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MILES POINT

Community Operating Agreement

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MILES POINT PROPERTY, LLC, a Maryland limited liability company (the "Founder"), make this **COMMUNITY OPERATING AGREEMENT** as of the _____ day of _____, year of 2004.

DECLARATION:

The Founder, who is the owner and developer of all of the property in St. Michaels, Maryland, described on Exhibit A (the "Neighborhood"), hereby submits the property described in Exhibit B and future additions as described below ("Miles Point") to this Community Operating Agreement ("Community Operating Agreement"). The Founder hereby declares that the property subject to this Community Operating Agreement shall be held, sold and conveyed subject to the covenants, restrictions and easements of this Community Operating Agreement, which shall run with the land and be binding upon all owners of property within Miles Point (the "Owners"), their heirs, successors and assigns, and upon all other parties, heirs, successors and assigns having any right, title or interest in all or any part of Miles Point. Capitalized terms are typically defined terms, unless the context indicates otherwise. Definitions for these terms are provided in the Miles Point Book of Operating Principles (the "Book").

Part I:

Introduction and Overview

Miles Point, situated at the northern boundary of the Town of St. Michaels, Maryland, is a classic *American small town*, which provides “a sense of place” through its mixed use zoning. As a town, Miles Point combines homes, shops, workplaces and a public realm—of churches, squares, and civic buildings.

Miles Point is situated on an 89 acre site along the Miles River. The design of the community is based on the building traditions of Maryland’s tidewater towns. Miles Point is a Traditional Neighborhood Development, following the principles for compact, mixed-use, pedestrian friendly design. Open space, including walking paths and squares will provide a variety of places for families to gather, play and relax. The proposed plan for Miles Point includes three squares around which the development is clustered and a public waterfront park that will be dedicated to the Town of St. Michaels. The squares are designed to be connected by a network of pedestrian passageways fronted by small cottages creating a variety of travel routes through the neighborhood. Miles Point not only promises “a *sense* of place”, it is a *place*.

While Miles Point is village-like in its design, it does not have a town government. It is part of the Town of St. Michaels. The Owners of property in Miles Point are bound together by certain covenants and Miles Point relies on the covenants set out in the Book. The covenants are agreements between neighbors. Some of those agreements provide a way to maintain the Neighborhood Commons – the squares, alleys, passages sidewalks and associated grassed strips along streets, stormwater ponds, and recreational spaces such as a swimming pool or tennis facilities that are shared as Neighborhood Commons by all of the Miles Point’s Owners and Occupants. Other covenants provide agreements between neighbors to provide ways of getting along. By taking title to the real property within Miles Point, Owners agree to these covenants.

The Owners, acting through the Neighborhood Association, help meet the needs of the Neighborhood. The Neighborhood Association takes care of the physical needs of Miles Point by maintaining the Neighborhood Commons and providing services. The Neighborhood Association also helps preserve neighborhood harmony by providing for dispute mediation and enforcing the covenants when necessary.

The Owners of all residential property within Miles Point will be Members of Neighborhood Association.

