

SUPPLEMENTARY DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

TIME SHARING OWNERSHIP - BAY CLUB CONDOMINIUM

THIS DECLARATION, made this 19th of December, 1984, by OZ Enterprises, Inc., hereinafter and in the Exhibits hereto sometimes called the "Declarant":

WHEREAS, the Declarant is the owner in fee simple of certain land and premises located in the County of Worcester, State of Maryland, more particularly described as follows:

Sixty condominium units in a plan of condominium subdivision styled "Bay Club Condominium" as the same is more particularly described and identified on a condominium plat recorded in Condominium Plat Book WCL beginning at Plat among the Land Records of Worcester County, and premises declared to be subject to a condominium regime by a certain Declaration dated the 18 day of DECEMBER, 1984, and recorded the 25 day of DECEMBER, 1984, in Liber WCL Number _____ at folio _____ among the aforesaid Land Records; and

WHEREAS the Declarant desires and intends, by the execution and recordation hereof to divide each and every condominium unit into time intervals and to establish a common plan for the use and enjoyment of the condominium units and of the interests and duties appurtenant thereto;

WITNESSETH:

NOW, THEREFORE, the Declarant hereby declares that the condominium units hereinabove described, together with all interests and duties appurtenant thereto, shall be held, conveyed, divided or subdivided, leased, occupied, improved, hypothecated and encumbered subject to the covenants, restrictions, uses, limitations, obligations, easements, conditions, equitable servitudes, charges and liens (hereinafter sometimes collectively referred to as the "covenants, conditions, and restrictions") hereinafter set forth, all of which are declared to be in aid of a common plan for the improvement of the condominium units and for the purpose of enhancing the value thereof and shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by any person acquiring or owning any interest in the condominium unit including, without limitation, any person who acquires or owns such an interest solely as security for the payment of a debt or the performance of an obligation.

ARTICLE I

1. Definitions. Unless the context shall plainly require otherwise, the following words and expressions, when used in this Declaration and any and all Exhibits hereto, shall have the following meanings:

(a) "Condominium" or "the condominium project" means Bay Club Condominium as hereinabove identified;

(b) "condominium unit" or "premises" means the individual condominium units which are the subject matter of this Declaration, together with all interests and duties appurtenant thereto;

(c) "time interval" means an estate for years in the condominium unit for an annually recurring part or parts of the calendar year more particularly described and identified in Article II of this Declaration, which estate is to be succeeded by a succession of other estates, in consecutive chronological order, each of which may be separately owned, and shall include, without limitation, a remainder over, in fee simple absolute, as a tenant in common with others, in a 1/52nd interest in the condominium unit upon termination of this Declaration;

(d) "owner" means any person who holds legal title to a time interval in a condominium unit; provided, however, that any person who holds such interest shall not be considered an owner by reason only of such interest;

(e) "owners" shall mean all of the owners of all of the time intervals in the condominium units;

(f) "person" shall have the same meaning as the word is defined to have in Title 11, Real Property Article, Section 1-101 (j), Annotated Code of Maryland (1981 Repl. Vol.) and shall include, without limitation, the Declarant and the Council of Unit Owners of Bay Club Condominium, Inc.;

(g) "Council" means the Council of Unit Owners of Bay Club Condominium, Inc., a corporation organized and existing under the laws of the State of Maryland;

(h) "Declaration" means this Declaration as the same may be from time to time amended, and the Condominium Declaration recorded on the ___ day of _____ and recorded on the ___ day of _____, 198_, in Liber WCL Number ___ at folio ___ among the Land Records of Worcester County, Maryland, and the Exhibits thereto, as the same may be from time to time amended; and

(i) "Manager" shall mean the person from time to time selected by the owners to manage the condominium unit in accordance with the provisions and requirements of this Declaration.

2. Other Definitions - Construction. Unless the context shall plainly require otherwise, all other words and expressions used herein shall have the same meaning as they are defined to have in:

(a) the Condominium Declaration; or

(b) the Condominium Act; or

(c) Title 11, Real Property Article, Annotated Code of Maryland (1981 Repl. Vol.); and

in the event of any conflict in the definition of any word or expression, the aforementioned instruments and laws shall control the construction and interpretation of this Declaration in the order stated in this Section 2.

ARTICLE II

1. Division into Time Intervals. The Declarant does hereby divide each and every condominium unit contained in the Bay Club Condominium, respectively numbered 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511 and 512, each into the following time intervals:

Time interval Number 1 consisting of the seven (7) succeeding days commencing at 12:00 noon on the first Friday of each successive year;

Time interval Number 2 consisting of the seven (7) succeeding days commencing at 12:00 noon on the second Friday of each successive year;

Time interval Number 3 consisting of the seven (7) succeeding days commencing at 12:00 noon on the third Friday of each successive year;

Time interval Number 4 consisting of the seven (7) succeeding days commencing at 12:00 noon on the fourth Friday of each successive year;

Time interval Number 5 consisting of the seven (7) succeeding days commencing at 12:00 noon on the fifth Friday of each successive year;

Time interval Number 6 consisting of the seven (7) succeeding days commencing at 12:00 noon on the sixth Friday of each successive year;

Time interval Number 7 consisting of the seven (7) succeeding days commencing at 12:00 noon on the seventh Friday of each successive year;

Time interval Number 8 consisting of the seven (7) succeeding days commencing at 12:00 noon on the eighth Friday of each successive year;

Time interval Number 9 consisting of the seven (7) succeeding days commencing at 12:00 noon on the ninth Friday of each successive year;

Time interval Number 10 consisting of the seven (7) succeeding days commencing at 12:00 noon on the tenth Friday of each successive year;

Time interval Number 11 consisting of the seven (7) succeeding days commencing at 12:00 noon on the eleventh Friday of each successive year;

Time interval Number 12 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twelfth Friday of each successive year;

Time interval Number 13 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirteenth Friday of each successive year;

Time interval Number 14 consisting of the seven (7) succeeding days commencing at 12:00 noon on the fourteenth Friday of each successive year;

Time interval Number 15 consisting of the seven (7) succeeding days commencing at 12:00 noon on the fifteenth Friday of each successive year;

Time interval Number 16 consisting of the seven (7) succeeding days commencing at 12:00 noon on the sixteenth Friday of each successive year;

Time interval Number 17 consisting of the seven (7) succeeding days commencing at 12:00 noon on the seventeenth Friday of each successive year;

Time interval Number 18 consisting of the seven (7) succeeding days commencing at 12:00 noon on the eighteenth Friday of each successive year;

Time interval Number 19 consisting of the seven (7) succeeding days commencing at 12:00 noon on the nineteenth Friday of each successive year;

Time interval Number 20 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twentieth Friday of each successive year;

Time interval Number 21 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twenty-first Friday of each successive year;

Time interval Number 22 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twenty-second Friday of each successive year;

Time interval Number 23 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twenty-third Friday of each successive year;

Time interval Number 24 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twenty-fourth Friday of each successive year;

Time interval Number 25 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twenty-fifth Friday of each successive year;

Time interval Number 26 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twenty-sixth Friday of each successive year;

Time interval Number 27 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twenty-seventh Friday of each successive year;

Time interval Number 28 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twenty-eighth Friday of each successive year;

Time interval Number 29 consisting of the seven (7) succeeding days commencing at 12:00 noon on the twenty-ninth Friday of each successive year;

Time interval Number 30 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirtieth Friday of each successive year;

Time interval Number 31 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirty-first Friday of each successive year;

Time interval Number 32 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirty-second Friday of each successive year;

Time interval Number 33 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirty-third Friday of each successive year;

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Time interval Number 34 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirty-fourth Friday of each successive year;

Time interval Number 35 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirty-fifth Friday of each successive year;

Time interval Number 36 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirty-sixth Friday of each successive year;

Time interval Number 37 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirty-seventh Friday of each successive year;

Time interval Number 38 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirty-eighth Friday of each successive year;

Time interval Number 39 consisting of the seven (7) succeeding days commencing at 12:00 noon on the thirty-ninth Friday of each successive year;

Time interval Number 40 consisting of the seven (7) succeeding days commencing at 12:00 noon on the fortieth Friday of each successive year;

Time interval Number 41 consisting of the seven (7) succeeding days commencing at 12:00 noon on the forty-first Friday of each successive year;

Time interval Number 42 consisting of the seven (7) succeeding days commencing at 12:00 noon on the forty-second Friday of each successive year;

Time interval Number 43 consisting of the seven (7) succeeding days commencing at 12:00 noon on the forty-third Friday of each successive year;

Time interval Number 44 consisting of the seven (7) succeeding days commencing at 12:00 noon on the forty-fourth Friday of each successive year;

Time interval Number 45 consisting of the seven (7) succeeding days commencing at 12:00 noon on the forty-fifth Friday of each successive year;

Time interval Number 46 consisting of the seven (7) succeeding days commencing at 12:00 noon on the forty-sixth Friday of each successive year;

Time interval Number 47 consisting of the seven (7) succeeding days commencing at 12:00 noon on the forty-seventh Friday of each successive year;

Time interval Number 48 consisting of the seven (7) succeeding days commencing at 12:00 noon on the forty-eighth Friday of each successive year;

Time interval Number 49 consisting of the seven (7) succeeding days commencing at 12:00 noon on the forty-ninth Friday of each successive year;

Time interval Number 50 consisting of the seven (7) succeeding days commencing at 12:00 noon on the fiftieth Friday of each successive year;

Time interval Number 51 consisting of the seven (7) succeeding days commencing at 12:00 noon on the fifty-first Friday of each successive year; and

Time interval Number 52 consisting of the seven (7) succeeding days commencing at 12:00 noon on the fifty-second Friday of each successive year and ending at the commencement of time interval Number 1 in the next succeeding year.

Each of the above described time intervals, being time intervals 1 through 52 shall also consist of and include, each with the other, a remainder over, in fee simple absolute, as a tenant in common with others in a 1/52nd interest in the condominium unit in which it is created upon termination of this Declaration.

2. Exclusive Right to Occupancy. Each time interval shall include the exclusive right to occupancy of the condominium unit and to the use and enjoyment of the interests and privileges appurtenant thereto, during the period or periods described in the time interval, which right shall be vested in the owner of the time interval to the exclusion of the other owners for that period or periods and shall be subject only to the covenants, conditions and restrictions set forth in this Declaration and the Condominium Declaration.

3. Status of Time Intervals. Each time interval shall be a separate estate in real property and shall have all of the incidents of real property and shall be wholly separate and distinct from all other time intervals in the condominium unit and shall not be considered a tenancy in common, a concurrent individual or undivided interest or other type of co-tenancy; provided, however, that any time interval may be held or owned by more than one person as joint tenants, tenants in common, tenants by the entirety or in any other real property tenancy relationship recognized under the laws of the State of Maryland. Any time interval may be separately and individually conveyed, leased, mortgaged and otherwise encumbered, inherited and devised by Will or intestate distribution.

4. Presumption Against Merger - Intention of Declarant. The acquisition of a time interval by any person shall not merge the estate for years with the remainder interest in the condominium unit and each shall continue as separate and distinct estates until the Declaration terminates.

5. Description of Time Intervals. A description in any deed or other instrument affecting title to any time interval which:

- (a) makes reference to the identifying number or letter hereinabove assigned to the Time Interval; and
- (b) incorporates the provisions of this Declaration by reference to the place where it is recorded among the Land Records for Worcester County, Maryland; and
- (c) describes the condominium unit by reference to the letter or number or other appropriate designation on the Condominium Plat together with a reference to the Condominium Plat;

shall be a good and sufficient description of the Time Interval for all purposes.

6. Covenant Against Further Subdivision. No owner of a time interval shall grant, sell, convey, hypothecate, mortgage or otherwise encumber less than all of the time interval and any such grant, sale, conveyance, hypothecation,

mortgage or encumbrance of less than all of the time interval shall be void; provided, however, that the foregoing shall not be construed to prohibit the leasing of less than all of the time interval.

7. Covenant Against Encumbrances. No owner of a time interval shall attempt to grant, convey, hypothecate, mortgage or otherwise encumber in any manner whatsoever any interest in the condominium unit other than his time interval and any such grant, conveyance, hypothecation, mortgage or encumbrance shall be void.

8. Covenant Against Partition. No owner of a time interval or any other person shall bring any action for partition of the condominium unit or for sale of the condominium unit in lieu of partition; provided, however, that the foregoing shall not be construed to prohibit an action for partition of a time interval or for the sale of a time interval in lieu of partition.

ARTICLE III

1. Time of Occupancy - Time to Vacate. Any other provision of this Declaration to the contrary notwithstanding, and for purposes related to the ordinary maintenance and repair of the condominium unit by the Manager, no owner of a time interval shall occupy or attempt to take possession of the condominium unit, or otherwise exercise any of the privileges appurtenant thereto, prior to 5:00 o'clock p.m. on the first day of any of the parts of his time interval.

2. Control - Right to Possession - Liquidated Damages. No owner of a time interval shall occupy the condominium unit, or suffer or permit any other person to occupy the same, or otherwise exercise or attempt to exercise any dominion or control over the condominium unit or any of the privileges appurtenant thereto during any other time interval except with the specific consent in writing of the owner of the other time interval. No owner of a time interval shall occupy the condominium unit, or suffer or permit any other person to occupy the same, or otherwise exercise or attempt to exercise any dominion or control over the condominium unit or any of the privileges appurtenant thereto prior to 5:00 o'clock p.m. on the first day of any of the parts of his time interval except with the specific consent in writing of the Manager. In the event any owner of a time interval shall occupy the condominium unit, or suffer or permit any other person to occupy the same, or otherwise exercise or attempt to exercise any dominion or control over the condominium unit or any of the privileges appurtenant thereto in violation of the provisions of this Declaration, then the owner of the condominium unit or the Manager, or both, as the circumstances may require, shall have a cause of action against the owner who has violated or permitted the violation of this Declaration for damages (which shall not be construed as a penalty) in a liquidated amount equal to \$50.00 times the number of hours or parts of hours that the violation continued; or, in the alternative, the owner of the time interval then entitled to possession of the condominium unit or the Manager, or both, as the circumstances may require shall be entitled to such other remedies, at law or in equity, as may be available under the circumstances.

3. Condition of Condominium Unit. Each owner of a time interval shall keep and maintain the condominium unit in good condition and repair, and in a clean and sanitary condition, during his time interval. No owner of a time interval shall commit waste, or suffer or permit any other person to commit waste upon the

condominium unit, during his time interval. Each owner shall vacate the condominium unit at the time provided for in this Declaration and shall remove all belongings, clothing, foodstuffs, and personal possessions from the condominium unit at the same time. All cooking utensils, china, tableware, glassware and the like shall be cleaned and stored in an orderly way and the condominium unit shall be securely locked and all appliances, with the exception of the furnace, shall be left in the "off" position. The thermostat shall be left at 55 degrees Fahrenheit during the winter months.

4. Limitation of Liability. Neither the owner of any time interval nor the Manager shall have any liability whatsoever to the owner of any other time interval for loss or damage, by theft or otherwise, of any articles of personal property belonging to the owner of any time interval which are not removed from the condominium unit by 12:00 o'clock noon on the last day of any part of his time interval. Any and all such personal property shall be presumed to be abandoned property.

5. Damage Caused by Owner. Each owner of a time interval shall indemnify and forever hold the other owners of time intervals in the condominium unit free and harmless for any and all loss or expense incurred as a result of damage caused to the condominium unit by the act or neglect of the owner.

6. Improvements and Alterations. Except in cases of bona fide emergency involving manifest danger to life, safety of property or the interruption of essential services to the condominium unit, no owner of any time interval in the condominium unit shall make any additions, alterations, repairs, replacements or improvements to the condominium unit nor shall any such owner in any way decorate or redecorate the condominium unit, except with the prior written consent of the owners of the other time intervals in the condominium unit and the Manager.

ARTICLE IV

1. The Manager. The owners of the time intervals shall employ a management agent, a management firm or manager (the "Manager") at a rate of compensation established by the owners and the Manager to perform such duties and to provide such services as the owners shall from time to time authorize in writing including, without limitation, the duties and services hereinafter enumerated. The owners of the time intervals shall not undertake "self-management" or otherwise fail to employ a management agent, management firm or manager without the prior written approval of all of the institutional holders of all first mortgages on the time intervals. Any management agreement entered into by the owners of the time intervals shall be in writing and shall provide, inter alia, that such agreement may be terminated by either party as of the day of any calendar month for cause upon at least ninety (90) days written notice thereof. Any other provision of this Declaration to the contrary notwithstanding, the term of any such management agreement shall not exceed five (5) years; provided, however, that the term of any such management agreement may be renewable for successive one (1) year periods after the expiration of the initial term by mutual agreement of the parties.

2. Selection of the Manager. The Manager shall be selected by the vote or written consent of a majority of the owners of all time intervals in all condominium units in the condominium project which have been submitted to a plan

of time sharing ownership and such selection, conducted as aforesaid, shall be conclusive and binding upon the owners of all of the time intervals in all of the condominium units in the condominium project which have been submitted to a plan of time sharing ownership.

3. Declarant May Serve as Manager. Nothing contained in this Declaration shall be construed in any way to prohibit the past or present employee or agent of the Declarant from serving as the Manager.

4. Duties and Responsibilities of Manager. The Manager shall have such duties and responsibilities, and shall be required to perform such services, as the owners shall from time to time delegate in writing with the consent of the Manager including, without limitation, the following:

(a) from funds collected by the Manager from the owners of the time intervals, in its own name, or in the name of the owners of the time intervals, hire, investigate, pay, supervise and discharge the personnel necessary to be employed in order to properly maintain and operate the condominium unit; and

(b) coordinate, to the extent practicable and possible, the plans of the owners of the time intervals for moving their personal effects into the condominium unit or out of it; and

(c) maintain businesslike relations with the owners of the time intervals and make reasonable efforts to secure full, prompt and complete performance by the owners of the time intervals of all items of maintenance and repair for which they are or become individually responsible; and

(d) exercise reasonable efforts to collect all assessments and charges due from the owners of the time intervals and periodically advise the owners of the Time Intervals in writing of all delinquent accounts; and

(e) cause the condominium unit to be maintained according to standards reasonably acceptable to the owners of the time intervals and at a level and in a manner consistent with the plan of operation annually adopted by the owners of the time intervals including, without limitation, the cleaning, periodic repainting and redecorating and other unusual maintenance of the condominium unit; and

(f) from funds collected by the Manager from the owners of the time intervals, pay all taxes and assessments on the condominium unit including, without limitation, all ad valorem real estate taxes and all regular and special common expense assessments levied by the Council pursuant to the Condominium Declaration, and discharge or contest liens affecting the condominium unit; and

(g) from funds collected by the Manager from the owners of the time intervals, pay for all utilities separately metered to the condominium units and acquire and pay for all materials, supplies, furniture and labor necessary in connection with the orderly maintenance and operation of the condominium unit; and

(h) maintain a comprehensive system of office records, books and accounts in a manner consistent with customary and reasonable business practices,

consistently applied, which records shall be subject to examination by the owners of the time intervals, their duly authorized agents and employees, at all reasonable business hours and after reasonable notice; and

(i) at least sixty (60) days before the beginning of each new fiscal year, prepare an estimated budget for the maintenance and operation of the condominium unit for the next fiscal year, setting forth an itemized statement of anticipated receipts and disbursements for the next fiscal year including appropriate reserve requirements, which budget, when approved by the owners of the time intervals, shall serve as the supporting document for the plan of operation and maintenance of the condominium unit for the next fiscal year and for the schedule of assessments and charges to be levied against the owners of the time intervals during the next fiscal year; and

(j) from funds collected by the Manager from the owners of the time intervals, obtain and pay for all legal and accounting services necessary or appropriate for the efficient operation of the condominium unit, the enforcement of the terms and provisions of this Declaration and the discharge of the duties and responsibilities of the Manager; and

(k) adopt, promulgate and make reasonable efforts to enforce such reasonable rules and regulations relating to the use, enjoyment and possession of the condominium unit by the owners of the time intervals as may from time to time be considered appropriate for the efficient operation of the condominium unit and the discharge of the duties and responsibilities of the Manager.

5. Access - Keys. The Manager shall be supplied with keys to the condominium unit and shall have a non-exclusive easement, at all times, for access to the condominium unit and its appurtenances for all purposes reasonably related to the discharge of the duties and responsibilities of the Manager and for the efficient operation of the condominium unit.

6. Deposit of Funds. The Manager shall establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation, and in a manner to indicate the custodial nature thereof, a bank account or accounts for the deposit of funds collected from the owners of the time intervals with authority to draw thereon for any payments to be made by the Manager in connection with the discharge of the duties and responsibilities of the Manager and the efficient operation of the condominium unit. Any and all accounts established or maintained by the Manager for the benefit of the owners of the time intervals may be examined by the owners of the time intervals, their duly authorized agents and employees, at all reasonable hours and after reasonable notice. The owners of the time intervals shall have the right to cause an audit of such account or accounts at their own expense at any time upon reasonable notice to the Manager.

7. Commingling of Funds. The Manager shall have the authority to commingle funds collected from the owners of the time intervals in the condominium unit with funds collected by the Manager from the owners of the time intervals in other condominium units in the condominium project which have been submitted to a plan of time sharing ownership and, in aid of the efficient and consistent maintenance and operation of the condominium unit and the other condominium units in the condominium project which have been submitted to a plan of time sharing ownership and for purposes related to the efficient and consistent

discharge of the duties and responsibilities of the Manager, such fund shall be considered as a common fund and the Manager shall have the right to cause disbursements to be made from such fund for purposes related to the maintenance and operation of any of the condominium units in the condominium project which have been submitted to a plan of time sharing ownership.

8. Advances by Manager. The Manager shall not be obligated to make any advance to or for the account of the owners of the time intervals, or to make any payment on their account, except out of funds collected by the Manager from the owners of the time intervals and from the owners of time intervals in other condominium units in the condominium project which have been submitted to a plan of time sharing ownership, nor shall the Manager be obligated to incur any liability or obligation for the account of the owners of the time intervals without assurance that the necessary funds for the discharge thereof will be promptly provided. Any other services required to be performed by the Manager shall be furnished or otherwise contracted for by the Manager at the expense of the owners of the time intervals and the owners of time intervals in other condominium units in the condominium project which have been submitted to a plan of time sharing ownership and the Manager shall be promptly reimbursed for all such expenses.

9. Action at Meeting of Council. In the event the Management Agreement shall so provide, the Manager shall represent the owners of the time intervals at all meetings of the Council of Unit Owners and, on behalf of the owners of the time intervals, the Manager shall exercise the voting rights appurtenant to the condominium unit at all such meetings. In such event, each owner of a time interval in the condominium unit shall authorize the Manager to act for him at any such meeting and, for purposes related to the lawful and efficient exercise of this responsibility, each owner of a time interval in the condominium unit shall from time to time execute and deliver to the Manager a proxy or other written authorization, in form required by the Council, to exercise the voting rights appurtenant to the condominium unit at all meetings of the Council. In the event the management agreement does not provide that the Manager shall represent the owners of the time intervals at all meetings of the Council, then the owners of the time intervals in the condominium unit may, from time to time, designate any one or more of their number to represent the owners of the time intervals at all meetings of the Council and to exercise the voting rights appurtenant to the condominium units at all such meetings.

10. Capacity - Limitation of Liability. Everything done by the Manager pursuant to the provisions of this Declaration or any agreement in writing between the Manager and the owners of the time intervals shall be done as agent of the owners of the time intervals. Except for willful acts or acts amounting to gross negligence, and except for any award of punitive damages, the owners of the time intervals in the condominium unit agree to hold and save the Manager free and harmless for damages or injuries to persons or property by reason of any cause whatsoever either in and about the condominium project or elsewhere and, subject to the same limitations, except for willful acts or acts amounting to gross negligence, and except for any award of punitive damages, the owners of the time intervals in the condominium unit shall reimburse the Manager upon demand for any monies which the Manager is required to pay out in connection with, or as an expense in defense of, any claim, civil or criminal action, proceeding, charge or prosecution made, instituted or maintained against the Manager, or the Manager and the owners of the time intervals jointly, affecting or due to the condition or use of the condominium unit, or acts or omissions of

the Manager or employees of the Manager, or arising out of or based upon any law, regulation, requirement, contract or award, relating to the hiring of employees, the hours of employment, working conditions, wages or compensation of employees or former employees.

11. Management Agreement. Nothing contained in this Declaration shall be construed as a prohibition against the enlargement of the duties and responsibilities of the Manager in any written agreement between the Manager and the owners of the time intervals and any such agreement may contain such additional and supplementary terms and provisions not inconsistent with the terms and provisions of this Declaration as may be considered necessary and appropriate by the owners of the time intervals and the Manager.

ARTICLE V

1. Assessments and Charges. Each owner of a time interval in the condominium unit shall pay to the Manager annually, or as the Manager may otherwise direct, for the use, account and benefit of the owners of all of the time intervals in the condominium unit and for the use and benefit of the owners of the time intervals in other condominium units in the condominium project which have been committed to a plan of time sharing ownership the following:

(a) any and all costs incurred, accrued or otherwise made necessary as a result of damage caused to the condominium unit by the specific act or neglect of the owner, ordinary wear and tear excepted; and

(b) any and all other costs incurred, accrued or otherwise made necessary for services provided for the specific benefit, use or enjoyment of the owners to the exclusion of the owners of the other time intervals in the condominium unit; and

(c) an amount equal to 1/52nd of the cost or estimated costs of operating and maintaining the condominium unit, including, without limitation:

(1) all taxes and other public charges affecting the condominium unit; and

(2) all regular and special common expense assessments levied by the Council pursuant to the Condominium Declaration; and

(3) the cost of all utilities separately metered to the condominium unit; and

(4) the cost of funding all reserves established by the owners of the time intervals, including, without limitation, a general operating reserve and a reserve for replacements and redecorating; and

(5) the amount of annual dues required for membership in Intervals International, Inc. (herein called "I.I.") in the event that the owners of the time intervals elect to participate in the voluntary reciprocal exchange program sponsored by I.I.; and

(6) the cost of any and all casualty, public liability or other insurance placed on the condominium unit to the extent such costs are not included in common expense assessments levied by the Council of Unit Owners; and

(7) the compensation of the Manager and other costs for which the Manager is entitled to reimbursement; and

(8) the cost of the repair or reconstruction of the condominium unit in the event of damage or destruction by a casualty not covered by

insurance or for which the proceeds of insurance are not sufficient, but only if the Council of Unit Owners elects to repair or reconstruct; and
 (9) any and all other costs incident to the efficient maintenance and operation of the condominium unit.

2. Furniture and Furnishings. Any and all furniture and furnishings within the condominium unit and available or intended to be available for the owners of the time intervals during the periods when such owners are entitled to the exclusive use and enjoyment of the condominium unit shall be considered as a part of the condominium unit for all purposes.

3. Decisions by Owners. Except in cases where the terms and provisions of this Declaration or the Condominium Declaration specifically require a larger majority, all decisions and resolutions from time to time required to be made by the owners of the time intervals shall be made by a simple majority of the owners of the time intervals and for all such purposes the decision and resolution of a simple majority of the owners of the time intervals shall control and bind the owners of all of the time intervals in the condominium unit.

4. Non-Payment of Assessments and Charges. Any assessments or charges levied pursuant to this Declaration and any installments thereof which are not paid on the date when they are declared by the Manager to be due shall be delinquent and shall entitle the Manager or the owner of any time interval in the condominium unit, for the use, account and benefit of the owners of all of the time intervals in the condominium unit, to a cause of action and claim and to an equitable lien on the time interval in the amount of such assessments together with interest thereon and the actual costs of collection thereof, and shall entitle the Manager or the owner of any time interval in the condominium unit, for the use, account and benefit of the owners of all of the time intervals in the condominium unit, to bring an action at law against the owner personally obligated to pay the same. The personal obligation of the owner of a time interval to pay any assessments or charges levied pursuant to this Declaration shall bind the time interval against which such assessment or charge is levied in the hands of the owner of such time interval, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the owner of the time interval to pay the assessment or charge shall remain his personal obligation for the statutory period and a suit to recover a money judgment for the non-payment of any assessment or charge levied pursuant to this Declaration may be maintained without foreclosing or waiving any other rights established in this Declaration for the benefit of the owners of the other time intervals in the condominium unit.

In the event any proceeding for the collection of any assessment or charge levied pursuant to this Declaration is commenced with respect to any time interval in the condominium unit, then the owner of such time interval may be immediately required to pay a reasonable rental for the continued use and enjoyment of the time interval and the party or parties commencing such proceeding shall be immediately entitled to the appointment of a receiver to collect the same.

5. Estoppel Certificates. The Manager shall, upon demand, furnish to the owner of any time interval liable for any assessment levied pursuant to this Declaration, and to any other party legitimately interested in the same, a certificate

in writing executed by an officer or agent of the Manager which shall set forth the status of said assessment, i.e., whether any past installments thereof remain unpaid as of a date certain. Any such certificate shall be conclusive evidence for all purposes that all assessments levied pursuant to this Declaration, and all installments thereof, which became due prior to the date of such certificate have been paid in full. The Manager shall be entitled to charge and collect, in advance, a reasonable fee for each certificate so delivered; provided, however, that no charge shall be made by the Manager to any institutional mortgagee of any time interval in the condominium unit who requests such a certificate in writing.

ARTICLE VI

1. Mortgagee. "Mortgagee", as used herein, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the time intervals in the condominium unit. "Mortgage", as used herein, shall include deed of trust. "First Mortgage", as used herein, shall mean a mortgage encumbering one or more of the time intervals in the condominium unit with priority over other mortgages. As used herein, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used herein, the term "institutional mortgagee" or "institutional holder" shall include banks, industrial loan associations, trust companies, business trusts (including, but without limitation, real estate investment trusts), insurance companies, mortgage insurance companies, savings and loan associations, mutual savings banks, credit unions, pension funds, mortgage companies, all corporations, all partnerships, any agency or department of the United States government or of any state or municipal government and any other lender regularly engaged in financing the purchase, construction or improvement of real estate and any assignee of a mortgage made by such a lender.

2. Consents. Any other provision of this Declaration to the contrary notwithstanding, neither the owners of the time intervals in the condominium unit nor any other person shall, by act or omission, take any of the following actions without the prior written consent and approval of the holders of all first mortgages of record on the time intervals:

(a) modify or amend any material provision of this Declaration; or

(b) terminate this Declaration; provided, however, that termination of this Declaration pursuant to the provisions of Section 6 of Article VII shall not require the prior written consent and approval of the holders of first mortgages of record on the time intervals.

3. Priority of Liens - Subordination. Any lien on any time interval in the condominium unit established by or pursuant to any of the terms and provisions of this Declaration shall be subordinate to:

(a) any lien established by or pursuant to any of the terms and provisions of the Condominium Declaration; and

(b) the lien of any deed of trust, mortgage or other encumbrance duly recorded on the time interval and made in good faith and for value received.

Any holder of any deed of trust, mortgage or other encumbrance duly recorded on any time interval in the condominium unit and made in good faith and for value received who comes into possession of the time interval pursuant to a foreclosure or any deed, assignment or other proceeding or arrangement in lieu of foreclosure and any other purchaser at a foreclosure sale shall take the time interval free of any claims for unpaid assessments levied against the time interval which accrue prior to the time such holder comes into possession of the time interval or prior to the ratification of the foreclosure sale, the delivery of the deed or assignment or the conclusion of such other proceeding or arrangement in lieu of foreclosure, except for claims for a proportionate share of such unpaid assessments resulting from a reallocation of such unpaid assessments among all the owners of the other time intervals in the condominium unit. Such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not relieve the mortgagee in possession or the purchaser at any foreclosure sale from any liability for any assessments thereafter becoming due or from any lien established by or pursuant to the terms and provisions of this Declaration with respect to any assessments thereafter becoming due.

4. Additional Rights of Certain Mortgagees - Notice. The Manager or other person acting for the owners of all of the time intervals in the condominium unit shall give prompt written notice to the holder of the first mortgage on any time interval for which any assessment or other charge levied or made pursuant to this Declaration becomes delinquent in excess of sixty (60) days; provided, however, that any failure to give such notice shall not affect the priorities established by this Article or otherwise, the validity of any assessment or charge levied or made pursuant to this Declaration, or the validity or enforceability of any lien to secure the same. No suit or other judicial proceeding shall be brought by any person to enforce or foreclose any lien for any assessment or charge levied or made pursuant to this Declaration, or for the collection of any such assessment or charge, except after at least ten (10) days prior written notice to the holder of any first mortgage on the time interval which is the subject matter of such suit or other proceeding, which notice shall be given by registered or certified mail, return receipt requested, postage prepaid.

5. Additional Default. Any recorded first mortgage on any time interval in the condominium unit shall provide (or, in the event it does not specifically so provide, shall be presumed, at the election of the Mortgagee, to provide) that any default by the Mortgagor in the timely payment of any assessment or charge levied or made pursuant to this Declaration shall likewise be a default in such mortgage or in the indebtedness secured thereby; provided, however, such default shall not affect the priorities established by this Article, or otherwise, the validity of any assessment or charge levied or made pursuant to this Declaration or the validity or enforceability of any lien to secure the same.

6. Roster of Mortgagees. Any owner of a time interval in the condominium unit who mortgages his time interval shall give prompt written notice to the Manager of the name and address of his mortgagee and shall file a conformed copy of the mortgage with the Manager. The Manager shall maintain such information in a suitable roster.

ARTICLE VII

1. Condominium Declaration. The terms and provisions of this Declaration shall be subordinate in all respects to the terms and provisions of the Condominium

Declaration and the Condominium Act and in the event of any conflict between any of the terms and provisions of this Declaration and the Condominium Declaration or the Condominium Act, then the terms and provisions of the Condominium Declaration or the Condominium Act shall control. Nothing herein contained shall be construed as a modification or waiver of any of the terms or provisions of the Condominium Declaration.

2. Control of Tenants, Etc. Each owner of a time interval shall be presumed to control and be responsible in all respects for the conduct, acts and omissions of his tenants, guests, servants and invitees and any breach of any of the terms and provisions of this Declaration by any tenant, guest, servant or invitee of any owner shall be presumed to be and considered a breach by that owner. Each owner of a time interval shall indemnify and forever hold the other owners of time intervals in the condominium unit free and harmless for any and all loss, damage or expense incurred as a result of damage caused to the condominium unit by the act or neglect of any tenant, guest, servant or invitee of the owner.

3. Presumption Against Merger. The acquisition by any person of all of the time intervals in the condominium unit shall not without more, merge all of the time intervals into a single estate. In the event any person acquires all of the time intervals in the condominium unit, then the terms and provisions of this Declaration shall remain in full force and effect until that person executes and acknowledges a written instrument terminating the provisions of this Declaration and records such instrument among the Land Records of Worcester County, Maryland.

4. Amendment. Subject to the limitations set forth in this Declaration, the terms and provisions of this Declaration may be amended by the affirmative act of the owners of all of the time intervals in the condominium unit. Any such amendment shall be in writing and shall be executed and acknowledged by the owners of all of the time intervals in the condominium unit. Any such amendment shall be in writing and shall be executed and acknowledged by the owners of all of the time intervals in the condominium unit. Any amendments to this Declaration shall become effective only upon the recordation of such amendment among the Land Records of Worcester County, Maryland, or upon such later date as the amendment shall specify.

5. Termination by Owners. Subject to the limitations set forth in this Declaration, the owners of all of the time intervals in the condominium unit may terminate this Declaration by instrument in writing executed and acknowledged by each of them. Any such termination shall become effective only upon the recordation of such instrument among the Land Records of Worcester County, Maryland, or upon such later date as the instrument shall specify.

6. Termination. If not sooner terminated by the owners of all of the time intervals in the condominium unit, this Declaration shall terminate, without further act, at midnight on the 31st day of December, 2040, or upon the termination of the Condominium, whichever shall first occur.

7. Effect of Termination. Upon termination for any reason, the condominium unit shall be owned by the owners of the time intervals as tenants in common, each of whom shall then own a 1/52nd interest, in fee simple, absolute, in the condominium unit as a tenant in common with the other owners. Upon termination for any reason, the condominium unit shall be subject to an action for partition or for the sale of the condominium unit in lieu of partition at the suit of the

owner of any time interval in which event the net proceeds of sale shall be considered as one fund and shall be divided among the owners of the time intervals who shall each be entitled to 1/52nd of such fund, after first discharging out of the share of each owner, to the extent such payment is required and to the extent such share is sufficient for the purpose, any and all liens upon the interest of each owner in accordance with the priority of interest in such interest.

ARTICLE VIII

1. Rule Against Perpetuities. In the event any of the terms or provisions of this Declaration should be declare to be in violation of the Rule Against Perpetuities or any other rule of law establishing a limitation on the duration of the terms and provisions of this Declaration, then such terms and provisions shall be presumed to remain in effect only for the maximum period permissible by law.

2. Construction and Enforcement. The provisions of this Declaration shall be liberally construed to facilitate the purpose of creating and establishing a plan for time sharing ownership of the condominium unit. Enforcement of the terms and provisions of this Declaration shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate the same, either to restrain or enjoin violation or to recover damages, or both, and any such proceeding may be brought by the Manager or by the owner of any time interval in the conominium unit, for the use, account and benefit of the owners of all of the time intervals in the condominium unit; and the failure or forbearance by the Manager or the owner of any time interval in the condominium unit to enforce or attempt to enforce any of the terms and provisions of this Declaration shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a presumption that any violation or breach, or any attempted violation or breach, of any of the terms or provisions of this Declaration cannot be adequately remedied by an action at law or exclusively by the recovery of damages.

ARTICLE IX

1. Reference to Time - Time of Essence. All references to time in this Declaration shall mean and refer to the "local" time, from time to time prevailing in Ocean City, Worcester County, Maryland, e.g., "Eastern Standard Time", "Eastern Daylight Time" and the like. Time shall be of the essence of each and every provision of this Declaration.

2. Presumptions. No presumption established or created by this Declaration shall be rebuttable.

3. Number and Gender. Whenever in this Declaration the context so requires, the singular number shall include the plural and the plural shall include the singular. The use in this Declaration of any gender shall be deemed to include all genders.

4. Notice. Unless another type of notice is hereinelsewhere specifically provided for, any and all notices called for in this Declaration shall be given

in writing. Any and all notices called for in this Declaration shall be mailed, postage prepaid, to the address of the owner of the Time Interval at his last known address.

5. Severability. In the event any provision or provisions of this Declaration shall be determined by a Court of competent jurisdiction to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provision or provisions hereof which can be given effect.

6. Waiver. None of the covenants, conditions, restrictions or provisions of this Declaration shall be deemed to have been modified, abrogated or waived by reason of any failure on the part of any person or persons to enforce the same. No owner of a time interval may exempt himself from any liability or obligation under this Declaration by the abandonment of his time interval or by a waiver of the use and enjoyment thereof or by any other act or omission.

7. Captions. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge any of the terms or provisions of this Declaration.

8. Construction. The laws of the State of Maryland shall govern the interpretation, validity and construction of the terms and conditions of this Declaration.

IN WITNESS WHEREOF, the said OZ ENTERPRISES, INC. has caused these presents to be executed.

OZ ENTERPRISES, INC.

Witness

By: H. Lloyd Hensley (SEAL)
H. Lloyd Hensley
President

Plats recorded in Plot Book WCL, Liber 96, Folios 36 thru 41.

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