

RIVER DOWNS
MARYLAND HOMEOWNERS' ASSOCIATION ACT
DISCLOSURE STATEMENT
RIVER DOWNS PARTNERSHIP

This Disclosure Statement ("Disclosure") is being submitted by River Downs Partnership, a Maryland partnership, to purchasers of lots in the River Downs subdivision in accordance with the provisions of the Maryland Homeowners' Association Act of the Annotated Code of Maryland (the "Act"). In addition to this Disclosure, you are also being presented with copies of a Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation, the By-Laws, and a proposed budget, for the Homeowners' Association (collectively, the "Association Documents"). Much of the information required by the Act is embodied in the Association Documents and is being repeated in this Disclosure for purposes of clarity. However, you should thoroughly read all of the Association Documents.

NO OTHER INFORMATION OR REPRESENTATIONS BY ANYONE OR FROM ANY SOURCE HAVE BEEN AUTHORIZED BY THE VENDOR AND NO SUCH OTHER INFORMATION OR REPRESENTATIONS SHOULD BE RELIED UPON BY ANY PURCHASER. ORAL STATEMENTS AND REPRESENTATIONS ARE OFTEN THE SUBJECT OF MUCH CONFUSION AND MISUNDERSTANDING AND ORAL STATEMENTS OR REPRESENTATIONS ARE NOT BINDING ON THE VENDOR AND SHOULD NOT BE RELIED UPON.

1. The Declarant is River Downs Partnership. The address and telephone number of the Declarant is c/o Gaylord Brooks Realty, P.O. Box 400, 3314 Paper Mill Road, Phoenix, Maryland 21131, (410) 667-0800.

The names and addresses of the partners of Declarant are:

Heritage River Downs Limited Partnership
515 Fairmount Avenue, Suite 800
Towson, Maryland 21204
(410) 494-8950
General Partner: Heritage Properties, Inc.

Gaylord River Downs Limited Partnership
3314 Paper Mill Road
P.O. Box 400
Phoenix, Maryland 21131
(410) 667-0800
General Partner: Gaylord Brooks
Investment Co., Inc.

2. The Development, as that term is herein defined, shall be governed by a Homeowners' Association known as River Downs Homeowners' Association, Inc. (the "Association"). The Association is a non-stock

corporation organized and existing under and by virtue of the laws of Maryland. The Association's Resident Agent is Resagent, Inc., whose address is 7 St. Paul Street, Baltimore, Maryland 21202.

3. (i) The property subject to the Association Documents (the "Development") comprises approximately 107.5 acres of property located in the 4th Election District of Carroll County, Maryland as shown on the plat entitled "Section One, River Downs" recorded among the Land Records of Carroll County, Maryland recorded at Plat Book L.W.S. No. 37, folios 69-74 (the "Plat"). There are 30 lots in the Development, all of which are presently intended to contain single-family detached homes. Any property not annexed within the jurisdiction of the Association may be conveyed, transferred or otherwise developed by the Declarant or by others.

The Development is part of and adjacent to a golf course known as River Downs Golf Course. Article X of the Declaration contains express consents to construction of the golf course in accordance with the present design and layout, but this is subject to change in the future. By accepting the deed for a lot, the Purchaser is deemed to have consented to the nature of the community as a golf course community; waived any objection to the operation and maintenance of the golf course; and waived any objection to the playing of golf on the golf course. Purchasers are advised that certain of the Lots to be included within the Development will be directly adjacent to such golf course or subject to a golf course easement, and are therefore subject to the possibility that errant golf balls will strike such Lots and the dwelling units to be constructed thereon. Because the probability that any particular Lot or dwelling within the Development will be struck by errant golf balls depends in large part on the skill of the individuals playing golf on the River Downs Golf Club course, it is impossible to predict the frequency with which golf balls may strike such Lots and dwellings, or to predict the location in which errant golf balls may land. Accordingly, PURCHASERS ARE STRONGLY ENCOURAGED TO SPECIFICALLY DETERMINE THE LOCATION OF THEIR LOT(S) IN RELATION TO THE RIVER DOWNS GOLF COURSE, AND TO INDEPENDENTLY DETERMINE WHETHER THE RISK THAT ERRANT GOLF BALLS MAY STRIKE SUCH LOT OR THE DWELLING TO BE CONSTRUCTED THEREON IS ACCEPTABLE.

(ii) The Declarant owns certain property in the Development which is to

be dedicated to public use. This property is designated on the record plats of the Development by lettered Parcels. Certain of the Parcels are to be dedicated for new roads and road widenings. The identification of these dedications is as follows:

Parcel A - 1.2325 acres to State Highway Administration - road widening

Parcel B - 0.4556 acres to Carroll County - road widening

Parcel D - 0.3097 acres to Carroll County - road widening

Parcel J - 2.9162 acres to Carroll County

Bed of Lawndale Road - 3.4934 acres

Bed of East Lawndale Road - 0.2798 acres

Bed of Prestwick Court - 1.1374 acres

4. The Development will not be within or a part of another development.

5. Pursuant to the Declaration, Declarant reserves for a period of ten (10) years following the recordation of the Declaration the right to annex additional property to the Development in one or more phases. The nature and scope of such annexation as presently planned includes the addition of approximately 403 acres of land (minus any dedications to public use) which will contain one hundred seven (107) additional single family detached homes; however, Declarant reserves the right to change the nature and scope of such annexation.

6. (i) The Purchaser has been provided with copies of the Articles of Incorporation, the Declaration of Covenants, Conditions and Restrictions, and the Declaration of Golf Easement, and all recorded covenants and restrictions of the Development to which the purchaser will become obligated on becoming an owner of the lot. These obligations are enforceable against an "Owner" of a lot, as that term is defined in the Declaration, and the Owner's tenants.

(ii) The Purchaser has also been provided with copies of the By-laws and rules of the Development to which the Purchaser will become obligated on becoming an owner of the lot. These obligations are enforceable against an "Owner" of a lot, as that term is defined in the Declaration, and the Owner's tenants.

7. (a) Common Areas. The Association will be responsible for cleaning and maintaining property owned by it, which is shown on the Plat and designated "HOME OWNERS ASSOCIATION OPEN SPACE" (the "Common Areas"). Maintenance of the Common Areas includes the following:

- Landscaping and other flora
- Pruning and care of shrubs and trees

- Upkeep of community signage
- Repair of structures and improvements situated upon the Common Areas

The Association will dedicate the storm water management system to Carroll County when called upon to do so.

(b) Panhandle Driveways. The streets in the Development will be public, but certain Lots will have private panhandle driveways. There will be no public sidewalks. If the Lot being purchased has a panhandle driveway, the Purchaser has also been provided with a copy of the Declaration of Private Ingress, Egress and Utility Easement and Maintenance Obligations applicable to the Lot. The Association will not repair the panhandle driveways. It will not provide snow removal service for the panhandle driveways.

8. The Purchaser has also been given a copy of the proposed annual budget for the Association for the current fiscal year, which includes a description of the replacement reserves for improvements on the Common Areas, and a copy of the projected budget for the Association based upon the Association's estimated costs when all one hundred thirty-seven (137) lots comprising the Development have been completed and sold to purchasers.

9. The anticipated annual assessment per lot during 1994 (based upon thirty (30) lots having been sold) shall be Eighty Dollars (\$80.00), for use, maintenance and operation of the Common Areas and for other purposes related to the Association. The annual assessment shall be payable in monthly installments. Declarant and other Class B members of the Association are obligated to pay 25% of annual and special assessments for lots owned by them.

10. The Development is zoned "Conservation". The Development is also subject to the terms and conditions relating to the construction, operation and maintenance of the golf course and the imposition of a golf course easement as shown on the Plat and described in a Declaration of Golf Easement intended to be recorded among the Land Records of Carroll County, a synopsis and copy of which is attached to this Disclosure Statement. Information about any other land use restrictions which may affect the Development may be obtained by contacting the Carroll County Department of Planning at (410) 857-2145, or the Department of Zoning at (410) 857-2982. Both Departments are in Westminster, Maryland.

11. (i) With respect to each lot, mandatory annual assessments payable by Owners shall commence upon conveyance of the first lot to an Owner who is not a Class B member of the Association.

(ii) Assessments may be increased each year by not more than ten percent (10%) above the assessment for the previous year by action of the Board of Directors of the Association, on 30 days notice to lot Owners in advance of each Annual Assessment period. The Annual Assessment may be increased by more than ten percent (10%) by an affirmative vote of a majority of votes entitled to be cast, in person or in proxy, by the members of the Association at a meeting called for that purpose.

(iii) The Board of Directors shall set the amount of the Annual Assessment against each lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto. Due dates shall be established by the Board of Directors. Late charges may be collected with respect to any assessment thirty (30) days or more past due.

(iv) Unpaid assessments shall remain the personal obligation of each Owner.

(v) Any assessments not paid within thirty (30) days after the due date shall bear interest until paid at the rate of ten percent (10%) per annum.

(vi) Any unpaid assessments may also be collected pursuant to the terms of the Maryland Contract Lien Act.

(vii) The assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge upon the lot and shall be a continuing lien upon the lot against which the assessment is made. However, assessments, together with interest, costs, and reasonable attorneys' fees, shall also remain the personal obligation of the Owner of each lot. The Association may also suspend an Owner's voting rights during the period that assessments remain unpaid, as well as avail itself of all available legal and equitable remedies.

12. There shall also be an initial working capital contribution to the Association collected from Owners who are Class A members of the Association at settlement for each lot in an amount equivalent to two months' assessments.

13. (i) Declarant and its successors and assigns shall have the right to grant easements for the installation and maintenance of pipes, mains, conduits, drains, lines or other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable television and other public utilities on, over, or under the Development to serve either the Development or River Downs Golf Club. The Declarant reserves the right to enter on each Lot from time to time after settlement in order to carry on grading activities adjacent to directly neighboring streets.

(ii) As indicated above, Declarant and any other Class B member of the Association are obligated only to pay 25% of assessments (annual or special) as to lots to which they hold title.

(iii) Declarant is exempt from all use restrictions and architectural control provisions contained in the Declaration. Declarant shall be the initial Class B member of the Association, and shall be entitled to three (3) votes for each lot to which it holds record title. Class B membership shall terminate and be converted into Class A membership on the first to occur of (a) when the total votes outstanding in the Class A membership exceed the total votes outstanding in the Class B membership; or (b) December 31, 1996.

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The purchaser acknowledges receipt of a copy of the Articles of Incorporation, By-Laws, Declaration of Covenants, Conditions and Restrictions and all other disclosures required by the Act relating to the lot and the Association, to which he or she will become obligated upon becoming an Owner of the lot.

Date

Purchaser

Date

Purchaser

VENDOR AND DECLARANT:

RIVER DOWNS PARTNERSHIP

Date

By: _____
Authorized Agent

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