC#: 21361 EXP: 7/17/2027

DATE

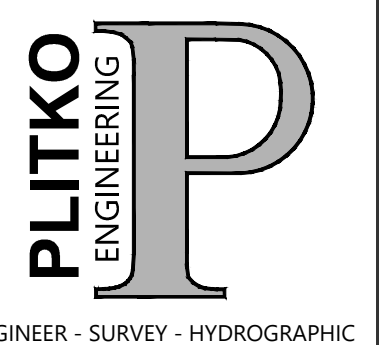
CONDOMINIUM PLAT



CORNERSTONE SURVEYING, INC.
38843 WISTERIA LN.
SELBYVILLE, DE 19975
Phone (302)436-5810
cornerstonesurveying@verizon.net

REVISIONS

NO.	DESCRIPTION	DATE

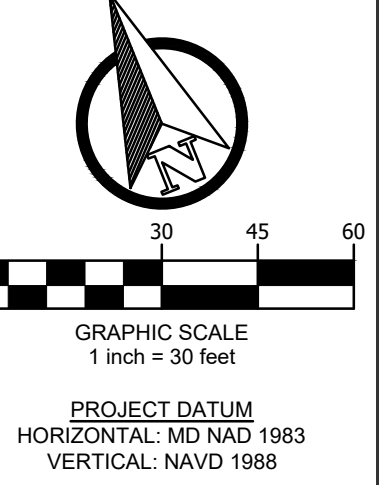


ENGINEER - SURVEY - HYDROGRAPHIC

53 ATLANTIC AVE., STE 3
OCEAN VIEW, DE 19970
Phone (302)-537-1919

CONDOMINIUM PLAT
THE VILLAGE AT CANAL PARK
CANAL PARK DRIVE
CITY OF SALISBURY, WICOMICO COUNTY, MARYLAND
MAP: 0117 GRID: 0014 PARCEL: 0181

FRUITLAND ELECTION DISTRICT



SITE PLAN: EAL
DRAWING: EAL
REVIEW: RP

DATE
8/14/26

SHEET
CD-1



City of Salisbury

To: Planning Commission Members
From: Gary Pusey, City Planner
Date: October 1, 2026
Re: Amendment to an Ordinance Permit for a Daycare Center to Change the Name of the Operator
- 224 Phillip Morris Drive in the Light Business & Institutional District

In September 2024, the Planning Commission reviewed a request for a Daycare Center to be located at 224 Phillip Morris Drive in the Light Business & Institutional (LBI) Zoning District. Daycare Centers are allowed only by Ordinance Permit in the LBI District, which requires a Public Hearing by the Commission, and the Commission then forwards a recommendation to the City Council, who also holds a Public Hearing before approving or denying the request.

The Commission recommended approval of the request referenced above, and the City Council approved the Ordinance Permit in December 2024.

The prior Ordinance Permit was issued in the name of "Night Watch Childcare Center, LLC"; a new operator, "A Step Ahead Preschool," is now proposing to locate in the same facility. After consulting with the Legal Department, it was determined that the Planning Commission did not have to hold a new Public Hearing since the use was already approved by the Commission, and the Commission could act to amend the operator name at a regular meeting.

The City Council will, however, still have to hold its Public Hearing if the Planning Commission forwards a favorable recommendation.

The Staff Report from the Commission's September 2024 meeting is attached.



Infrastructure and Development Staff Report September 19, 2024

I. BACKGROUND INFORMATION:

Project Name: The Night Watch Childcare Center
Applicant/Owner: Dr. Amy Stewart, on behalf of The Night Watch Childcare Center, LLC
Nature of Request: Ordinance Permit
Location of Property: 224 Phillip Morris Drive
Existing Zoning: Light Business and Institutional Zoning District

II. SUMMARY OF REQUEST:

A. Introduction:

The Night Watch Childcare Center LLC has submitted an application for an Ordinance Permit for the operation of a Day-care center as defined in Ch 17.220 to be located at 224 Phillip Morris Drive. The property is currently zoned Light Business and Institutional, and is improved with a 36,807 sf building divided into multiple units. This request is for the occupancy of Unit 2. A day-care center is an allowable use in the Light Business and Institutional Zoning district with the granting of an Ordinance Permit, per Ch 17.28.040.

Ch 17.12.060 states the Planning Commission has the authority to hear and review applications for Ordinance Permits and forward on a recommendation to City Council for final approval.

B. Surrounding Area Development:

The purpose of the Light Business and Institutional (LBI) district is to recognize that lands located along major limited access highways running through Salisbury are exposed to large volumes of traffic and high degrees of visibility and to provide for their development while protecting adjoining residential areas. These lands are generally located between the major highways and parallel streets which border adjoining residential areas.

Prior uses of this property include various office spaces, including educational, financial, and medical offices. Surrounding properties include a banking establishment to the east, residential uses to the north, and Emmanuel Wesleyan Church to the west. The proposed use is consistent with surrounding uses and meets the purpose and intent of the LBI district.

III. LIGHT BUSINESS AND INSTITUTIONAL DISTRICT DEVELOPMENT STANDARDS:

Staff notes the following with regard to Zoning Code requirements:



City of Salisbury

A. Site Plan Review:

1. **Minimum Lot Requirements:** The existing structure is expected to remain, with no changes to the size or dimensions of the existing building lot. The lot currently meets all minimum lot size requirements as set forth in Ch.17.28.060.
2. **Building Setbacks/Spacing/Height:** Structures as shown meet the setback, spacing, and height requirements as stated in Chapter 17.28.060. The applicant is not seeking to alter the placement or footprint of this existing building.
3. **Parking/Loading:** The plan shows a loading zone to be located at the rear of the building, and meets all requirements set forth in Ch 17.196.020. Existing parking spaces will be sufficient for this use.
4. **Access:** The site currently has frontage along Dallas Drive. Access to Dallas Drive from Phillip Morris Drive serves all units within this building.
5. **Sign Plan:** A formal sign plan has not been submitted at this time. Signs will be subject to review before approval.
6. **Landscaping and Screening:** While there is existing landscaping on site, a formal landscaping plan has not been submitted at this time.

IV. PLANNING COMMENTS

The applicant seeks to use this site in a manner that is consistent with the surrounding properties in intensity. The operation of a daycare center is an allowable use in the LBI district after the granting of an Ordinance Permit. Formal plans will be submitted for review and approval to the Department of Infrastructure and Development, City of Salisbury Fire Department, and other applicable agencies prior to the issuance of any building permits.

V. RECOMMENDATION

Staff recommends a favorable recommendation be made to forward this Ordinance Permit application onto City Council.

ORDINANCE NO. _____

ORDINANCE PERMIT

AN ORDINANCE OF THE CITY OF SALISBURY TO AUTHORIZE THE OPERATION OF A DAY-CARE CENTER AT 224 PHILLIP MORRIS DRIVE IN THE LIGHT BUSINESS & INSTITUTIONAL DISTRICT BY THE A STEP AHEAD PRESCHOOL AS REQUIRED BY SECTION 17.28.040B OF THE SALISBURY MUNICIPAL CODE.

WHEREAS, the City of Salisbury has received a request in accordance with the provision of Section 17.28.040B of Title 17, Zoning, of the Salisbury Municipal Code to operate a day-care center in an existing commercial building located at 224 Phillip Morris Drive in the Light Business & Institutional Zoning District; and

WHEREAS, the Mayor and City Council may grant an Ordinance Permit for certain uses as specifically listed in Title 17, Zoning, of the Salisbury Municipal Code, particularly Section 17.28.040B; and

WHEREAS, the Salisbury Planning Commission held a public hearing on September 19, 2024, reviewed all information, and gave a favorable recommendation to the Mayor and City Council under the name "Night Watch Childcare Center, LLC" with all Commission members voting aye on the request to establish the day-care center; and

WHEREAS, the Salisbury Planning Commission reviewed a request on October 8, 2026, to change the name of the operator to "A Step Ahead Preschool", and gave a favorable recommendation to the Mayor and City Council with all Commission members voting aye on the request to establish the day-care center; and

WHEREAS, the City Council has determined that, based upon a review of all materials presented, the request should be granted pursuant to Section 17.28.040B of Title 17, Zoning, of the Salisbury Municipal Code.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY COUNCIL OF THE CITY OF SALISBURY, MARYLAND,

Section 1. That an Ordinance Permit to authorize the operation of a day-care center be and hereby is hereby granted to the A Step Ahead Preschool for the property located at 224 Phillip Morris Drive, Salisbury, Maryland.

Section 2. The A Step Ahead Preschool shall ensure compliance with all applicable state and local laws. The City Council reserves the right to conduct periodic review of the operation of the day-care center in order to ensure compliance with such laws, and the City Council reserves the right to revoke this Ordinance Permit upon a finding of non-compliance.

Section 3. It is the intention of the Mayor and Council of the City of Salisbury that each provision of this Ordinance shall be deemed independent of all other provisions herein.

44 **Section 4.** It is further the intention of the Mayor and Council of the City of Salisbury that if any
45 section, paragraph, subsection, clause or provision of this Ordinance shall be adjudged invalid,
46 unconstitutional or otherwise unenforceable under applicable Maryland or federal law, such adjudication
47 shall apply only to the section, paragraph, subsection, clause or provision so adjudged and all other
48 provisions of this Ordinance shall remain and shall be deemed valid and enforceable.

49 **Section 5.** The recitals set forth hereinabove are incorporated into this section of the Ordinance as
50 if such recitals were specifically set forth at length in this Section 5.

51 **Section 6.** This Ordinance shall take effect from and after the date of its final passage.

52 **THIS ORDINANCE** was introduced and read at a Meeting of the Mayor and Council of the City
53 of Salisbury held on the __ day of __, 2026 and thereafter, a statement of the substance of the Ordinance
54 having been published as required by law, in the meantime, was finally passed by the Council of the City
55 of Salisbury on the __ day of __, 2026.

56
57 ATTEST:

58
59
60
61 _____
62 Julie A. English, City Clerk

April Jackson, City Council President

63
64 Approved by me, this _____ day of _____, 2026.
65
66
67

68 _____
69 Randolph J. Taylor, Mayor

**SALISBURY PLANNING AND ZONING COMMISSION
NOTICE OF PUBLIC HEARING
TEXT AMENDMENT**

In accordance with the provisions of Section 17.228, Amendments and Rezoning, of the Salisbury Municipal Code, the City of Salisbury proposes amendments to the text of Title 17, Zoning, to add the definitions of “Vape Shop” and “Electronic Smoking Device” and to add a new section to Title 17, to establish regulations and penalties applicable to retail establishments that primarily sell electronic smoking devices.

A PUBLIC HEARING WILL BE HELD ON

Thursday, October 8, 2026, at 4:00 P.M. in the Council Chambers, Room 301, of the Government Office Building, 125 North Division Street, Salisbury, Maryland to hear opponents and proponents, if there be any.

Subsequent to the consideration of this proposal by the Salisbury Planning and Zoning Commission, a recommendation will be made to the Salisbury City Council for its consideration at a Public Hearing.

The Commission reserves the right to close a part of this meeting in accordance with the Annotated Code of Maryland, General Provisions, section 3-305(b).

(FOR FURTHER INFORMATION CALL 410-548-3170)

Dave Chiddenton, Chairman

Publication Dates: September 24, 2026
 October 1, 2026



Infrastructure and Development Staff Report

October 08, 2026

I. SUMMARY OF REQUEST

Citizens have voiced concerns about rapid growth of vape shops that have opened in the city, especially their proximity to schools. In response to public concerns, the Department of Infrastructure and Development is proposing a text amendment to Chapter 17, the Zoning Code, to regulate Vape shops within City limit.

The proposed text amendment includes adding:

- 17.167.010 – Definition
- 17.167.020 – Purpose
- ~~17.167.030 – Permit Required~~
- 17.167.040 – Location Restrictions
- ~~17.167.050 – Nonconforming uses~~
- 17.167.060 – Variance
- ~~17.167.070 – Exterior portions of Vape Shop businesses~~
- ~~17.167.080 – Violations and Penalties~~

The text amendment is modelled after Chapter 17.166 Adult Entertainment Uses and Standards and has been revised per inputs from work session on July 9th, public hearing on Aug 13th, 2nd work session on Sep 10th.

II. CODE REQUIREMENTS:

In accordance with the requirements of Section 17.228 of the Salisbury Municipal Code, the Planning Commission shall forward a recommendation within six (6) months the City Council. In accordance with the Salisbury Zoning Code the City Council shall also hold a public hearing before granting final approval to code text amendments.

III. PLANNING AND ZONING ANALYSIS:

A. No regulations or permitting body for specific Vape Shop Vendor or/and Vape Shop Retailer in State or County as of today.

1. The Maryland Alcohol, Tobacco, and Cannabis Commission (Maryland ATCC) provides regulatory, licensing, trade practices, and oversight of Maryland's alcohol and tobacco industries. As of today,



City of Salisbury

the agency accepts and reviews "General Tobacco License and Form" via <https://onestop.md.gov/>. The application indicates that to operate legally within Maryland's tobacco Industry, businesses must obtain the appropriate licenses and permits. This form can be used to apply for different types of Tobacco Licenses including electronic smoking devices (ESD) license applications such as Manufacturer, Wholesaler Distributor, and Wholesaler Importer. However, **the scope does not include Vape Shop Vendor or Retailer.**

B. Other local government actions

1. Cecil County in Maryland requires and issues ["Vape Shop Vendor" Licenses](#).
 - a. Vape Shop Vendor / Electronic Nicotine Delivery Systems (ENDS) Retailer Licenses
Effective October 1, 2017, any person or business selling Electronic Nicotine Delivery Systems or is a Vape Shop Vendor must obtain a specific license for same.
2. Baltimore County in Maryland ([Bill No. 16-14](#))
Mechanism: Amends the City Zoning Code to define "Smoke or Vape Shops" as a distinct land-use classification. It prohibits new vape/smoke shops from locating within 750 feet of any school, park, recreation center, or library.
3. City of Liberty Hill in Texas passed an ordinance ([2025-O-020](#)) for Vape Shops Business Regulations
 - a. Liberty Hill, Texas, Ordinance No. 2025-O-020, which establishes strict business regulations for vape shops and cannabis-related establishments. It prohibits these businesses from operating within 1,000 feet of "sensitive areas" such as schools, parks, childcare centers, and residential zones as well as within 1,000 feet of other vape shops. Additionally, the ordinance bans outdoor vape advertising within those 1,000-foot buffer zones, sets operational hours, and implements a \$500 daily fine for violations.
4. Middletown Township, NJ — Ordinance [#2023-3380](#) & Update [#2024-3443](#)
 - a. bans all new smoke and vape shops in Middletown Township while requiring pre-existing shops and retailers selling electronic smoking devices to obtain an annual license and adhere to strict operational regulations.
5. City of York, PA — Ordinance 2026-[Bill8.pdf](#)
 - a. Restricts new vape/smoke shops to specific industrial/employment zones under Special Exception approval. Includes a 500-foot setback buffer from schools, churches, daycares, libraries, public parks, and other vape outlets.
6. Prince George's County, MD – Zoning Ordinance ([CB-092-2021](#) / Subtitle 27)
 - a. Established specific definitions and Special Exception conditional-use standards for vape shops. Limits proximity near residential zones, schools, and existing vape shop vendors.



City of Salisbury

Attachment 1 – List of Vape Shops

(Per Google Map, May 2026)

Total 13 stores

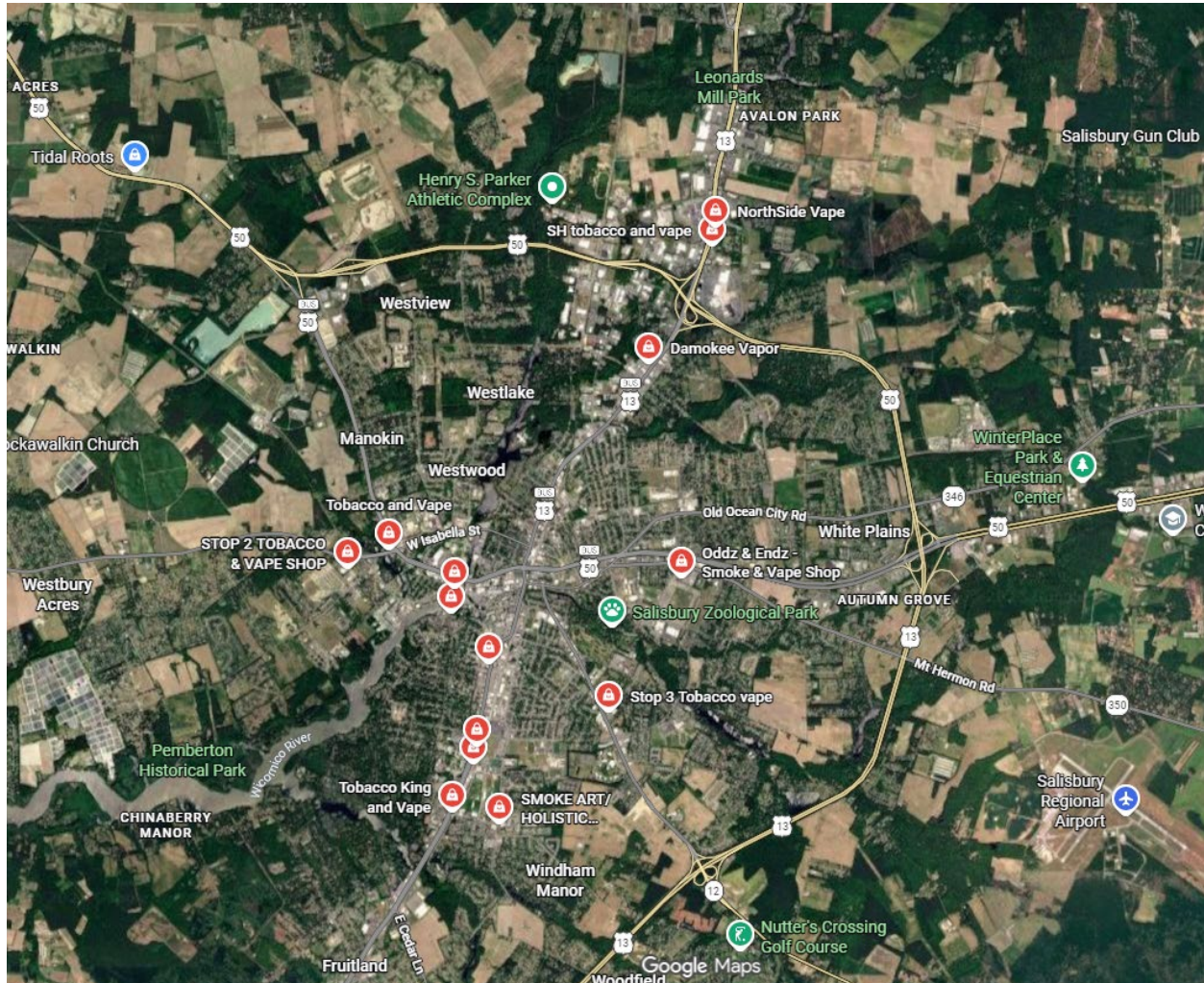
Store Name	Address
Tobacco and Vape	1019 W Isabella St, Salisbury, MD 21801
STOP 2 TOBACCO & VAPE SHOP	1210 Nanticoke Rd, Salisbury, MD 21801
Downtown Vapes	501 W Main St ste c, Salisbury, MD 21801
Stop 3 Tobacco vape	815 Snow Hill Rd unit D, Salisbury, MD 21804
Oddz & Endz - Smoke & Vape Shop	313 Civic Ave, Salisbury, MD 21804
NorthSide Vape	2505 N Salisbury Blvd, Salisbury, MD 21801
Tobacco and Vape	726 S Salisbury Blvd C, Salisbury, MD 21801
Tobacco King and Vape	1411 S Salisbury Blvd, Salisbury, MD 21801
Damokee Vapor	1121B S Salisbury Blvd, Salisbury, MD 21801
SH tobacco and vape	2417 N Salisbury Blvd, Salisbury, MD 21801
SMOKE ART/HOLISTIC HERBAL APOTHECARY	1305 S Division St Unit 14, Salisbury, MD 21804
Skyline Tobacco & Vape	543 Riverside Dr # B, Salisbury, MD 21801
YAYA Tobacco & vape	1147 S Salisbury Blvd Unit 3, Salisbury, MD 21801



City of Salisbury

Attachment 2 – Map of the List of Vape Shops

(Per Google Map, May 2026)





City of Salisbury

Attachment 3 – Maryland OneStop: General Tobacco License Form

last revised 04/29/26 at 12:33 pm

General Tobacco License Form

General Tobacco License Form

To operate legally within Maryland's tobacco Industry, businesses must obtain the appropriate licenses and permits.

This form can be used to apply for different types of Tobacco Licenses as below:

Electronic smoking devices (esd) license application

1. Manufacturer # VM- \$25.00
2. Wholesaler Distributor # VW- \$150.00
3. Wholesaler Importer # VI- \$150.00

Cigarette and other tobacco products (otp) licenses application

- **Cigarette Licenses**

1. Wholesaler TW \$750
2. Subwholesaler TS \$500
3. Vending Machine Operator TV \$500
4. Manufacturer TM \$25
5. Storage Warehouse TP \$25

- **OTP Licenses**

1. OTP Wholesaler PW \$250
2. Licensed OTP Manufacturer PM \$25
3. OTP Storage Warehouse SW \$25

Remote tobacco seller license application

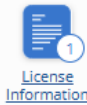
For any additional information, please view the [ATCC website](#) on General Tobacco License Registration. You may also contact ATCC Support at phone # 443-300-6990 or email us at atcc.info@maryland.gov



City of Salisbury

General Tobacco License Form

This form contains fields that may dynamically change the content of the page based on your input.



[License Information](#)



Contact Information



Additional Documents



Compliance Information



Affidavit and Signatures



Review

General Tobacco License Form

Please select the type of License you are applying for*

- ☒ Electronic Smoking Devices (ESD) License Application
- ☐ Cigarette And Other Tobacco Products (OTP) License Application
- ☐ Remote Tobacco Seller License Application

Disclaimer: If the applicant currently holds a Cigarette or Other Tobacco Products (OTP) Wholesale or Manufacturer License, the applicant is not required to apply for an Electronic Smoking Devices (ESDs) License.

Select the type of Electronic Smoking Devices (ESDs) License you are applying for*

- ☐ Manufacturer (VM) \$25
- ☒ Wholesaler Distributor (VW) \$150
- ☐ Wholesaler Importer (VI) \$150

Next

[Discard](#)

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SALISBURY AMENDING TITLE 17 OF THE SALISBURY CITY CODE, "ZONING," BY ADDING A NEW CHAPTER 17.167 ENTITLED "VAPE SHOP STANDARDS."

WHEREAS, the ongoing application, administration and enforcement of the City of Salisbury Municipal Code (the "**Salisbury City Code**") demonstrates a need for its periodic review, evaluation and amendment, in order to comply with present community standards and values, and promote the public safety, health and welfare of the citizens of the City of Salisbury (the "**City**"); and

WHEREAS, the Mayor and Council of the City of Salisbury (the "**Mayor and Council**") are authorized by MD Code, Local Government, § 5-202 to adopt such ordinances, not contrary to the Constitution of Maryland, public general law or public local law, as the Mayor and Council deem necessary to assure the good government of the municipality, to preserve peace and order, to secure persons and property from damage and destruction, and to protect the health, comfort and convenience of the citizens of the City; and

WHEREAS, the Mayor and Council may amend the Salisbury City Code pursuant to the authority granted in § SC 2-15 of the Salisbury City Charter; and

WHEREAS, the Mayor and Council recognize the importance of protecting the public health, safety, and welfare through reasonable regulation of businesses that sell vape products, electronic smoking devices, and related merchandise; and

WHEREAS, the Mayor and Council find that amendments to Title 17 the Salisbury City Code establishing reasonable standards for vape shops are necessary and appropriate to promote the public health, safety, and welfare of the City; and

WHEREAS, the Mayor and Council desire to establish clear and uniform standards for vape shops in order to promote responsible business practices, protect minors, preserve neighborhood character, and reduce potential adverse impacts on surrounding properties and the community; and

WHEREAS, pursuant to Section 17.228.020 of the Salisbury City Code, any amendment to the Salisbury Zoning Code requires the recommendation of the Salisbury Planning and Zoning Commission (the "Planning Commission") prior to the passage of an ordinance amending Title 17; and

WHEREAS, at the conclusion of its _____, 2026 meeting, the Planning Commission recommended that the amendments set forth herein be approved by the Mayor and Council; and

WHEREAS, the Mayor and Council have determined that the amendments to Title 17 of the Salisbury City Code set forth below shall be adopted as set forth herein.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY COUNCIL OF THE CITY OF SALISBURY, MARYLAND, as follows:

Section 1. Title 17 of the Salisbury City Code is hereby amended by adding the bolded and underlined language as follows:

Chapter 17.167 – VAPE SHOP STANDARDS

17.167.010 – Definitions.

In this chapter, the following terms have the following meanings:

A. "Vape Shop" means any store that primarily sells electronic smoking devices.

B. "Electronic smoking device" means any product, including one composed of a heating element, battery, or electronic circuit, that contains or delivers nicotine or

any other substance intended for human consumption that can be used by a person to simulate smoking through inhalation of vapor or aerosol from the product. The term "electronic smoking device" includes any such product, regardless of whether it is manufactured, distributed, marketed, or sold as an e-cigarette, e-cigar, e-pipe, e-hookah, vape pen, or by any other product name or descriptor.

17. 167.020 – Purpose.

The purpose of this chapter is to promote the health, safety, and general welfare of the citizens of the City of Salisbury through the establishment of reasonable and uniform regulations to prevent the proliferation and concentration of Vape Shops within the City of Salisbury.

17. 167.030 – Location Restrictions.

A. A Vape Shop may not be operated within:

- 1. Five Hundred (500) feet of a church or place of religious assembly;**
- 2. Five Hundred (500) feet of a public or private school, college or university;**
- 3. Five Hundred (500) feet of a public park, as listed but not limited to 8.32.030 – 104 smoking prohibited in certain areas; 4. Five Hundred (500) feet of a day care center or hospital;**
- 5. Five Hundred (500) feet of a residential zoning district, a residential use located in any other zoning district or the residential component of a mixed-use project in any zoning district; or**
- 6. Five Hundred (500) feet of another Vape Shop.**

B. A Vape Shop may not be operated in the same building, structure, or portion thereof containing another Vape Shop.

C. For the purpose of this section, measurement shall be made in a straight line, without regard to intervening structures or objects, from the nearest portion of the building or structure where a Vape Shop is located, to the nearest property line of the premises of a church or school, or to the nearest boundary of a public park, a residential zoning district or component as further described in this section, or a child day care center.

D. For purposes of this section, the distance between any two Vape Shops shall be measured in a straight line, without regard to intervening structures or objects, from the closest exterior wall of the structure in which each business is located.

17. 167.040 – Variance.

A. Applicability. The Board of Appeals may authorize variances to the provisions of Section 17.176.030 of this chapter in accordance with the criteria set forth in subsection B of this section.

B. Decision-making Criteria, Variances for Vape Shop Businesses. The board may authorize a variance only upon specific findings that:

- 1. A sufficient physical barrier separates the Vape Shop from any of the protected uses set forth in Section 17.176.030, so as to substantially fulfill the purpose of the distance requirement. Such physical barriers may include, but are not limited to, limited access streets or highways, walls, and natural or man-made waterways;**

86 2. The strict application of the provisions of these regulations will create an undue
87 hardship unique to the applicant for a particular location; and

88 3. All other applicable provisions of this chapter will be observed.

89 **17. 167.050 – Exterior portions of Vape Shop businesses.**

90 A. An owner or operator of a Vape Shop shall not allow the merchandise or activities
91 of the establishment to be visible from a point outside the establishment.

92 B. An owner or operator of a Vape Shop shall not allow flashing lights, drawings or
93 163 photographs.

94 C. An owner or operator of a Vape Shop shall not allow exterior portions of the
95 establishment to be painted any color other than a single achromatic color. This
96 provision shall not apply to a Vape Shop if the following conditions are met:

97 1. The establishment is a part of a commercial multi-unit center; and barriers
98 may include, but are not limited to, limited access streets or highways, walls, and
99 natural or man-made waterways;

100 2. The exterior portions of each individual unit in the commercial multi-unit
101 center, including the exterior portions of the business, are painted the same color
102 as one another or are painted in such a way as to be a component of the overall
103 architectural style or pattern of the commercial multi-unit center.

104 D. Nothing in this section shall be construed to require the painting of an otherwise
105 unpainted exterior portion of a Vape Shop.

106 E. Notwithstanding any other city ordinance, code or regulation, to the contrary, no
107 person may erect, construct or maintain for any Vape Shop any sign containing any
108 drawing, photograph, phrase or other matter considered attractive to children and
109 young adults.

110 **BE IT FURTHER ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF**
111 **SALISBURY, MARYLAND, as follows:**

112 **Section 2.** It is the intention of the Mayor and Council of the City of Salisbury that each provision
113 of this Ordinance shall be deemed independent of all other provisions herein.

114 **Section 3.** It is further the intention of the Mayor and Council of the City of Salisbury that if any
115 section, paragraph, subsection, clause or provision of this Ordinance shall be adjudged invalid,
116 unconstitutional or otherwise unenforceable under applicable Maryland or federal law, such adjudication
117 shall apply only to the section, paragraph, subsection, clause or provision so adjudged and all other
118 provisions of this Ordinance shall remain and shall be deemed valid and enforceable.

119 **Section 4.** The recitals set forth hereinabove are incorporated into this section of the Ordinance as
120 if such recitals were specifically set forth at length in this Section 4.

121 **Section 5.** This Ordinance shall take effect from and after the date of its final passage.

122 **THIS ORDINANCE** was introduced and read at a Meeting of the Mayor and Council of the City
123 of Salisbury held on this ____ day of _____, 2026 and thereafter, a statement of the substance
124 of the Ordinance having been published as required by law, in the meantime, was finally passed by the
125 Council of the City of Salisbury on the ____ day of _____, 2026.

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April R. Jackson, City Council President

Approved by me, this _____ day of _____, 2026.

Page 4 of 4

**SALISBURY PLANNING AND ZONING COMMISSION
NOTICE OF PUBLIC HEARING
TEXT AMENDMENT**

In accordance with the provisions of Section 17.228, Amendments and Rezoning, of the Salisbury Municipal Code, the City of Salisbury proposes amendments to the text of Title 17, Zoning, Chapters 17.04.100, 17.166.080, 17.184.080 and 17.196.070 entitled “Violations-Penalties”, Chapters 17.156.060 and 17.196.020 entitled “Development Standards”, and Chapter 17.216.240, entitled “Outdoor Advertising Structure License”, to replace specific fines and penalties from the Zoning Code with reference to a Fine and Penalty Schedule

A PUBLIC HEARING WILL BE HELD ON

Thursday, October 8, 2026, at 4:00 P.M. in the Council Chambers, Room 301, of the Government Office Building, 125 North Division Street, Salisbury, Maryland to hear opponents and proponents, if there be any.

Subsequent to the consideration of this proposal by the Salisbury Planning and Zoning Commission, a recommendation will be made to the Salisbury City Council for its consideration at a Public Hearing.

The Commission reserves the right to close a part of this meeting in accordance with the Annotated Code of Maryland, General Provisions, section 3-305(b).

(FOR FURTHER INFORMATION CALL 410-548-3170)

Dave Chiddenton, Chairman

Publication Dates: September 24, 2026
 October 1, 2026



Infrastructure and Development Staff Report

October 8, 2026

I. SUMMARY OF REQUEST:

We have received a request by the City of Salisbury's Housing and Community Development Department to make a text amendment to City of Salisbury Zoning Code, Title 17 to replace fines and penalties that have been specifically listed in the code with a reference to a Fine and Penalty Schedule.

II. PROCEDURE:

The City of Salisbury Code Chapter 17.228.020A provides the procedure for amendments to the Zoning Code, as follows:

A. *Planning Commission Review.*

1. *All applications for a zoning code text amendment or a district boundary change shall be made to the planning director, and any such amendment, supplement, modification, change or repeal shall be referred to the Salisbury planning commission for review and recommendation to the city council.*

III. PLANNING & ZONING ANALYSIS

The following sections of Title 17 provide for specific fine and penalty amounts:

- 17.04.100 Violations – Penalties
- 17.156.060 Development Standards
- 17.166.080 Violations – Penalties
- 17.184.080 Violations – Penalties
- 17.196.020 General Standards
- 17.196.070 Violations - Penalties
- 17.216.240 Outdoor advertising structure license

The proposal is to replace the specific fines and penalties with a reference to a Fine and Penalty Schedule. The schedule improves transparency and allows more frequent and efficient revision of fines and penalties. The proposed ordinance and fee schedule are attached.

Code	Violation	Enforcement/Issuance Department	Fine	Violation Type	Imprisonment
17.04.100	Violations—Penalties (land use violations of title 17)	PD/HCDD/DID	Not to exceed \$5,000.00	Municipal Infraction	none
17.156.060.D	Vehicle Parked in Front Yard/Storage of Business Vehicles	HCDD	1st Violation: \$75.00 2nd Violation: \$250.00 3rd Violation: \$500.00 4th Violation: \$500.00 + Towing of the vehicle	Municipal Infraction	none
17.166.080.A	Adult Entertainment Uses and Standards	PD	Not to exceed \$500.00	Municipal Infraction	none
17.184.080	Noise Standards - Violations—Penalties	PD/HCDD/DID	Not to exceed \$500.00	Municipal Infraction	none
17.196.020(C)	Parking Standards - Prohibited Uses	HCDD	Not to exceed \$500.00	Parking Violation	none
17.196.070	Off-Street Parking and Loading Standards - Violations—Penalties	HCDD	Not to exceed \$500.00	Municipal Infraction	none
17.216.240.G	Signs/Outdoor Advertising Failure to get a license	DID	\$100.00 per day	Municipal Infraction	none

Bold = new code section

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SALISBURY AMENDING THE SALISBURY CITY CODE TO REMOVE REFERENCES TO SPECIFIC FINE AMOUNTS AND OTHER PENALTIES, AND ADD REFERENCES TO A SEPARATE FINE AND PENALTY SCHEDULE TO BE ADOPTED BY THE SALISBURY CITY COUNCIL.

WHEREAS, the ongoing application, administration and enforcement of the City Code of the City of Salisbury (the “**Salisbury City Code**”) demonstrates a need for its periodic review, evaluation and amendment, in order to keep the provisions of the code current, comply with present community standards and values, and promote the public safety, health and welfare of the citizens of the City of Salisbury (the “**City**”);

WHEREAS, the Mayor and Council of the City of Salisbury (the “**Mayor and Council**”) are authorized by MD Code, Local Government, § 5-202 to adopt such ordinances, not contrary to the Constitution of Maryland, public general law or public local law, as the Mayor and Council deem necessary to assure the good government of the municipality, to preserve peace and order, to secure persons and property from damage and destruction, and to protect the health, comfort and convenience of the citizens of the City;

WHEREAS, the Mayor and Council find that the health, safety and general welfare of the citizens of the City will be furthered by amending the Salisbury City Code to remove specific references to fine amounts and other penalties and add references to a separate Fine and Penalty Schedule to be adopted by the City Council; and

WHEREAS, the removal of fines and penalties from the Salisbury City Code and the inclusion of such matters in a separate Fine and Penalty Schedule will allow for efficient review and revision of such matters by the City Council on a more frequent basis; and

WHEREAS, pursuant to Section 17.228.020 of the Salisbury City Code, any amendment to the Salisbury Zoning Code requires the recommendation of the Salisbury Planning Commission (the “Planning Commission”) prior to the passage of an ordinance amending Chapter 17;

WHEREAS, a public hearing on the proposed amendment was held by the Planning Commission in accordance with the provisions of Section 17.228.020 of the Salisbury City Code on [REDACTED], 2026;

WHEREAS, at the conclusion of its [REDACTED], 2026 meeting, the Planning Commission recommended, by a vote of [REDACTED], that the amendments to Chapter 17 of the Salisbury City Code set forth herein be approved by the Mayor and Council; and

WHEREAS, the Mayor and Council have determined that the amendments to the Salisbury City Code set forth shall be adopted as set forth herein.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY COUNCIL OF THE CITY OF SALISBURY, MARYLAND, that the Salisbury City Code is hereby amended by adding the bolded and underlined language and deleting the strikethrough language as follows:

Section 1. Chapter 17 shall be amended as follows:

17.04.100 - Violations—Penalties.

Any person who shall construct, extend, alter, repair, change, convert or use any building or use any land or change the use of any land or building in violation of this title or who shall neglect to obtain the permit required by this title shall be guilty of a municipal infraction and ~~shall be fined as provided in Section 1-16-100~~ **subject to a fine per violation as established by the City Council in the City of Salisbury Fine and Penalty Schedule.** The violator shall elect to pay the fine or stand

trial. Failure to pay the fine by the time specified or to file an intent to stand trial may result in adjudication of the case through the district court in accordance with the procedure set forth for municipal infractions in Local Government Article § 6-101 through § 6-115, of the Annotated Code of Maryland.

17.156.060 - Development standards.

Development standards for the R-5, R-8 and R-10 residential districts shall be as follows:

A. Minimum Lot Requirements. All lots hereafter established shall meet the following minimum requirements:

1. All lots:

District	Lot Area (square feet)	Interior Lot Width (feet)	Corner Lot Width (feet)
R-5	5,000	50	65
R-8	8,000	60	75
R-10	10,000	70	85

B. Minimum yard and setback requirements shall be as follows:

1. Front: twenty-five (25) feet;
2. Rear: thirty (30) feet;
3. Side: ten feet each; two required.

C. Height Limitations.

1. The height limitation for principal buildings and structures shall be thirty-five (35) feet.
2. The height limitation for accessory buildings and structures shall not exceed twenty (20) feet.

D. Parking shall be provided in accordance with Chapter 17.196.

1. No motor vehicle, whether operable or inoperable, shall be parked in the front yard of any residence unless the same shall be positioned in a driveway or designated parking area with continuous access to a public street.
2. No outside storage of trucks or vans used in the conduct of business shall be permitted.

3. A violation involving a specific vehicle shall be deemed continuous until corrected, and any citation issued for such violation shall apply to the vehicle

irrespective of its relocation to another property within the City. Relocating the vehicle shall not toll, reset, or otherwise alter the violation period.

4. Any person who violates any provision of this subsection shall be guilty of a municipal infraction and subject to a fine per violation as established by the City Council in the City of Salisbury Fine and Penalty Schedule. Each day a violation remains uncorrected is a separate violation subject to an additional citation and fine. Upon a fourth violation involving a specific vehicle, the City shall, in addition to imposing a fine, tow the vehicle.

E. No more than one principal use shall be permitted on an individual lot.

F. Accessory Buildings and Structures.

1. No part of any accessory building or structure shall be located closer than five feet to a rear and side property line. On a corner lot, no accessory building shall be located closer than twenty-five (25) feet to the curblin of an abutting street.

2. No accessory building or structure shall occupy more than fifty (50) percent of the required rear yard or side yard area.

3. Swimming pools may be constructed in the rear yard or in a side or front yard on a corner lot, no closer than twenty-five (25) feet to any curblin or property line if no curblin exists; provided, that the combined total coverage of a swimming pool and all accessory buildings or structures, including those allowed to project into yards, shall not occupy more than seventy-five (75) percent of the required rear or side yard.

G. Signs. All signs shall be in accordance with the provisions of chapter 17.216 for an R-5 district.

H. Landscaping or Screening.

1. Either landscaping or screening shall be provided for all uses in accordance with the provisions of chapter 17.220.

2. In addition to the requirements of chapter 17.220, all areas shall be landscaped as defined in Section 17.04.120 and maintained in accordance with Section 17.220.080.

I. Related Requirements.

1. The provisions of Article XXXIII, where applicable, shall apply to all uses and structures relative to vision at intersections, height exceptions, yard exceptions, fences and walls, airport height limitations and historic or religious monuments, markers or shrines.

2. Projections into yards may be allowed in accordance with the provisions of chapter 17.04, Section 17.04.230.

17.166.080 Violations—Penalties.

A. Any person found in violation of the provisions of this chapter shall be guilty of a municipal infraction and shall be subject to a fine ~~not to exceed five hundred dollars (\$500.00)~~ **as established by the City Council in the City of Salisbury Fine and Penalty Schedule.** Each day a violation remains uncorrected is a separate violation subject to an additional citation and fine.

- B. Any adult entertainment business at, in, or on which any violation of this chapter or chapter 5.08 have occurred on five different days within any twelve (12) month period shall be deemed to be a public nuisance and the adult entertainment permit of such adult entertainment business may be revoked by the department of infrastructure and development.

17.184.080 Violations—Penalties.

Any person, partnership or corporation who violates any provision of this chapter shall be guilty of a municipal infraction and subject to a fine per violation as established by the City Council in the City of Salisbury Fine and Penalty Schedule. Each day a violation occurs is a separate violation subject to an additional citation and fine.

17.196.020 - General standards.

No land shall be used or occupied, no structure shall be designed, erected or expanded, used or occupied, and no establishment shall be operated, unless sufficient off-street parking and loading spaces are provided in accordance with this chapter. However, the provisions of this chapter shall not apply to established parking districts or uses for which a valid permit has been issued.

A. Uses Not Listed. For any use, the wording of which is not specifically listed, the housing official shall determine if any other use is similar in nature, and the parking provisions for such a use shall prevail. Where the director of the department of infrastructure and development cannot make a determination of similar use, the planning commission, in accordance with the provisions of chapter 17.04, Article II, shall review the proposal and make a written determination of similar use upon which the parking provisions for such use shall prevail.

B. Encroachment. An off-street parking area shall not be encroached upon by buildings, storage, loading or unloading or any other use where such reduction or encroachment will reduce the area below that required by this article, nor shall the number of parking spaces be reduced except upon the granting of a variance by the Board of Appeals. However, the placement of construction above such parking area shall not be deemed an encroachment if it is part of a building on the site and at least eight feet above the surface of the parking area.

C. Prohibited Uses.

1. No parking area shall be used for the sale, repair, dismantling or servicing of any vehicle or equipment or for the storage of materials or supplies, excluding emergency service and repair of vehicles.

2. No motor vehicle, whether operable or inoperable, shall be parked in the front yard of any residence unless the same shall be positioned in a driveway or designated parking area with continuous access to a public street.

3. In the event of a violation, the following procedures will be followed:

a. A parking violation citation, **which shall state the fine amount established by the City Council in the City of Salisbury Fine and Penalty Schedule**, will be issued and placed on the windshield of the vehicle. A separate parking violation may be issued after each twenty-four-hour time period.

b. A person who receives a citation under subsection (C)(~~23~~)(a) of this section may:

i. Pay the penalty, in accordance with instructions on the citation, directly to the city; or

160 ii. Elect to stand trial for the alleged violation pursuant to
161 section 10.24.050 of this code.

162 D. Location.

163 1. All required parking spaces shall be located on the same lot as the use they serve,
164 except that:

165 a. The owner of two or more abutting lots may locate the use on one lot
166 and the parking spaces required for the use on another of his abutting lots;
167 or

168 b. Two or more abutting property owners may locate the parking spaces
169 required for their uses on any of their lots if:

170 i. The lot(s) providing the parking space abuts the lot(s) containing
171 the use(s) it serves;

172 ii. All of the affected lots are in the same zoning district;

173 iii. The total number of spaces provided is not less than the sum
174 of spaces required for all the uses;

175 iv. Means of pedestrian access is provided from the parking space
176 to the uses so that pedestrians are not required to traverse property
177 owned by other than said property owners, except where public
178 sidewalks may provide the access;

179 v. That a recorded lease, easement or other form of agreement be
180 executed among said property owners assuring perpetual use of
181 the required parking spaces until or unless the required parking
182 spaces are located on the same lot as the use they serve. In all cases
183 above, both lots shall be included in the application for a building
184 permit or certificate of occupancy.

185 c. Where buildings existing on the date of enactment of this chapter cover
186 a lot or parcel of land to the extent that required parking cannot be
187 accommodated on the site, required parking may be provided on another
188 lot in the same or adjoining district by special exception of the Board of
189 Appeals in accordance with chapter 17.232.

190 2. All parking spaces and lots open to the sky (i.e., not in garages or carports) shall
191 be located no closer than three feet from the interior property line or back of the
192 sidewalk or eight feet from the curbline where no sidewalk exists, except for
193 abutting property lines of two or more lots exercising the options for common
194 parking stipulated above.

195 3. All covered parking spaces and lots, including garages and carports, shall not be
196 located within any yard setback area, except when permitted as an accessory
197 building.

198 E. Existing Facilities. Parking spaces and lots serving structures and uses in existence on
199 the initial date of adoption of this chapter and any amendments thereto shall not be subject
200 to the changed requirements of this chapter so long as the kind or extent of use was legal
201 when the structure or use began and has not changed; any requirement for parking spaces,
202 lots, or facility now serving such structures or uses shall not in the future be increased or
203 otherwise changed in kind or extent.

204 F. Change in Requirements. Whenever there is an alteration or extension of a use or
205 structure which increases the parking requirements according to subsection H of this

section, the total additional parking required for the alteration or extension shall be provided in accordance with the requirements of that subsection.

G. Construction. All required off-street parking spaces and aisles shall be paved with an all-weather material. For spaces and aisles which are not part of a parking lot as herein defined, this may include gravel or other dust-free material to provide a surface resistant to erosion. However, for parking lots, the paving material shall be limited to asphalt, concrete or similar hard surface material with all parking spaces designated with a four-inch white or yellow stripe painted the entire length of each space in accordance with the dimensional requirements stipulated in subsection H of this section. All parking areas shall be drained to prevent flooding or damage on adjoining properties or city streets.

H. Required Off-Street Parking Spaces.

1. All uses and structures shall provide off-street parking spaces in an amount equal to, and not to exceed the number required in Section 17.196.030, parking space requirements, except by an approved request made to the planning commission, as described herein.

Property owners may request up to twenty percent (20%) more parking spaces than allowed by Section 17.196.30. The request may be granted upon a finding that the use of the property will require more spaces than are available within nine hundred (900) feet of the property, either on area streets or in public parking facilities, or that the use requires that additional parking be located on-site.

The planning commission may grant a request to allow additional parking spaces and impose additional requirements to address the impact of the additional spaces. Additional requirements may include:

- a. The use of pervious pavers;
- b. The installation of vegetative planting or structural screening beyond that otherwise required in this chapter and in chapter 17.220; and
- c. The installation of sidewalks, walkways, pedestrian lighting, landscaping, and other site improvements beyond that required in this chapter and chapter 17.220.

2. Dimensions.

a. Parking spaces other than those parallel to a curb, aisle or accessway required for off-street parking space shall be at least nine feet wide and twenty (20) feet long. For parallel parking spaces abutting a curb, aisle or accessway, each space shall be eight feet wide and twenty-four (24) feet long.

b. The Director of the Department of Infrastructure and Development, at the request of an applicant, may approve alternative parking space dimensions of not less than nine feet wide and eighteen (18) feet in length, provided that:

- i. A comprehensive site plan is submitted to the director showing alternative parking space dimensions;
- ii. No compact vehicle spaces shall be approved to meet the minimum parking requirements of this chapter, but said spaces may be used to provide parking above the required minimum.
- iii. These provisions shall not apply to parallel parking.

c. When approving a comprehensive development plan for a shopping center, the planning commission, at the request of the applicant, may approve a parking space dimension of not less than nine feet in width and eighteen (18) feet in length, provided that no compact vehicle spaces shall be approved to meet the minimum parking requirements of this chapter. Compact spaces may be used to provide parking above the required minimum parking.

d. Compact Vehicle Spaces Required. No more than fifty (50) percent of parking lots for ten or more vehicles shall be reserved for compact vehicles. Parking spaces for compact vehicles shall be at least eight feet in width by seventeen (17) feet in length. Such spaces shall be designated by signs measuring at least ten by sixteen (16) inches, with letters at least three inches high stating "COMPACT VEHICLES ONLY." Where spaces are grouped together, signs may be placed at each end of the group; otherwise, spaces shall be individually signed.

e. Number and Computation. In computing the required number of spaces, all fractional numbers shall be increased to the next highest integer. When computation is based on the number of employees, the number employed during the largest work shift shall be used.

3. Parking and loading requirements shall be determined on the basis of the total amount of gross square feet of building area.

I. Parking Lots. For the purpose of this title, "parking lots" are defined as facilities providing off-street parking space for five or more vehicles. All parking lots shall meet the design and maintenance standards specified below. All applications for a building or occupancy permit to use land, in whole or in part, as a parking lot as herein defined shall be accompanied by a landscaping plan as stipulated in chapter 17.220.

1. Dimensions.

a. All parking spaces shall comply with the dimensions specified in subsection (H)(1)(a). The minimum dimensions of all aisles providing access to parking lot spaces shall be as follows:

Angle of Parking Space to Aisle	Aisle Width (feet)	
	One-Way	Two-Way
Parallel	12	20
30° (150°)	12	20
45° (135°)	15	20

Angle of Parking Space to Aisle	Aisle Width (feet)	
	One-Way	Two-Way
60° (120°)	18	20
90°	24	24

b. No portion of any parking space shall intrude into the required aisle width. For aisles providing access to parking spaces set at angles other than those specified above, the required aisle width shall be that of the nearest specified angle of parking. If equidistant from specified angles, the greatest aisle width of the two nearest angles shall apply.

c. Handicapped spaces and dimensions shall be provided in accordance with state law.

2. Obstructions. Parking lots shall be designed to permit each motor vehicle to proceed to and from all unoccupied parking spaces without requiring the moving of any other parked vehicle.

3. Ingress and Egress. Entrance and exit driveways and aisles linking parking lots to public streets shall comply with the requirements for motor vehicle access stipulated by the city department of infrastructure and development. Parking spaces, other than residential, shall be designed to prevent motor vehicles from backing onto a public street in order to leave the lot.

4. Location and Yard Requirements.

a. All parking lots shall meet the location requirements stipulated in Section 17.196.020(D).

b. All yards surrounding the parking lot, exclusive of driveways providing ingress and egress to the lot, shall be bordered by a curb six inches high along the sides of the yard area abutting the parking lot, including spaces and aisles. Concrete curb or bumpers shall be required in areas where, in the opinion of the director of department of infrastructure and development, a curb constructed of asphalt or similar material would be vulnerable to vehicular damage. If bumpers are provided at the end of each parking space, a curb is not required. Setback areas shall be planted with grass or similar vegetative material and may include shrubs, fences or walls, provided that they are not placed closer than three feet from any parking space.

5. Structures. Utility poles, light standards and similar structures shall not be permitted within any aisle or parking space. Any structure located elsewhere within a parking lot shall be surrounded on all sides abutting the spaces or aisles by a curb six inches high, separated from the structure by at least three feet, the distance to be measured from the broadest point on each side, exclusive of any portion greater than ten feet from the ground.

6. Raised Islands. Raised islands shall be installed at the ends of all parking bays abutting an aisle or driveway. The raised island shall be bordered by an asphalt or concrete curb six inches high wherever it abuts a space or aisle and shall each be an average of at least eight feet wide and extend the length of the parking space and/or bay. The islands shall be planted with trees, grass, shrubs and similar vegetative materials (see chapter 17.220) and may be combined with crushed stone. Utility poles and light standards may be installed within the raised islands, provided that they are separated from the spaces and aisles as required in subsection (I)(5) above.

7. Maintenance. All parking lots shall be kept free from litter and trash. Any vegetative material required herein which dies shall be replaced as soon as recommended seasonal conditions occur for the replacement of the species.

8. Reduction of Paved Areas. The Board of Appeals may reduce the required number of paved parking spaces for a proposed retail sales use, provided that the board determines the proposed paved areas will adequately serve the proposed use and provided that land to accommodate the required number of paved parking spaces is set aside and maintained in grass area, and further provided that should the retail sales use be changed, the required paved parking spaces shall be provided.

9. Up to fifty (50) percent of the parking spaces required for theaters, public auditoriums, bowling alleys, dance halls and nightclubs, and up to one hundred (100) percent of the parking spaces required for a church auditorium, may be provided and used jointly by banks, offices, retail stores, repair shops, service establishments and similar uses not normally open, used or operated during the same hours as those uses listed above; provided, however, that such joint use is approved by the Board of Appeals and written agreement thereto is properly executed and recorded in the land records of Wicomico County, except that such joint use in a planned development district shall be approved by the city council as part of the development plan.

17.196.070 Violations—Penalties.

Any person, partnership or corporation who violates any provision of this chapter shall be guilty of a municipal infraction and subject to a fine per violation as established by the City Council in the City of Salisbury Fine and Penalty Schedule. Each day a violation occurs is a separate violation subject to an additional citation and fine.

17.216.240 Outdoor advertising structure license.

- A. License Required. After December 31, 1990, it is unlawful for any person or entity to own an outdoor advertising structure within the city limits of the City of Salisbury unless the person or entity has a current annual license issued by the City of Salisbury for such outdoor advertising structure and the annual license fee has been paid to the city treasurer. A license is required for each outdoor advertising structure owned by such person or entity.
- B. All applications for an outdoor advertising structure license shall be filed with the director of the department of infrastructure and development and shall state, under oath, the following:
 1. The name and address of the owner of the outdoor advertising structure and the name and address of the owner of the property on which the outdoor advertising structure is located;
 2. Whether the outdoor advertising structure was constructed in accordance with state and city regulations in effect at the time of construction;

- 363 3. The approximate location of the outdoor advertising structure and the approximate location
364 of buildings on the property where the outdoor advertising structure is located;
- 365 4. The size, height, setback, type and number of faces on each outdoor advertising structure;
- 366 5. The date of the construction of the outdoor advertising structure and the company number,
367 state permit number and city building permit number, if any.
- 368 C. Any outdoor advertising structure which has not been licensed by the City of Salisbury or for
369 which the license fee has not been paid by January 1st of each year, commencing January 1st,
370 1991, shall be removed within sixty (60) days of written notification of such failure sent by the
371 director of the department of infrastructure and development to the owner of the outdoor
372 advertising structure or to the owner of the land upon which the outdoor advertising structure is
373 located.
- 374 D. All outdoor advertising structure licenses shall expire on the last day of December of each year
375 following January 1, 1991. All existing outdoor advertising structures must be licensed and the
376 license fee paid by January 1, 1991.
- 377 E. Such license issued for an outdoor advertising structure shall be displayed on the lower right
378 corner of the outdoor advertising structure. Each license shall contain the name of the owner of
379 the outdoor advertising structure and the current address and phone number of the owner of the
380 outdoor advertising structure.
- 381 F. The license fee for each outdoor advertising structure for the calendar year 2011 shall be fifty
382 cents (\$0.50) per square foot of sign surface area of such structure and hereafter the rate shall be
383 set in the budget adopted annually by the city council of the City of Salisbury.
- 384 G. Any owner of an outdoor advertising structure and owner of land upon which an outdoor
385 advertising structure is located which is not licensed as provided in this chapter or who violates
386 any of the terms of this chapter after January 1, 1991, shall be guilty of a municipal infraction
387 and; ~~upon conviction thereof, shall be fined not more than four hundred dollars (\$400.00) for~~
388 ~~each offense~~ subject to a fine as established by the City Council in the City of Salisbury
389 Fine and Penalty Schedule. Each day the outdoor advertising structure exists without a license
390 or in violation of this chapter shall be a separate offense.
- 391 H. Any owner who violates the provisions of this chapter and is convicted of such violations two
392 times for the same outdoor advertising structure shall have its license revoked and shall
393 immediately remove the unlicensed outdoor advertising structure or the outdoor advertising
394 structure that violates the terms of this chapter. ~~Any owner of an outdoor advertising structure~~
395 ~~who fails to obtain its owner's license by January 1st of each year will be assessed a penalty of~~
396 ~~one hundred dollars (\$100.00) per day for each day from January 1st until the license is obtained.~~

397 **BE IT FURTHER ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF**
398 **SALISBURY, MARYLAND,** as follows:

399 **Section 2.** It is the intention of the Mayor and Council of the City of Salisbury that each provision
400 of this Ordinance shall be deemed independent of all other provisions herein.

401 **Section 3.** It is further the intention of the Mayor and Council of the City of Salisbury that if any
402 section, paragraph, subsection, clause or provision of this Ordinance shall be adjudged invalid,
403 unconstitutional or otherwise unenforceable under applicable Maryland or federal law, such adjudication
404 shall apply only to the section, paragraph, subsection, clause or provision so adjudged and all other
405 provisions of this Ordinance shall remain and shall be deemed valid and enforceable.

406 **Section 4.** The recitals set forth hereinabove are incorporated into this section of the Ordinance as
407 if such recitals were specifically set forth at length in this Section 4.

408 **Section 5.** This Ordinance shall take effect from and after the date of its final passage.

THIS ORDINANCE was introduced and read at a Meeting of the Mayor and Council of the City of Salisbury held on the _____ day of _____, 2026 and thereafter, a statement of the substance of the Ordinance having been published as required by law, in the meantime, was finally passed by the Council of the City of Salisbury on the _____ day of _____, 2026

ATTEST:

Julie A. English, City Clerk

**April Jackson, President,
Salisbury City Council**

Approved by me, this _____ day of _____, 2026.

Randolph J. Taylor, Mayor

**SALISBURY PLANNING AND ZONING COMMISSION
NOTICE OF PUBLIC HEARING
REZONING**

In accordance with the provisions of Section 17.228, Amendments and Rezonings, of the Salisbury Municipal Code, the City of Salisbury has received a request to rezone four properties located at 705 Fitzwater Street, 100 First Street, 105 Second Street and 107 Second Street from R-5 Residential to Riverfront Redevelopment Multi-Use District No. 2.

A PUBLIC HEARING WILL BE HELD ON

Thursday, October 8, 2026, at 4:00 P.M. in the Council Chambers, Room 301, of the Government Office Building, 125 North Division Street, Salisbury, Maryland to hear opponents and proponents, if there be any.

Subsequent to the consideration of this proposal by the Salisbury Planning and Zoning Commission, a recommendation will be made to the Salisbury City Council for its consideration at a Public Hearing.

The Commission reserves the right to close a part of this meeting in accordance with the Annotated Code of Maryland, General Provisions, section 3-305(b).

(FOR FURTHER INFORMATION CALL 410-548-3170)

Dave Chiddenton, Chairman

Publication Dates: September 24, 2026
 October 1, 2026



Infrastructure and Development Salisbury Planning Commission Staff Report

Meeting of October 8, 2026

I. BACKGROUND INFORMATION:

Request: Chesapeake Shipbuilding Rezoning Request
Applicant: Darl Kolar, P.E., BCEE with Morris & Ritchie Associates, Inc.
Owner: SBY River LLC
Property Location: 705 Fitzwater St. (TM-106, P-1234, BL-6, L-9);
100 First St. (TM-106, P-1235, BL-6, L-10);
105 Second St. (TM-106, P-1236, BL-6, L-8); and
107 Second St. (TM-106, P-1237)
Existing Zoning: R-5 Residential
Proposed Zoning: Riverfront Redevelopment Multi-Use (RRMU) District #2

II. SUMMARY OF REQUEST:

On behalf of the owner, the Applicant has submitted a request to rezone four (4) properties totaling approximately 30,260 sq. ft. from R-5 Residential to Riverfront Redevelopment Multi-Use (RRMU) District #2. (See Attachment #1.)

Chesapeake Shipbuilding would like to construct a parking lot for its employees to eliminate the on-street parking that has occurred along Fitzwater Street. A “parking lot” is not allowed in the R-5 Residential District but is permitted under the RRMU zoning.

III. PROPERTY DESCRIPTION:

The four properties that are the subject of this rezoning request are undeveloped and total approximately 30,260 s.f. The properties have access from Fitzwater Street, and First and Second Streets. (See Attachment #2.)

IV. DESCRIPTION OF AREA:

The surrounding area contains a variety of uses. To the north is an established residential area and across Fitzwater Street to the south is the Chesapeake Shipbuilding facility, and farther east is Rivers Edge Apartments, the Port of Salisbury Marina and Brew River



Restaurant. Farther west along Fitzwater Street and Parsons Road is a mixture of industrial, residential and institutional uses.

V. ZONING HISTORY:

Under the City's first zoning map in 1931, the subject properties were zoned B-40B Business District. During the City's next comprehensive rezoning in 1959, the properties were zoned Commercial. The City's most recent comprehensive rezoning occurred on May 25, 1983, when the subject properties were zoned R-5 Residential which they remain to date.

VI. EXISTING AND PROPOSED ZONING:

The four properties requested for rezoning are currently zoned R-5 Residential. This District permits single-family detached residences and a limited number of other uses that are compatible with single-family development. (See Attachment #3 for uses allowed in the R-5 District.)

The proposed RRMU District #2 is intended to promote the development and redevelopment of lands along the Wicomico River with a mixture of uses that are either dependent on or appropriate to the waterfront. To ensure compatibility with riverfront development, the Code requires that prior to the development or redevelopment of any lands within the RRMU District, a Certificate of Design and Site Plan approval is required by the Planning Commission. A wide range of uses is allowed in this District, and development standards are flexible. (See Attachment #4 for uses allowed in the RRMU zoning.)

VII. CODE REQUIREMENTS:

In accordance with the requirements of Section 17.228 of the Zoning Code, the Planning Commission must hold a Public Hearing on a proposed rezoning and forward a recommendation within six (6) months to the City Council. The City Council is also required to hold a public hearing before approving or denying the request.

The Code also contains specific criteria that must be considered for rezonings, related to population change; availability of public facilities; present and future transportation patterns; compatibility with existing and proposed development for the area; the recommendation of the planning commission; and the relationship of the proposed amendment to the City's Plan.

Finally, and in accordance with State Land Use Law, the City's Code requires that a rezoning may only be approved based upon a finding that (1) there has been a substantial change in the character of the neighborhood since the last comprehensive rezoning, and/or (2) there is a mistake in the existing zoning.



Rezoning Case Law requires that a “neighborhood” be identified if the argument is being made that a change in the character of the neighborhood justifies a rezoning.

VIII. DISCUSSION:

Chesapeake Shipbuilding (under the property owner’s name of SBY River LLC) is requesting that four (4) properties they own on the north side of Fitzwater Street be rezoned from R-5 Residential to RRMU District #2 in order to build a parking lot for its employees, many of which are now parking on Fitzwater Street. A “parking lot” is not permitted in the R-5 District, but is a permitted use in the RRMU District #2.

Prior to the City’s most recent comprehensive rezoning of May 25, 1983, these properties were zoned commercial, but in 1983 they were rezoned to the current R-5 zoning.

Since May of 1983, the surrounding area has experienced a number of changes, including the rapid growth of Chesapeake Shipbuilding, the construction of two apartment projects containing 230 units (Mitchell Landing and River’s Edge) and a 9,400 s.f. restaurant (Brew River), the expansion of the Port of Salisbury Marina, and major road improvements to Fitzwater Street. As a result of extensive residential development that has occurred in the Pemberton Drive/Nanticoke Road area since the mid-1980s, Fitzwater Street has seen an increase in traffic by residents seeking to use Fitzwater Street as a through road to reach other areas of the City.

The increase in traffic on Fitzwater Street indicates that the future development along this road should not be limited to single-family detached residences, as permitted by the R-5 District, but instead should be developed with a mixture of land uses, as recommended by the City’s Draft Comprehensive Plan.

With the exception of the residential development that occurred in the Pemberton Drive/Nanticoke Road area, the “changes” listed above are within the Staff’s identified “Neighborhood” for this request, and is bordered by Marine Road, Parsons Road and Mitchell Road on the west; West Main Street, Willow Street, Lake Street and U.S. Route 50 on the north; the Wicomico River on the east; and the River and Ellegood Street on the south. (See Attachment #5.)

Staff also believes an argument can be made that it was a “mistake” to zone these properties R-5 Residential during the City’s 1983 Comprehensive Rezoning. Prior to 1983, these properties were zoned commercial. Within the neighborhood, there was one commercial use located on the first floor of the two-story unit located at the western corner of the Fitzwater Street/Hill Street intersection (665 Fitzwater Street) now owned by Salisbury Neighborhood Housing Service (SNHS). This commercial use, which had existed for many years, was classified as “nonconforming” when the properties were rezoned to R-5 in 1983 and because the use ceased operation about three years ago, it was not allowed to resume. SNHS would like to have the ability to resume the commercial use, which is allowed under the proposed RRMU zoning.



Given the discussion above, Staff believes the rezoning for the Chesapeake Shipbuilding properties is justified, and Staff further believes that rezoning all of the lots fronting on Fitzwater Street as shown on Attachment #6 is a long-term solution that offers redevelopment opportunities for property owners and for the City. This rezoning would be in accordance with the recommendations of the City's Draft Comprehensive Plan, which recommends "mixed Use" development for these properties (see Attachment #7).

Because this rezoning was initiated by Chesapeake Shipbuilding and Staff is recommending an expansion of this rezoning request, a letter was sent to each property owner in the proposed rezoning area explaining the Staff's recommendation. Not including the four Chesapeake Shipbuilding properties, a total of 25 properties, represented by seven (7) property owners, received the letter, and to date, four (4) have responded, representing 18 of the properties, requesting information.

IX. FINDINGS OF FACT:

Staff makes the following findings in relation to the criteria contained in the Zoning Code:

- a. Population Change – Within the neighborhood identified by Staff, two housing developments (Mitchell Landing and River's Edge) have been constructed since the City's 1983 Comprehensive rezoning. Mitchell Landing, constructed in 1992, consists of 24 multi-family units, and River's Edge, constructed in 2015, totals 90 units. Combined, these two projects total 114 units and have added an estimated 230 residents within the neighborhood.
- b. Availability of public facilities – Public facilities, including water, sewer, police, fire and other municipal services, are available to serve the Chesapeake Shipbuilding properties, and the additional properties recommended by Staff to be included in the rezoning.
- c. Present and future transportation patterns – The transportation pattern within the neighborhood is well-established and would not be adversely impacted by the proposed rezoning. During the 2019-2021 timeframe at a cost of over \$6 million, the City completed extensive upgrades to Fitzwater Street to include repaving, the replacement of sewer lines, rebuilding a wastewater pump station, and installing new curbing, sidewalks and lighting. If approved, the proposed rezoning can improve safety on Fitzwater Street by removing on-street parking by providing off-street parking for Chesapeake Shipbuilding's employees.
- d. Compatibility with existing and proposed development for the area – A wide range of land uses exist in the neighborhood, including residential, institutional, commercial and industrial. Staff believes the allowable uses in the RRMU District #2 would be compatible with existing and proposed development in the area, especially since the



Planning Commission is required to review and approve a design and site plan for any proposed development. This will especially be important in order to protect the existing single-family neighborhood to the north of the Chesapeake Shipbuilding properties and the additional properties recommended for inclusion by Staff. Through the site plan approval, the Planning Commission can require extensive landscaping and screening to provide a buffer for adjoining residential uses.

- e. Recommendation of the Planning Commission – This will be incorporated following the public hearing and decision by the Planning Commission.
- f. The relationship of such proposed amendment to the jurisdiction's plan – The City's Future Land Use Map in the 2010 Comprehensive Plan designates Chesapeake Shipbuilding properties, and the properties recommended to be included in the rezoning, for "Medium Density Residential" (see Attachment #8). The Draft Plan that is anticipated to be adopted in early 2027 recommends "Mixed Use" for these properties, reflecting the changes in land use that have occurred in this area (see Attachment #7). "Mixed Use," as its name implies, allows for various uses such as commercial, residential, institutional, and light business land uses while promoting high-quality building design. The RRMU District #2 accomplishes both of these goals through its range of allowable uses and by requiring the Planning Commission to approve a design and site plan certificate prior to development occurring. Staff finds that the proposed rezoning would comply with the recommendations of the City's proposed Comprehensive Plan.

X. STAFF RECOMMENDATION:

The Department of Infrastructure and Development recommends that the Planning Commission forward a **FAVORABLE** recommendation to the Mayor and City Council for the proposed rezoning from R-5 Residential to RRMU District #2 for the properties shown on Attachment #6 that front on Fitzwater Street, based on both a mistake in the existing zoning and on a change in the character of the neighborhood since the City's last comprehensive rezoning on May 25, 1983. This recommendation is based on the Findings as outlined in Section IX of this Staff Report.

MORRIS & RITCHIE ASSOCIATES, INC.ENGINEERS, ARCHITECTS, PLANNERS, SURVEYORS,
AND LANDSCAPE ARCHITECTS

September 25, 2026

City of Salisbury - Planning Commission
125 N. Division Street, Suite 304
Salisbury, Maryland 21801

ATTN: Gary Pusey, City Planner

RE: **Chesapeake Shipbuilding Corp.**
Proposed Rezoning of Four Tax Parcels
705 Fitzwater Street;
102 First Street;
105 Second Street;
107 Second Street
MRA 23697

Dear Members of the City of Salisbury Planning Commission,

On behalf of Chesapeake Shipbuilding Corp.; Morris & Ritchie Associates, Inc. respectfully requests amendment of the City of Salisbury Zoning Map to reclassify the four properties listed above from R-5 Residential to Riverfront Redevelopment Multiuse District No. 2 (RRMU-2). The proposed rezoning will apply to four parcels located within the City of Salisbury and identified below:

- 705 Fitzwater Street Tax Map 0106 Grid 0021 Parcel 1234 Area = 13,696.28 SF
- 102 First Street Tax Map 0106 Grid 0021 Parcel 1235 Area = 8,356.19 SF
- 105 Second Street Tax Map 0106 Grid 0021 Parcel 1236 Area = 5,363.40 SF
- 107 Second Street Tax Map 0106 Grid 0021 Parcel 1237 Area = 4,746.73 SF

The application is based on a substantial change in the character of the neighborhood under Section 17.228.030(A)(1). The former residential structures on the four R-5 parcels no longer exist. At the same time, Chesapeake Shipbuilding has expanded its established operation nearby, adding employment and water-dependent commercial activity associated with the Wicomico River and the Port of Salisbury. The City has also modified the public street to accommodate increased on-street parking. Taken together, these physical and operational changes have altered the setting and reduced the suitability of continued R-5 zoning at this location.

The requested district is tailored to this setting. Section 17.105.010 identifies the Wicomico River as an important economic resource and gives primary consideration to commercial businesses requiring water frontage and access. It also requires coordinated site planning, landscaping, pedestrian movement, and separation from commercial traffic. Chesapeake Shipbuilding intends the subject properties to serve as a carefully designed transition between the active shipbuilding campus and the remaining residential neighborhood, subject to the City's site-plan, landscaping, stormwater, access, and other development requirements.

This request is also based on the second component of Section 17.228.030(A)(2) that there has been a mistake in the existing zoning.

REZONING CRITERIA:

Section 17.228.030(A)(1) requires the City Council to make findings on six matters. The following information addresses each matter:

8 West Market Street, Georgetown, DE 19947 (302) 855-5734 Fax: (302) 855-0157 www.mragta.com

Population Change:

The 2020 Census recorded 33,050 residents in Salisbury, an increase of 2,707 residents from the 2010 Census. This growth supports continued investment in employment centers and efficient use of land already served by City infrastructure. The requested rezoning would not introduce new residential density or create a separate population-driven demand for services. Instead, it would support an existing employer within the developed City while organizing parking and buffering at the edge of an established industrial and residential area.

1. Availability of Public Facilities:

The properties are within the existing City existing service area, and are served by public water and sewer. Water and sewer infrastructure is available along the three street frontages, and the City has capacity for the limited demand associated with the proposed use. Police, fire, emergency response, refuse, and other municipal services already serve the surrounding neighborhood and Chesapeake Shipbuilding's nearby operation. The proposed use is not expected to create greater demand on water and sewer capacity than the current occupied residential or commercial uses permitted in the area.

2. Present and Future Transportation Patterns:

The rezoning would not require a change to the existing public street network or the sidewalks fronting the properties. Fitzwater Street, First Street, and Second Street would remain in place. The City has already modified the street environment to accommodate increased on-street parking associated with current neighborhood activity. The potential for consolidating employee or operational parking on the subject properties could further reduce scattered parking demand and improve the predictability of vehicle movements. Final access locations, internal circulation, pedestrian routes, screening, and traffic separation would be reviewed during site-plan approval under the RRMU-2 standards.

3. Compatibility with Existing and Proposed Development:

The properties occupy a transition area between Chesapeake Shipbuilding's active waterfront operation and nearby residential development. R-5 zoning no longer reflects the physical condition of the four parcels because the former residences have been removed. RRMU-2 would provide a more appropriate regulatory framework for this edge condition. It permits parking and marine-related uses, but also requires Planning Commission review of architecture, landscaping, site design, pedestrian movement, and compatibility. A potential landscaped parking area or other similar uses can function as a physical and visual buffer, with screening used to reduce potential effects from noise, lighting, vehicle movement, and heavier commercial activity on the adjoining residential properties.

Redevelopment will also be subject to current Maryland Department of the Environment and City stormwater-management requirements. The resulting controls will provide an opportunity to manage runoff and water quality under current standards, improving environmental performance compared with unregulated or legacy conditions. Detailed design will be established through the City's development-review process.

Recommendation of the Planning Commission:

The Planning Commission's recommendation will be incorporated into the record after its public hearing and review under Section 17.228.020. Chesapeake Shipbuilding respectfully requests a

favorable recommendation based on the documented neighborhood changes, the compatibility measures available through RRMU-2 site-plan review, and the proposal's relationship to the City's waterfront and economic-development policies.

Relationship to the City Comprehensive Plan:

The requested amendment is consistent with Salisbury's comprehensive planning framework for waterfront redevelopment and the Wicomico River. It would retain and strengthen a water-dependent commercial operation, direct reinvestment to developed land served by existing infrastructure, and use the existing transportation network to support access to jobs. It would also allow resiliency and current stormwater measures to be incorporated when the parcels are redeveloped.

The proposal also advances the City's policies to separate heavier commercial or industrial activity from residential areas through buffers, landscaped parking, and transitional uses; make appropriate use of the Wicomico River waterfront; preserve land for industrial activity near transportation routes; protect industrial operations from encroachment by incompatible uses; and maintain the Port of Salisbury as an element of regional commerce. Chesapeake Shipbuilding's continued investment supports manufacturing, skilled-trade employment, and the construction of cruise vessels used by the tourism industry in the Chesapeake Bay and elsewhere in the United States.

These objectives also align with the stated purpose of RRMU-2. The district prioritizes industries requiring water frontage and access, expressly permits marine construction and repair yards and parking, and calls for compatible site planning and landscaping. Applying RRMU-2 to the subject properties would therefore connect the zoning map to the long-term land-use policy for this portion of the Wicomico River waterfront.

Substantial Change in Neighborhood Character:

The record supports the statutory basis for reclassification. Since the existing R-5 classification was applied, the residential structures on all four subject properties have been removed; Chesapeake Shipbuilding has expanded its operation across the street; employment and water-dependent commerce have increased; and the City has modified the public street to accommodate greater parking demand. The properties now function as part of a transition between a growing water dependent commercial operation and the remaining residential area. These changes are substantial, observable, and directly related to the requested RRMU-2 classification.

Mistake in the Existing Zoning:

MRA understands that during the most recent Planning Commission, September 10, 2026, there was discussion by former Planning Commissioner, Thomas Becker, to the Planning Commission, stated that the referenced four parcels and adjacent parcels in this area of Fitzwater Street were formally zoned commercial and rezoned residential. Mr. Thomas further stated that during his tenure (approximately 14 years) on the Planning Commission, the Planning Commission made a mistake by including these referenced four parcels rezoned as residential.

City of Salisbury - Planning Commission
Chesapeake Shipbuilding Corp.
Proposed Rezoning of Four Tax Parcels
September 25, 2026
Page 4 of 4

Conclusion:

For these reasons, Chesapeake Shipbuilding Corp. respectfully requests that the Planning Commission recommend approval and that the City Council approve the rezoning of 705 Fitzwater Street, 100 First Street, 105 Second Street, and 107 Second Street from R-5 Residential to RRMU-2. The Applicant believes this request is consistent with the City's planning objectives and the continued growth and redevelopment of the Fitzwater Street riverfront area.

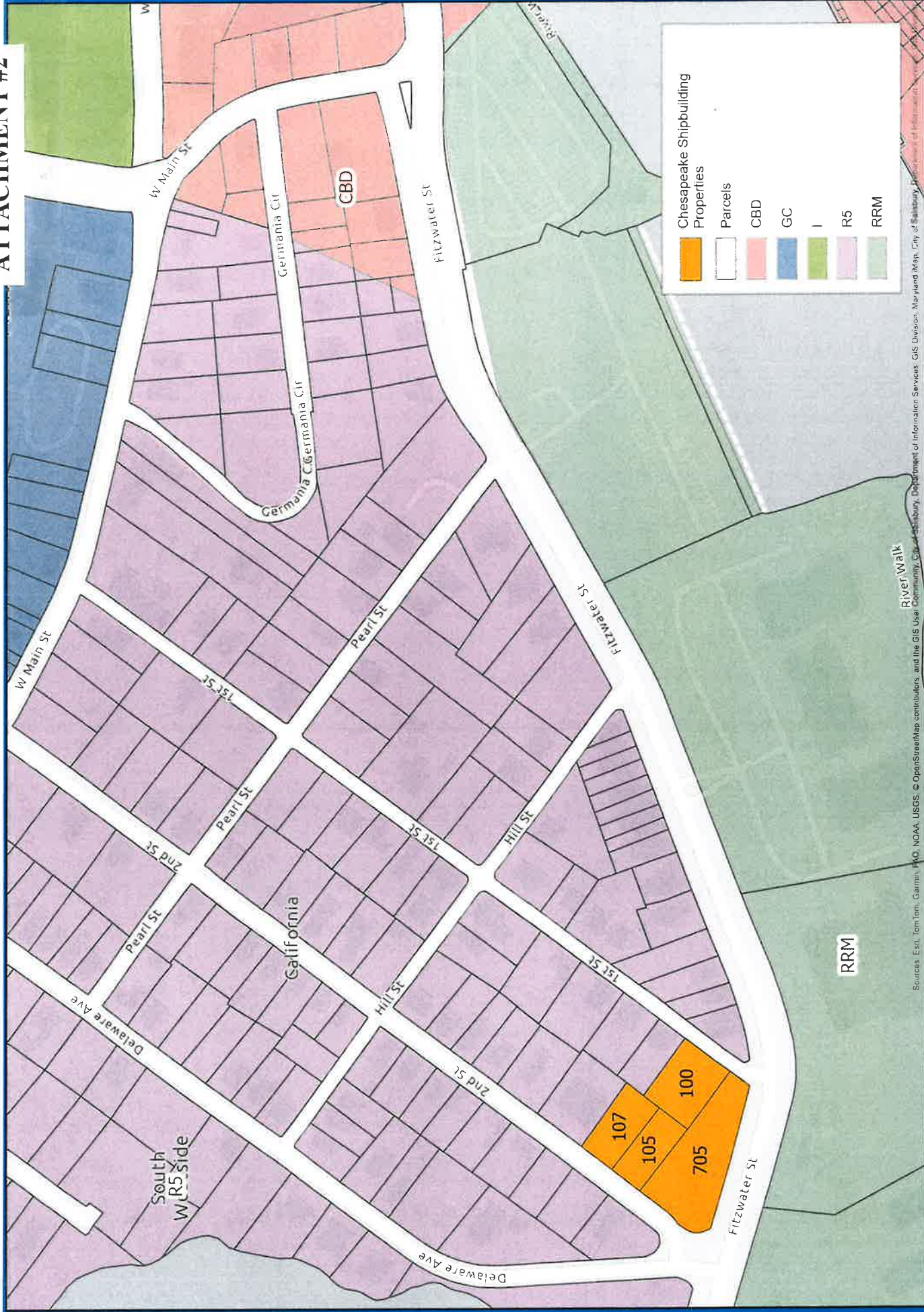
Thank you for your time and consideration. Please feel free to contact me should you require any additional information or supporting documentation.

Sincerely,
MORRIS & RICHIE ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read 'Darl Kolar', with a stylized flourish at the end.

Darl Kolar, P.E.
Associate

CC: Jake Matturo, American Cruise Lines, Inc.
Steven McGee, PE, Chesapeake Shipbuilding Corp.



Fitzwater St. Rezoning - Applicant Request

Salisbury, Maryland



Scale: 1"=100'
Date: 9/23/2026

Sources: Esri, TomTom, Garmin, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community, City of Salisbury, Department of Information Services, GIS Division, Maryland Map, City of Salisbury, Department of Information Services, GIS Division

- **Chapter 17.156 - R-5, R-8 AND R-10 RESIDENTIAL DISTRICTS**

- **17.156.010 - Purpose.**

- A. The purpose of the R-5, R-8 and R-10 residential districts is to preserve the character of both newly planned and established single-family residential areas in order to promote and to enhance the quality of life and environmental attributes which are an essential part of the city. The uses permitted in these districts are limited primarily to single-family residential. Selected nonresidential uses which provide a service to the residents of an area or which, by their nature, require a residential environment are permitted. Apartment developments, therefore, are incompatible because they generate an undue concentration of population and increased traffic which alter the predominantly single-family residential character of these areas.
- B. The R-5, R-8 and R-10 residential districts encompass the majority of the residential areas of the city which either are or will be served by municipal utilities, including public water, sanitary sewer and storm drains.

- **17.156.020 - Permitted uses.**

Permitted uses shall be as follows:

- A. Cultivation of land;
- B. Dwellings;
 1. Single-family detached.
- C. Firehouse;
- D. Park and playground, public and private, in accordance with [chapter 17.220](#);
- E. School of general instruction, in accordance with [chapter 17.220](#).

- **17.156.030 - Uses permitted by special exception.**

Uses permitted by special exception shall be as follows:

- A. Cemetery, on minimum tract of ten acres;
- B. Church or other place of worship on a lot size of less than five acres, in accordance with [chapter 17.220](#), excluding bus storage, cemetery, day-care center, school of general instruction and gymnasium as accessory uses;
- C. Church and other place of worship on a minimum lot of five acres, in accordance with [chapter 17.220](#), excluding bus storage, cemetery, day-care center, school of general instruction and gymnasium as accessory uses;
- D. Day-care facilities for the elderly and handicapped;
- E. Nonaccessory offices on church-owned properties contiguous to existing religious structures for use by nonprofit organizations;
- F. Studios [in the R-5 and R-8 districts only].
- G. Solar Farm.

- **17.156.040 - Uses permitted by ordinance permit.**

Uses permitted by ordinance permit by the city council shall be as follows:

- A. Day-care center or nursery school, in accordance with [chapter 17.220](#);
- B. Utility substation, in accordance with [chapter 17.220](#).

- **17.156.050 - Accessory uses and structures.**

Accessory uses and structures shall be as follows:

- A. Cloister or clerical housing on the same lot with a church or other place of worship, meeting lot area and/or standards required for each individual use;
- B. Home occupation;
- C. Home office;
- D. Family day-care home;
- E. Private garages and other accessory uses normally associated with a residential use, such as but not limited to detached home workshop, swimming pool, cabana, greenhouse, private studio and boathouse, all of which shall be incidental to the use of the property as a residence;
- F. Storage of recreational vehicles and boats on residential lots, limited to two in any combination, in back of the front building setback line, where such recreation vehicles and boats are for the use and enjoyment of the resident thereon;
- G. Other accessory uses and structures clearly incidental to, customary to and associated with the permitted use.

Chapter 17.105 - RIVERFRONT REDEVELOPMENT MULTIUSE DISTRICT #2

17.105.010 - Purpose.

- A. The Wicomico River is an important and unique resource necessary to the economic viability of the City of Salisbury and Wicomico County. This district is intended to promote the development and redevelopment of lands along the Wicomico River south of West Main Street with a mixture of uses and activities which are either dependent upon or appropriate to the waterfront. Industries which require frontage on and access to the water and certain waterfront related commercial activities are to be given primary consideration for lands adjoining the river. To complement and strengthen the function of the waterfront area certain recreation, shopping, business and residential uses are also permitted.
- B. To ensure compatibility with riverfront development in the adjoining central business and historic district compatibility of architecture, landscaping and site design for development within the district and public access to and along the waterfront with proper emphasis on pedestrian movement and its separation from industrial traffic, all uses within this district are subject to review and approval by the Salisbury planning commission.
- C. Coordination of site plans, landscaping and pedestrian and traffic movement is a necessary concern for review and approval of uses to assure that waterfront development uses can function harmoniously and compatibly with less intensive uses permitted to complement and strengthen the waterfront area. The following uses, standards and review procedures have been developed in accordance with this purpose, which is consistent with the findings and recommendations of the metro core comprehensive plan for development of the Wicomico River waterfront.

17.105.020 - Certificate of design and site plan approval required.

Prior to the development or redevelopment of any lot or parcel of land within the riverfront redevelopment multiuse district, a certificate of design and site plan approval shall be obtained from the Salisbury planning commission. Repairs, maintenance and minor additions or changes of use not affecting the existing site arrangement of buildings, parking, vehicular or pedestrian movement or building area or height shall not require a certificate.

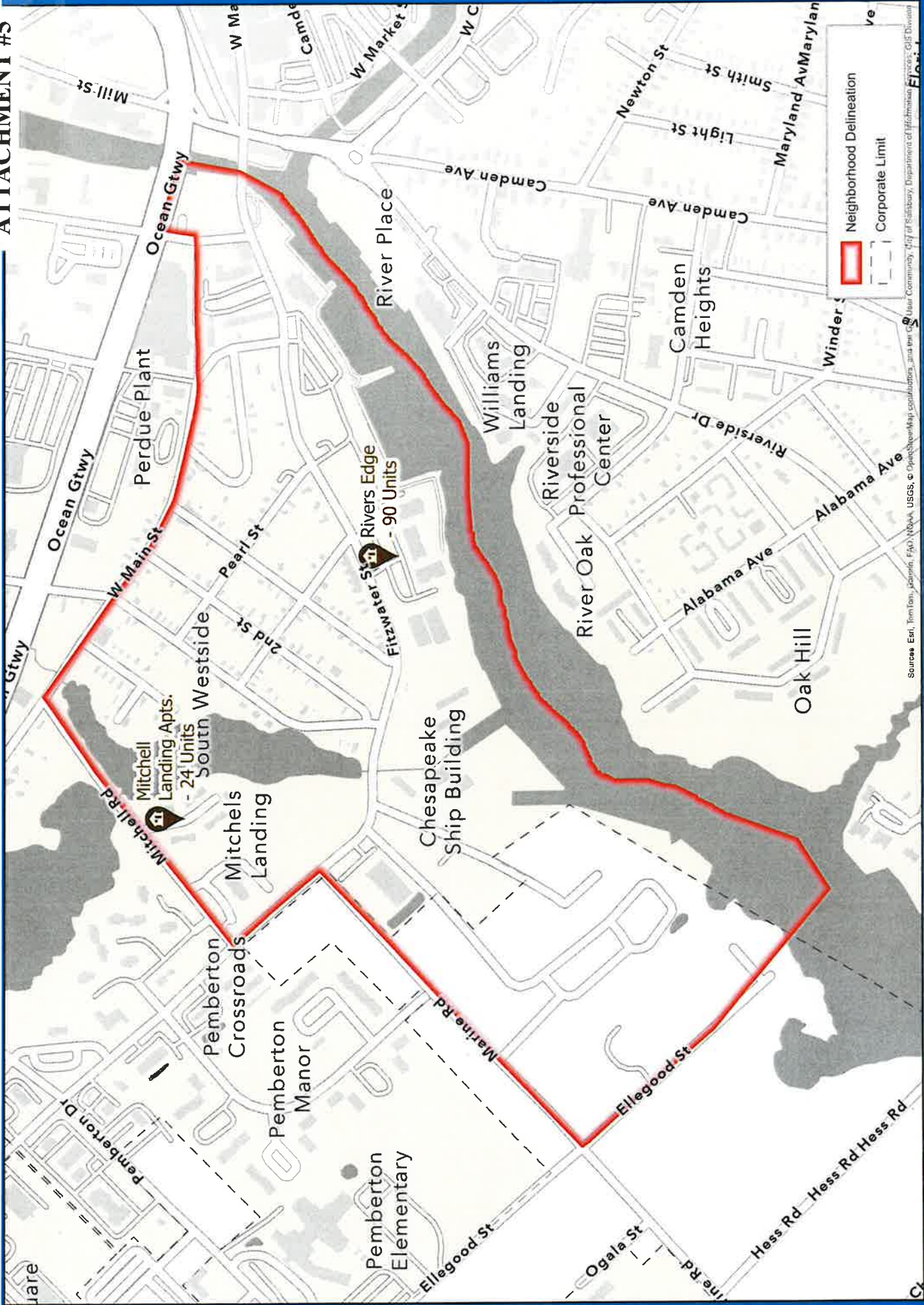
17.105.030 - Permitted uses.

Permitted uses shall be as follows:

- A. Apartments and single-family attached residential uses, provided that such development is designed not to preclude access to the waterfront;
- B. Boat sales, service, rentals, ramps, docks, marinas and commercial sightseeing;
- C. Commercial fishing and seafood wholesale or retail outlets and related uses;
- D. Hotel, motel or other tourist-related facility;
- E. Industrial uses dependent upon the waterfront for delivery or shipment of goods and materials necessary to their operation;
- F. Marine railways, construction and repair yards, storage yards and marine supply outlets;
- G. Office building;
- H. Parking lot or structure;
- I. Public or private utility buildings or uses and utility substation;
- J. Recreational, social, cultural facilities, public parks and open space;
- K. Restaurants and outdoor eating facilities;
- L. Specialty and marine shopping facilities, such as art, gift, antique, import, health and natural goods, fishing tackle and equipment, marine hardware and boat furniture shops, including

uses of a more general commercial nature which do not detract from the purpose of the waterfront and which are necessary to its economic viability;

- M. Trucking and freight transfer terminals and depots, wholesaling, warehousing and distribution facilities, all of which are dependent upon the waterfront for their operation;
- N. Day-care services for employees or patrons of a permitted use as an accessory use;
- O. Accessory uses and structures clearly incidental to, customary to and associated with the permitted use, including but not limited to swimming pools and boat slips or piers.

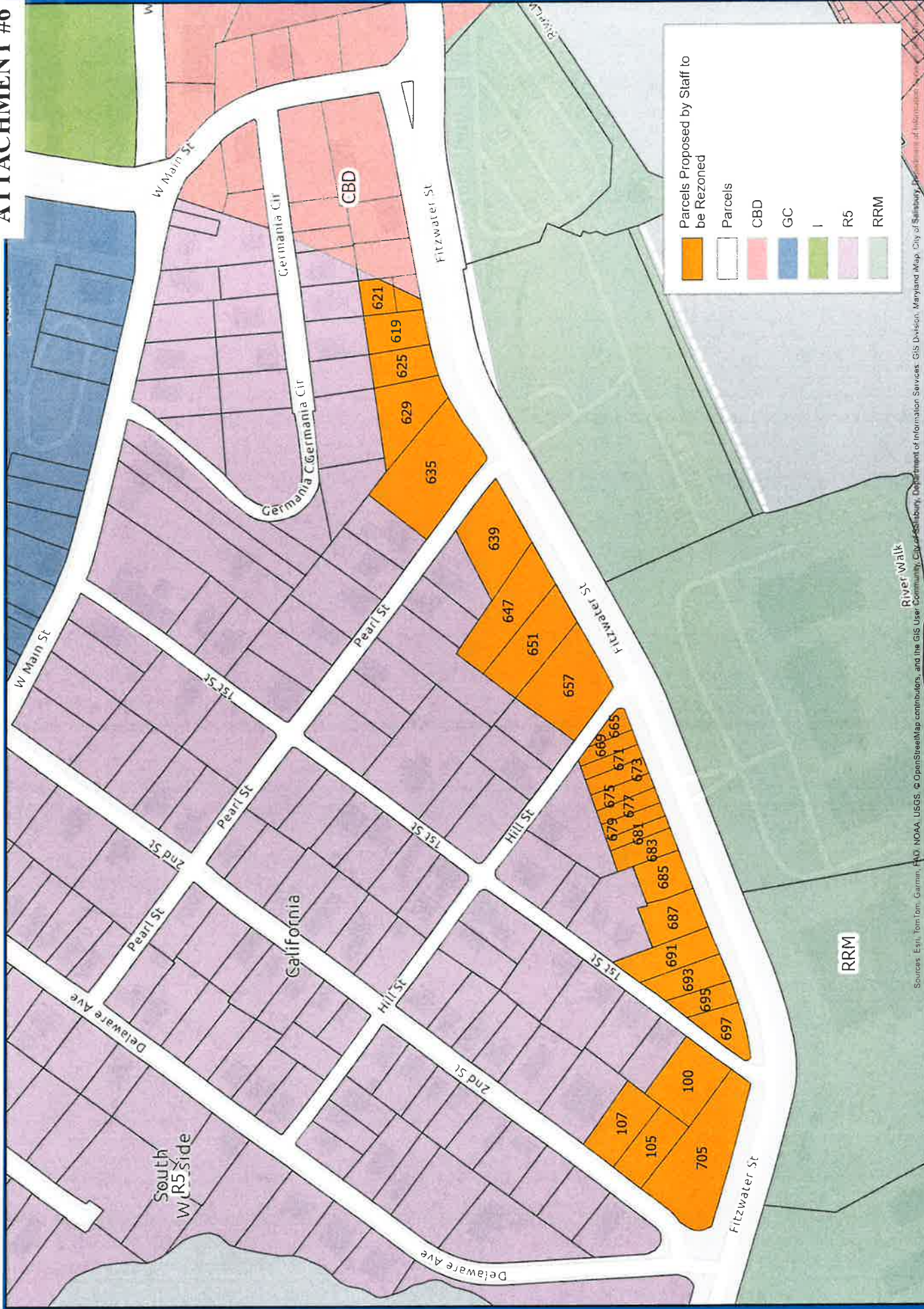


Neighborhood

Salisbury, Maryland



Scale: 1:6,500
Date : 9/25/2026



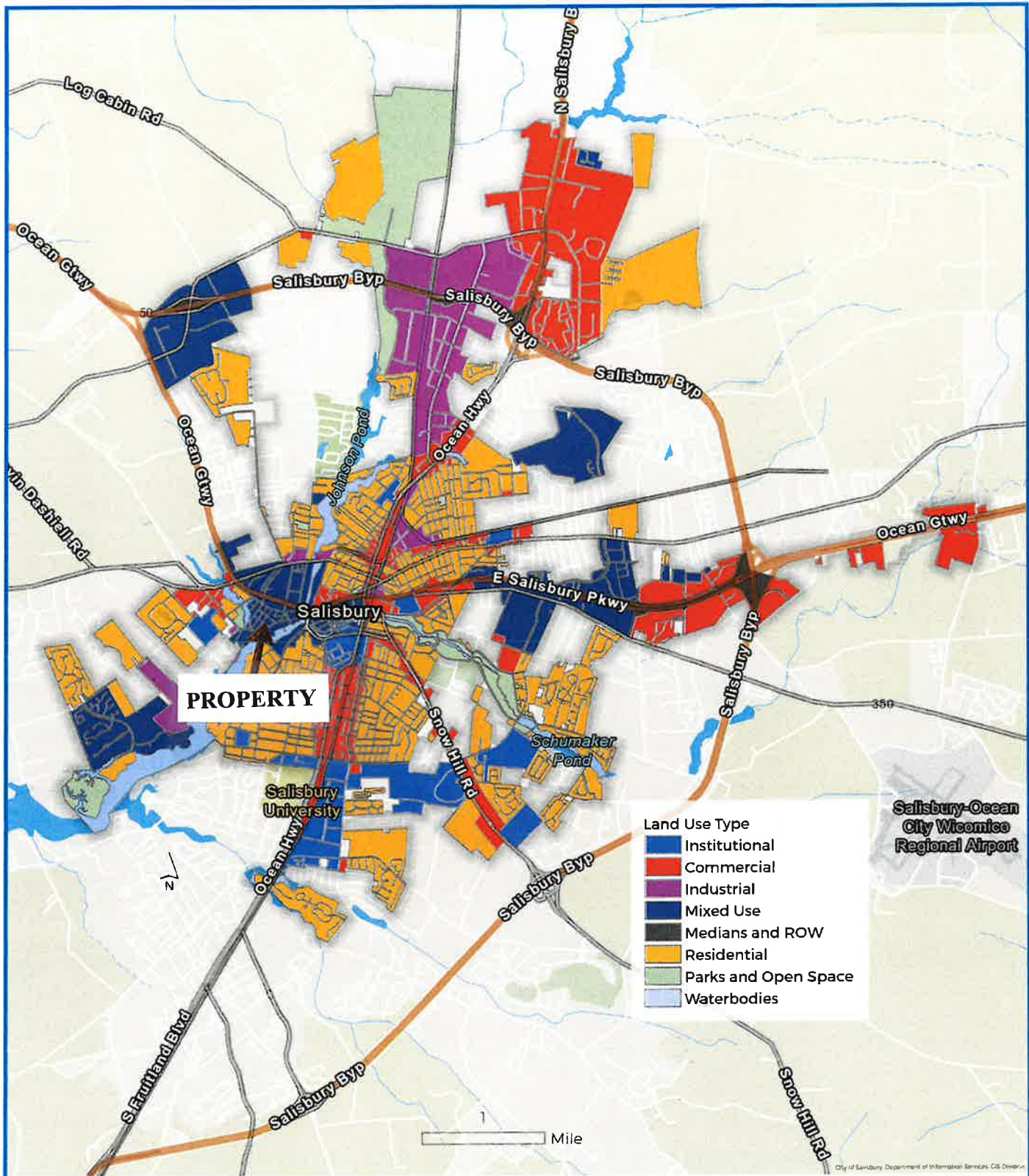
Fitzwater St. Rezoning - Staff Recommendation

Salisbury, Maryland

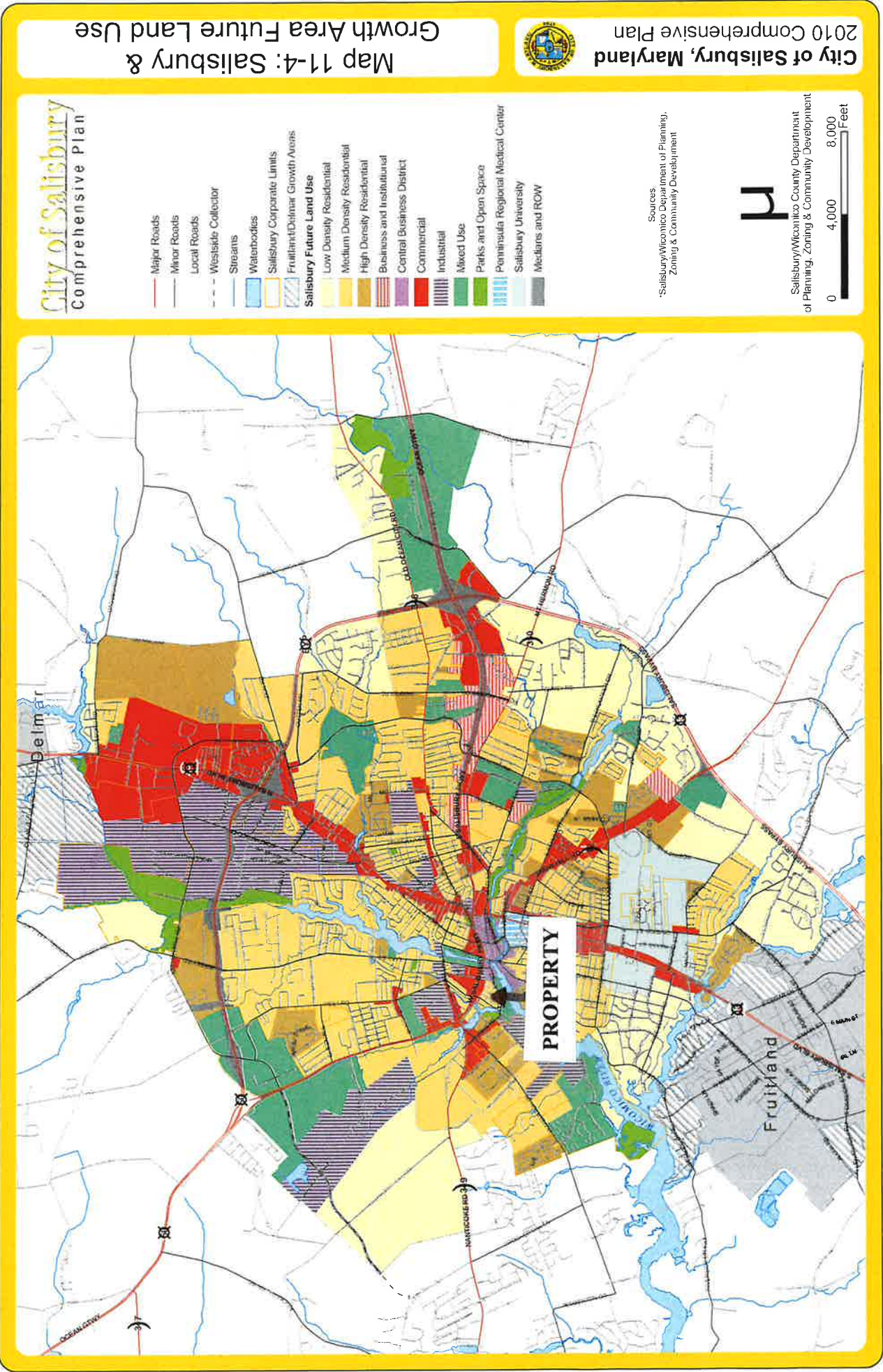


Scale: 1:2,100
Date: 9/23/2026

Sources: Esri, TomTom, Garmin, FAD, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community, City of Salisbury, Department of Information Services, GIS Division, Maryland Map, City of Salisbury, Department of Information Services, GIS Division



Map 3-4: Salisbury 2025 Future Land Use



Salisbury Community Development Corporation

200 West Main Street
Salisbury, MD 21803

Judy Kuntz, PE, Acting Director
Gary Pusey, Planner
Department of Infrastructure and Development
City of Salisbury
125 N. Division Street, Room 304
Salisbury, MD. 21801

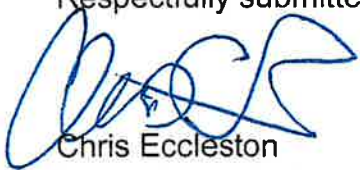
Dear Ms Kuntz and Mr Pusey,

On behalf of the newly formed Salisbury Community Development Corporation, we would like to endorse the planning staff's possible recommendation for the City's new Comprehensive Plan to change the present R-5 zoning along Fitzwater Street to the existing zoning code's designation of a Riverfront Multi-Use district.

This Comprehensive Plan change would be in compliance with the zoning needs for parking and growth of Chesapeake Shipbuilding/SBY River, LLC, to support continued economic expansion and job creation at Chesapeake Shipbuilding.

Thank you for your careful consideration.

Respectfully submitted,



Chris Eccleston

Board Chair, Salisbury Community Development Committee