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BYLAWS FOR
COVERED BRIDGE TRAILS CONDOMINIUM
LEWES & REHOBOTH HUNDRED, SUSSEX COUNTY, DELAWARE

ARTICLE I

PLAN OF OWNERSHIP

Section 1. Unit Ownership. The Property (as defined in that certain Declaration of Covered Bridge Trails Condominium recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware (the "Recorder's Office"), contemporaneously herewith, at Deed Book 5109, Page 179 (the "Declaration") located in Lewes & Rehoboth Hundred, Sussex County (the "County"), Delaware, has been submitted to the provisions of the Delaware Uniform Common Interest Ownership Act, 25 Del. C. § 81-101, et seq., as amended (the "Act"), by the Declaration created and imposed by Covered Bridge Trails, LLC ("Declarant"), a Delaware Limited Liability Company, and shall hereinafter be known as "Covered Bridge Trails Condominium" (the "Condominium") and is more particularly depicted and described on that certain Condominium Declaration Plan recorded in the Recorder's Office at Plot Book 289
Page 73

Section 2. Capitalized Terms. Any capitalized terms or words not otherwise defined in these Bylaws shall have the definition and meaning ascribed thereto in the Declaration.

Section 3. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Property and to the use and occupancy thereof. All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other person who may use the facilities of the Property in any manner, are subject to the Condominium Documents. The acceptance of an instrument of assignment, conveyance or other transfer document or the entering into of a lease or the act of occupancy of a Unit shall conclusively establish the acceptance and ratification of the Condominium Documents as they may be amended from time to time, by the person so assuming, acquiring, encumbering, leasing, or occupying a Unit and shall constitute and evidence an agreement by such person to comply with the same.

Section 4. Office. The office of the Association (as hereinafter defined) and of the Executive Board shall be located at the Condominium or at such other place as may be designated from time to time by the Executive Board.

ARTICLE II
ASSOCIATION

Section 1. Composition. All of the Units Owners, acting as a group in accordance with these Bylaws, the Act and Declaration, shall constitute the "Association," a Delaware unincorporated association pursuant to §81-301 of the Act called "Covered Bridge Trails Condominium Association". The Association, acting in accordance with the Act, the Declaration and these Bylaws, shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions of the Common Expenses, arranging for the management of the Condominium, and performing all of the other acts that may be required to be performed by the Association by the Ac and the Condominium Documents. Except as to those matters which the Act specifically requires to be performed by the vote of the Unit Owners, the administration of the foregoing responsibilities shall be performed by the Executive Board as more particularly set forth in Article III hereof.

Section 2. Initial and Subsequent Annual Meetings. A meeting of the Association must be held at least once each calendar year. The first annual meeting of Association shall be held on or before nine (9) months after these Bylaws are recorded in the Recorder's Office as determined by a majority of the Executive Board. Thereafter, the annual meetings of the Association shall be held as determined by a majority of the Executive Board.

Section 3. Place of Meeting. Meetings of the Association shall be held at a suitable place convenient to the Unit Owners as may be designated by the Executive Board.

Section 4. Special Meetings. Special meetings of the Association may be called by the President, a majority of the Executive Board, or by Unit Owners having at least twenty percent (20%) of the General Common Element Percentage Interest of all Unit Owners. It shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of the Executive Board or upon a petition signed and presented to the Secretary of Unit Owners owning not less than twenty percent (20%) of the General Common Element Percentage Interests of all Unit Owners.

Section 5. Notice of Meetings. Except in cases of emergency meetings, which may be held without prior notice, not fewer than ten (10) nor more than sixty (60) days in advance of any regular or special meeting of the Unit Owners, the Secretary shall cause notice of that meeting to be delivered to each Unit Owner by any means described in §81-127 of the Act or sent prepaid by United States mail to any mailing address designated in writing by such Unit Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, or must state the website address where the agenda is located, including: (a) a statement of the general nature of any proposed amendment to the Declaration or Bylaws; (b) a statement that in the absence of objection from any Unit Owner present at the meeting, the President may add items to the agenda; (c) any budget changes; and (d) any proposal to remove an officer or member of the Executive Board. The agenda may be posted on the website of the

Association, in lieu of being included in the notice, provided that the Association shall, by any means described in § 81-127 of the Act, furnish to any Unit Owner who so requests a copy of the agenda prior to the meeting. Regardless of the agenda, Unit Owners shall be given a reasonable opportunity at any meeting to offer comments to the Executive Board regarding any matter affecting the Condominium. If the Association does not notify Unit Owners of a special meeting within thirty (30) days after the requisite number or percentage of the Executive Board or Unit Owners, as applicable, requested the Secretary to do so, the requesting members or Unit Owners, as applicable, may directly notify all the Unit Owners of that meeting. Only matters described in the meeting notice required by this Section may be considered at a special meeting.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, Unit Owners owning a majority of the General Common Element Percentage Interests who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all annual meetings of the Association shall be as follows:

- (a) Roll Call.
- (b) Proof of Notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.
- (e) Reports of the Executive Board.
- (f) Reports of committees.
- (g) Election of inspectors of election (when so required).
- (h) Election of member of the Executive Board (when so required).
- (i) Unfinished business.
- (j) New business.

Section 8. Title to Units. Title to Units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation, partnership, limited liability company, other legal entity or in the name of a fiduciary.

Section 9. Voting. Voting at all meetings of the Association shall be on a percentage basis and the percentages of the vote to which each Unit Owner is entitled shall be the General Common Element Percentage Interest assigned to such Owner's Unit in the Declaration. If only one (1) of several Owners of a Unit is present at a meeting of the Association, that Owner is entitled to cast all the votes allocated to that Unit. If more than one (1) of the Owners of a Unit is present at a meeting of the Association, then the person who shall be entitled to enter the vote of such Unit shall be the person named in a certificate signed by all of the Owners of the Unit and filed with the Secretary. Such certificate shall be valid until revoked by a subsequent certificate. The vote of each Unit shall be exercised as the Owners of the Unit, among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Unit. In the event of multiple or disputed votes by and between the applicable Owners of a Unit, then such votes shall

be ruled invalid and the Executive Board shall disregard any such multiple or disputed votes cast by the Owners of the Unit. Any such invalidated votes shall not, however, invalidate or otherwise alter the effectiveness of such Unit Owners attendance at the meeting by proxy or otherwise for quorum purposes. Whenever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall only be made by the person who would be entitled to cast the vote for the Unit Owner at any meeting of the Association. Except where a greater number is required by the Act, the Declaration or these Bylaws, a majority of the votes cast in person, by proxy or by ballot at a meeting of Unit Owners where a quorum is present shall determine the outcome of any action of the Association where a vote is taken so long as the number of votes cast in favor comprise at least a majority of the number of votes required for a quorum for that meeting. Votes allocated to a Unit owned by the Association may not be cast and shall not be calculated either in a quorum or in any percentage of unit votes needed for any action by the Unit Owners.

Section 10. Proxies. A vote may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated therein, must be in writing and must be filed with the Secretary before the appointed time of the meeting. If a Unit is owned by more than one (1) person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. A Unit Owner may revoke a proxy given only by actual notice of revocation to the person presiding over the meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one (1) year after its date, unless it specifies a shorter term.

Section 11. Majority of Unit Owners. As used in these Bylaws, the term “**majority of the Unit Owners**” shall mean those Unit Owners having more than fifty percent (50%) of the aggregate interest of the undivided ownership of the General Common Elements as specified in the Condominium Documents.

Section 12. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a majority of the Unit Owners shall constitute a quorum at all meetings of the Association. In the event a quorum is not present or represented at any properly noticed meeting of the Association, then the Unit Owners present in person or by proxy shall have the power to adjourn the meeting, without notice other than an announcement at the meeting, until a quorum shall be present and no other notice shall be required. At any meeting of the Association that had previously been adjourned for lack of a quorum, the requirement for a quorum for any such meeting shall be reduced by one half (1/2) of the quorum required for the prior meeting that was adjourned.

Section 13. Conduct of Meeting. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes for the meeting and record in a minute book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat. Roberts Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act.

ARTICLE III

EXECUTIVE BOARD

Section 1. Number, Election and Appointment, Term, Qualification, etc.

(a) Number. The property and business of the Association shall be managed and controlled by the Executive Board, which shall initially consist of three (3) members, to be expanded to five (5) members as provided below. Each member of the Executive Board is herein sometimes referred to as a “**Director**.”

(b) Election and Appointment.

(i) Appointment During Declarant Control Period. During the Declarant Control Period, Declarant shall have the sole right, power, and authority to appoint the members of the Executive Board (who need not be Unit Owners or residents of the State of Delaware), subject to the provisions of Sections 1(b)(ii) through 1(b)(iv) below. The initial Directors shall be as provided in the Declaration.

(ii) In accordance with §81-303(d) of the Act, not later than sixty (60) days after conveyance of twenty-five percent (25%) of the total number of Units that may be created to Owners other than Declarant or a Participating Builder, at least one (1) member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by the members other than Declarant or a Participating Builder. Accordingly, after conveyance of twenty-five percent (25%) of the total number of Units that may be created to Owners other than Declarant or a Participating Builder, the Executive Board shall automatically be expanded to four (4) members, one (1) of whom shall be elected by the members other than Declarant or a Participating Builder in order to comply with the Act and three (3) of whom shall be appointed by Declarant.

(iii) In accordance with §81-303(d) of the Act, not later than sixty (60) days after conveyance of fifty percent (50%) of the total number of Units that may be created to Owners other than Declarant or a Participating Builder, not less than thirty-three and one-third percent (33 1/3%) of the members of the Executive Board shall be elected by the members other than Declarant or a Participating Builder. Accordingly, after conveyance of fifty percent (50%) of the total number of Units that may be created to Owners other than Declarant or a Participating Builder, the Executive Board shall automatically be expanded to five (5) members, two (2) of whom shall be elected by the members other than Declarant or a Participating Builder in order to comply with the Act and three (3) of whom shall be appointed by Declarant.

(iv) Election After Declarant Control Period. In accordance with §81-303(e) of the Act, upon the termination of the Declarant Control Period, (A) the members of the Executive Board shall be elected by plurality vote of the members, (B) the Executive Board shall consist of at least three (3) members, and (C) at least a majority of the members of the Executive Board shall be Owners or, if an Owner is a corporation, limited liability company, partnership, trust or other entity, an officer, director, managing member or other authorized representative designated in writing by such Owner.

Section 2. Term. Except for the Directors appointed by Declarant, who shall serve until the earlier of their death, resignation, or removal by Declarant (in each such case, their successor to be appointed by Declarant) or the date of the next annual meeting next following the termination of the Declarant Control Period, the initial term of office of one (1) member of the Executive Board shall be fixed at three (3) years, the initial term of office for one (1) member of the Executive Board shall be fixed at two (2) years, and the initial term of office of one (1) member of the Executive Board shall be fixed at one (1) year. The Executive Board shall determine which members have the initial terms of one (1), two (2), and three (3) years. At the expiration of the initial term of each respective member of the Executive Board, his or her successor shall be appointed or elected, as applicable, to serve for a term of three (3) years. The members of the Executive Board shall hold office until their respective successors shall have been appointed or elected, as applicable, by Declarant or Association, as applicable, in accordance with Section 1 of this Article III.

Section 3. Directors shall be elected for a one (1) year term and shall hold office until the next annual election and until their successors are elected and the successors' willingness to serve confirmed. Unless such timing coincides with an annual meeting, the President shall call a special meeting for any election by the members as provided in Article III of these Bylaws.

Section 4. Removal and Vacancy. Except for Directors appointed by Declarant, who shall serve until the earlier of their death, resignation, or removal by Declarant (in each such case, their successor to be appointed by Declarant) or the date of the next annual meeting next following the termination of the Declarant Control Period, any Director may be removed from the Executive Board at any time, with or without cause, by a two-thirds (2/3) vote of the members of the Association present in person or by proxy and entitled to vote at any meeting of the members at which a quorum is present. In the event of death, resignation or removal of a Director, except for Directors appointed by Declarant, who shall serve until the earlier of their death, resignation, or removal by Declarant (in each such case, their successor to be appointed by Declarant) or the date of the next annual meeting next following the termination of the Declarant Control Period, a successor shall be selected by a two-thirds (2/3) vote of the members of the Association present in person or by proxy and entitled to vote at any meeting of the members at which a quorum is present.

Section 5. Compensation. No Director shall receive compensation for any service rendered to the Association in such Director's capacity as a Director. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 6. Action taken without a meeting. The Directors shall have the right to take any action without a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 7. Powers and Duties. The affairs of the Condominium shall be governed by the Executive Board provided, however, that the Executive Board may not act on behalf of the Association to amend the Condominium Documents, to terminate the Condominium, or to elect members of the Executive Board or determine the qualifications, powers and duties, or terms of

office of Executive Board members, but the Executive Board may fill vacancies in its membership for the unexpired portion of any term. The Executive Board shall have all of the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things as are not by the Act or by the Condominium Documents directed to be exercised and done by the Association. The Executive Board shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of the Condominium provided such rules and regulations shall not be in conflict with the Act or the Condominium Documents. The Executive Board shall delegate to one of its members the authority to act on behalf of the Executive Board on all matters relating to the duties of the Managing Agent, if any, which might arise between meetings of the Executive Board. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Executive Board shall have the power to, and be responsible for, the following:

(a) The Executive Board shall adopt and may amend recorded bylaws consistent with §81-306 of the Act and the terms of these Bylaws.

(b) The Executive Board shall adopt and amend budgets pursuant to §81-324 of the Act and collect Assessments, including funds for the Repair and Replacement Reserves (as defined below), from Unit Owners.

(c) The Executive Board shall maintain the following records in written form or in another form capable of conversion into written form within a reasonable time: (1) detailed records of receipts and expenditures affecting the operation and administration of the Association and other appropriate accounting records, including those for the Repair and Replacement Reserves (all financial records shall be kept in accordance with generally accepted accounting practices); (2) minutes of all meetings of its members and the Executive Board, a record of all actions taken by the members or the Executive Board without a meeting, and a record of all actions taken by a committee of the Executive Board in place of the board of directors on behalf of the Association; (3) a record of its members in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order by class, showing the number of votes each member is entitled to cast and the members' class of membership, if any; and (4) a copy of the following records at its principal office: (i) its original or restated certificate of incorporation, if any, and the Declaration and Rules and Regulations and these Bylaws and all amendments to them currently in effect; (ii) the minutes of all members' meetings and records of all action taken by members without a meeting for the past three (3) years; (iii) any financial statements and tax returns of the Association prepared for the past three (3) years, together with the report of the auditors of the financial records; (iv) a list of the names and business addresses of its current directors and officers; (v) its most recent annual report delivered to the Secretary of the State; (vi) the Association's most recent Reserve Study; and (vii) financial and other records sufficiently detailed to enable the Association to comply with §81-409 of the Act. Subject to the provisions of this Subsection below, all records kept by the Association, including the Association's membership list and address, and aggregate salary information of employees of the Association, shall be available for examination and copying by a Unit Owner or the Unit Owner's authorized agent so long as the request is made in good faith and for a proper purpose related to the Owner's membership in the Association. This right of examination may be

exercised: (1) only during reasonable business hours or at a mutually convenient time and location, and (2) upon five (5) days written notice reasonably identifying the purpose for the request and the specific records of the Association requested. Records kept by the Association may be withheld from inspection and copying to the extent that they concern: (1) personnel matters relating to specific persons or a person's medical records; (2) contracts, leases, and other commercial transactions to purchase or provide goods or services, currently in or under negotiation; (3) pending or threatened litigation, arbitration, mediation or other administrative proceedings; (4) matters involving federal, state or local administrative or other formal proceedings before a government tribunal for enforcement of the Condominium Documents; (5) communications with legal counsel which are otherwise protected by the attorney-client privilege or the attorney work product doctrine; (6) disclosure of information in violation of law; (7) meeting minutes or other confidential records of an executive session of the Executive Board; and (8) individual Unit Owner files other than those of the requesting Owner. The Association may charge a fee for providing copies of any records under this Section but that fee may not exceed the actual cost of the materials and labor incurred by the Association. All books and records shall be audited at least once a year by an outside auditor employed by the Executive Board who shall not be a resident of the Condominium or an Owner of a Unit therein and the cost of such audit shall be a Common Expense.

(d) Making Assessments against the applicable Unit Owners to defray the costs and expenses associated with the Common Expenses that apply to such Owner's Unit as defined in the Declaration as determined by the Executive Board from time to time, including but not limited to: (1) bulk utility/telecommunication and trash services; (2) the costs and expenses set forth under §81-315(a)(2) of the Act regarding repair and replacement reserves as well as for the maintenance, repair, or replacement of the General Common Elements, the Townhome General Common Elements and the Duplex General Common Elements under §81- 315(c)(1) of the Act and the Condominium Documents; (3) the maintenance, repair and replacement of the irrigation systems that are located within the General Common Element as well as any components, equipment or apparatus which are installed or located within any Unit or Limited Common Element Yard Area; and (4) any Assessments against individual Unit Owners who fail to perform such Unit Owner(s) obligations as provided under the Condominium Documents, including but not limited to Section 11 of the Declaration captioned "Maintenance, Repair and Replacement of Limited Common Elements" as well as any individualized fees for services provided to some but not all of the Unit Owners based on their use and consumption of services as provided under §81- 315(c)(2) of the Act.

(e) Establishing the means and methods of collecting such Assessments from the Unit Owners, and establishing the period of the installment payment of the annual Assessment for the Common Expenses. Unless otherwise determined or modified by the Executive Board, the annual Assessment against each Unit Owner for his proportionate share of the Common Expenses which are applicable to such Owner's Unit shall be payable in equal quarterly installments, each such installment to be due and payable in advance on the first day of each quarter for said year or as otherwise determined by the Executive Board.

(f) Providing for the operation, care, upkeep, maintenance and surveillance, if any, of all of the Common Elements and services of the Condominium for which the Association is responsible for providing.

(g) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements for which it is responsible for, and providing services for the Property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Unit Owners.

(h) Collecting the Assessments against the Unit Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property and the Condominium.

(i) Making and amending the Rules and Regulations respecting the use of the Property, including the power to levy fines for infractions or violations of the Condominium Documents on a uniform and non-discriminatory basis. Before adopting or substantially amending any Rules and Regulations, the Executive Board must notify all Unit Owners of: (1) its intention to adopt the proposed Rules and Regulations and (2) a date on which the Executive Board will convene a meeting to receive comments on them from the Unit Owners. The Association may only adopt Rules and Regulations that affect the use of or behavior in Units that may be used for residential purposes to: (1) prevent any use of a Unit which violates the Condominium Documents; (2) regulate any behavior in or occupancy of a Unit which violates the Condominium Documents or adversely affects the use and enjoyment of other Units or the Common Elements by other Unit Owners; or (3) regulate the method, manner, means and/or medium used for subleasing the Units and/or restrict the subleasing of residential Units to the extent those restrictions in any Rules and Regulations are reasonably designed to meet underwriting requirements of institutional lenders who regularly lend money secured by first mortgages on Units or regularly purchase those mortgages.

(j) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefor.

(k) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property in accordance with the other provisions of these Bylaws, after damage or destruction by fire or other casualty.

(l) Enforcing by legal means including, but not limited to, the levying of fines, the provisions of the Condominium Documents for the use of the Property adopted by it, and bringing any proceedings which may be instituted on behalf of the Unit Owners.

(m) Obtaining and carrying insurance against casualties and liabilities, as provided in Article VI of these Bylaws, and paying the premium cost thereof.

(n) Paying the cost of all services rendered to the Condominium, which are not otherwise the sole responsibility and obligation of, and not billed to, one or more Unit Owners of individual Units.

(o) Granting permits, licenses and easements over the Common Elements for utilities, roads and other purposes necessary for the proper operation of the Property, in common with others entitled thereto.

(p) Entering into or satisfying management contracts as well as leases, licenses or other contractual agreements for the operation, use, maintenance or management of the various Common Elements, the cost of which shall be either a General Common Expense, a Townhouse General Common Expense or a Duplex General Common Expense as applicable; provided that, no such lease, license or other contractual agreement may bind the Association unless such lease, license or other contractual agreement provides for the right of the Association to terminate the same without cause or penalty at any time after transfer of control of the Association from Declarant to the Unit Owners, upon not less than ninety (90) days' notice. In addition, if entered into before the Executive Board elected by the Unit Owners (as opposed to appointed by Declarant) in accordance with this Declaration takes office: (1) any management contract, employment contract, or lease of recreational or parking areas or facilities, (2) any other contract or lease between the Association and Declarant or an affiliate of Declarant, or (3) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the Executive Board elected by the Unit Owners (as opposed to appointed by Declarant) in accordance with this Declaration takes office upon not less than ninety (90) days' notice to the other party; provided, that, this shall not apply to: (i) any lease the termination of which would terminate the Condominium or reduce its size, unless the real estate subject to that lease was included in the Condominium for the purpose of avoiding the right of the Association to terminate a lease under this section, or (ii) a proprietary lease.

(q) Managing the business operations and affairs of the Property and for such purposes, engage employees and appoint agents and to define their duties and fix their compensation, enter into contracts, leases and other written instruments or documents and to authorize the execution thereof by officers elected by the Executive Board.

(r) Providing each Mortgagee written notice, or copies, of: (1) any condemnation or casualty loss that affects either a material part of the Property or the Unit securing its mortgage; (2) any sixty (60) day delinquency in payment of Assessments or charges owed by the Unit Owner on which it holds the mortgage; (3) a lapse, cancellation, or material modification of any insurance policy maintained by the Association; (4) any proposed action that requires the consent of a specified percentage of Mortgagees; (5) any proposed termination of the Condominium; (6) any proposed amendment of the Condominium Documents effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto, (ii) the interest in the General Common Elements or Limited Common Elements appertaining to any Unit or the liability for the applicable Common Expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any Unit, or (iv) the purpose to which any Unit or Common Elements are restricted; (7) any default by the Unit Owner which is obligated to such

Mortgagee; and (8) audited financial statements of the operation of the Property (such audited financial statements shall be made available no later than one hundred twenty (120) days after the end of the Association's fiscal year).

(s) Pursuant to §81- 302(a)(11) of the Act, the Executive Board may suspend any privileges of Unit Owners (other than the right of a Unit Owner to vote on any matter submitted to a vote of Unit Owners) or services provided to Unit Owners by the Association (other than those necessary for the habitability of the Owner's Unit) for non-payment of Assessments; may impose charges for late payment of Assessments; and, after notice and an opportunity to be heard, may levy reasonable fines for violations of the Declaration, Bylaws and Rules and Regulations of the Association.

(t) Arrange for the performance by the Association of the notification requirements regarding any transfers or conveyances of Units as set forth under the Environmental Covenant and as provided under the Declaration.

(u) To do such other things and acts provided under § 81-302(a) of the Act and such other things and acts not inconsistent with the Act and the Condominium Documents which it may be authorized to do by a resolution of the Association.

Section 8. Managing Agent. The Executive Board shall employ for the Condominium a professional Managing Agent at a compensation established by the Executive Board, to perform such duties and services as the Executive Board shall authorize. The initial Managing Agent to be retained by the Executive Board shall be **SeaScape Property Management**, having a current address of 17563 Nassau Commons Boulevard, Lewes, Delaware 19958 or such other address as may be provided to the Unit Owners from time to time by the Executive Board. The Executive Board may delegate to the Managing Agent some or all of the powers granted to the Executive Board by these Bylaws other than the powers set forth in Sections 2(a), (b), (h) and (i) of this Article III. Any such delegation shall be in writing reflecting the consent of the Executive Board and shall expressly provide that such delegation may be terminated and revoked at any time upon written notice. No agreement with a professional Managing Agent may bind the Association unless said agreement provides for the right of the Association to terminate the same without cause or penalty at any time after transfer of control of the Association from Declarant to the Unit Owners, upon not more than ninety (90) days' notice. Any such agreement shall be for a reasonable term.

Section 9. Initial and Subsequent Quarterly Meetings. A meeting of the Executive Board must be held at least once each calendar quarter. The first quarterly meeting of Executive Board shall be held on within ninety (90) days after the Effective Date. Thereafter, the quarterly meetings of the Executive Board shall be held as determined by a majority of the Executive Board.

Section 10. Special Meetings. Special meetings of the Executive Board may be called by the President or a majority of the Executive Board. It shall be the duty of the President to call a special meeting of the Executive Board if so directed by resolution of a majority of the Executive Board.

Section 11. Notice of Meetings. Except when a schedule of meetings has been distributed to Unit Owners that identifies the meeting in question or in cases of emergency meetings that may be held without prior notice, the Secretary shall cause notice of any regular or special Executive Board meeting to be delivered to each Unit Owner by any means described in §81-127 of the Act not fewer than ten (10) nor more than sixty (60) days in advance of the meeting (but not later than the time notice of the meeting is sent to members of the Executive Board). The notice must state the time and place of the meeting and the items on the agenda, including an opportunity for Unit Owners to offer comments to the Executive Board regarding any matter affecting the Condominium.

(a) Until the expiration or earlier termination of the Declarant Control Period, all meetings of the Executive Board shall be open to the Unit Owners except for executive sessions held for purposes of: (1) consulting with the Association's lawyer regarding, or Executive Board discussion of, litigation, mediation, arbitration or administrative proceedings or any contract matters; (2) discussing labor or personnel matters; (3) discussing matters related to contract negotiations, including the review of bids or proposals, if premature general knowledge of those matters would place the Association at a disadvantage; (4) discussion of any complaint from or alleged violation by a Unit Owner, when the Executive Board determines that public knowledge would violate the privacy of the Unit Owner; or (5) discussing any other matter that Declarant determines, in its sole subjective and absolute discretion, should be discussed in executive session and not open to the Unit Owners.

(b) After the expiration or earlier termination of the Declarant Control Period, all meetings of the Executive Board shall be open to the Unit Owners except for executive sessions held for purposes of: (1) consulting with the Association's lawyer regarding, or Executive Board discussion of, litigation, mediation, arbitration or administrative proceedings or any contract matters; (2) discussing labor or personnel matters; (3) discussing matters related to contract negotiations, including the review of bids or proposals, if premature general knowledge of those matters would place the Association at a disadvantage; or (4) discussion of any complaint from or alleged violation by a Unit Owner, when the Executive Board determines that public knowledge would violate the privacy of the Unit Owner.

(c) If any materials are distributed to the Executive Board before the meeting, the Association shall at the same time make copies of those materials reasonably available to the Unit Owners, except that the Association need not distribute copies of unapproved minutes or materials that are to be considered in executive session.

(d) The Executive Board may meet in a telephonic or video conference call or interactive electronic communication process provided that: (1) the meeting notice must indicate that the meeting is to be a telephonic, video or other conference and, if not a meeting in executive session, provide information as to how Unit Owners may participate in the conference directly or by meeting at a central location or conference connection; and (2) the process must provide all Unit Owners the opportunity to hear the discussion and offer comments.

(e) After the expiration or earlier termination of the Declarant Control Period, in lieu of a meeting, the Executive Board may act by unanimous consent as documented in a

record signed by all its members, but the Executive Board may not act by unanimous consent to: (1) adopt a rule, budget or special Assessment, (2) impose a fine or take action to enforce the Declaration or the Rules and Regulations or these Bylaws, (3) buy or sell real property, (4) borrow money, or (5) contract for any sum greater than one percent (1%) of the Association's annual budget. The Secretary shall promptly notify all Unit Owners of any action taken by unanimous consent.

(f) The Executive Board shall maintain written minutes of all meetings of the Executive Board; and, upon written request delivered to the Secretary, such minutes shall be made available to any Unit Owner and to any Mortgagee.

(g) Waiver of Notice. Any member may, at any time, in writing waive notice of any meeting of the Executive Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting the Executive Board shall constitute a waiver of notice by him at the time and place of such meeting. If all members are present at any meeting of the Executive Board, no notice shall be required and any business may be transacted at such meeting, not otherwise inconsistent with the Act.

Section 12. Quorum of Executive Board. At all meetings of the Executive Board, a majority of the members of the Executive Board shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Executive Board present at any meeting at which a quorum is present shall constitute the decisions of the Executive Board.

Section 13. Conduct of Meeting. The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board recording therein all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order shall govern the conduct of the meetings of the Executive Board when not in conflict with the Declaration, these Bylaws or the Act.

Section 14. Fidelity Bonds. Unless the Unit Owners, by Majority Vote, otherwise determine (with the requisite consent of Mortgagees, as applicable), the Executive Board shall require fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium funds, with coverage being an amount equal to (1) one quarter of the annual Common Expenses plus (2) all reserve funds controlled by the Executive Board. The premiums on such bonds shall constitute a Common Expense.

Section 15. Director and Officer Liability Insurance. The Executive Board shall obtain Director and Officer Liability Insurance for all Executive Board members and officers of the Executive Board and the premiums on such Insurance shall constitute a Common Expense.

Section 16. Liability of the Members of the Executive Board. The members of the Executive Board shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Executive Board from and against all contractual liability to others arising out of contracts made by the Executive Board on behalf

of the Unit Owners unless any such contract shall have been made in bad faith. It is intended that the members of the Executive Board shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Executive Board or out of the aforesaid indemnity in favor of the members of the Executive Board shall be limited to such proportion of the total liability thereunder as his Percentage Interest bears to the Percentage Interests of all of the Unit Owners. Every agreement made by the Executive Board or by the Managing Agent on behalf of the Owners shall, if obtainable, provide that the members of the Executive Board, or the Managing Agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his Percentage Interest bears to the Percentage Interests of all Unit Owners. The Unit Owners shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a member of the Executive Board, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believes to be in or not opposed to the best interests of the Unit Owners.

Section 17. Executive Board Committees. The Executive Board may, from time to time, establish such one or more ad hoc committees as it may deem necessary or appropriate for the administration of the affairs of the Executive Board or of the Property. Each such committee, shall have such discretionary, decision making or advisory powers as the Executive Board shall determine; provided, however, that the Executive Board shall retain full responsibility for all acts undertaken by any committee within the authority granted to such committee. The members of any such committee shall be appointed from among the members of the Executive Board or from those persons entitled to vote at any meeting of Unit Owners, or any combination thereof. During the Declarant Control Period, there shall be an advisory committee which shall consist of three (3) Unit Owners who wish to volunteer and shall be selected by the Executive Board to serve as a point of contact between the Declarant and the Unit Owners to discuss issues of concern directly with the Declarant that may arise during the Declarant Control Period.

Section 18. Inspection of and Access to Books and Records. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association, as well as current copies of the Declaration, Bylaws, Declaration Plan and the Rules and Regulations shall be available for examination by the Unit Owners as well as their duly authorized agents or attorneys, and by the lenders, holders, insurers, and guarantors of any first mortgage on any Unit and their respective duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interest and after reasonable notice. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association, as well as current copies of the Declaration, Bylaws, Declaration Plan and Rules and Regulations, and the most recent annual audited financial statement, if such is prepared, shall be available for examination by any prospective purchaser of a Unit in the Condominium during normal business hours and for purposes reasonably related to their respective interest and after reasonable notice.

ARTICLE IV

OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President, Vice-President, Secretary and Treasurer, all of whom shall be appointed by the Executive Board, who need not be Unit Owners or residents of the State of Delaware. The Executive Board may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President shall be a member of the Executive Board. Any other officers may be, but shall not be required to be, members of the Executive Board.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organization meeting of each new Executive Board and shall hold office at the pleasure of the Executive Board. Any vacancy in an office shall be filled by the Executive Board at a regular meeting or special meeting called for such purpose.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Executive Board, any officer may be removed, either with or without cause, and such officer's successor may be elected at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for such purpose.

Section 4. Term of Office. The term of office of the President, Vice-President, Secretary and Treasurer shall be fixed at three (3) years, except as to the initial staggered terms established under Article III, Section 2, in which case the terms of the respective offices shall coincide with the term of the Director associated with such office. At the expiration of the term of the President, Vice-President, Secretary and Treasurer, as applicable, his or her successor shall be appointed by the Executive Board. Each officer shall hold office until his or her successor shall have been appointed by the Association.

Section 5. Vacancies. Any Vacancy of any principal officer position shall be filled by appointment by the Executive Board and each person so appointed shall serve for the remainder of the term of the office to which they are appointed by the Executive Board.

Section 6. President. The President shall be the chief executive of the Condominium. The President shall preside at all meetings of the Association and of the Executive Board. The President shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the General Corporation Law of the State of Delaware, including, but not limited to, the power to appoint committees from among the Owners from time to time as the President may in the President's discretion decide is appropriate to assist in the conduct of the affairs of the Condominium. The President or Vice-President may prepare, execute, certify and record amendments to the Condominium Documents on behalf of the Association.

Section 7. Vice-President. The Vice-President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Executive Board shall appoint some other member of the Executive Board to act in the place of the President, on an interim basis. The Vice-President shall also perform such duties as shall from time to time be imposed upon the Vice-President by the Executive Board or by the President. The President or Vice-President may prepare, execute, certify and record amendments to the Condominium Documents on behalf of the Association.

Section 8. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Executive Board; shall have charge of such books and papers as the Executive Board may direct, and shall, in general, perform all the duties incident to the office of secretary of a stock corporation organized under the General Corporation Law of the State of Delaware.

Section 9. Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; shall be responsible for the deposit of all monies and other valuable effects in the name of the Executive Board, or the Managing Agent, in such depositories as may from time to time be designated by the Executive Board, and shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the General Corporation law of the State of Delaware

Section 10. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of over \$1,000.00, shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Executive Board. All such instruments for expenditures or obligations of less than \$1,000.00, may be executed by any one officer of the Association or by such other person as may be designated by the Executive Board.

Section 11. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such. Officers shall be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with the performance of their duties and services as officers of the Executive Board on behalf of the Condominium.

ARTICLE V

OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Assessments Against Owners.

(a) Fiscal Year. The fiscal year of the Condominium shall consist of the twelve-month period commencing on January 1 of each year and terminating on December 31 of the same year.

(b) Preparation and Adoption of Annual Budget. Each year on or before November 1st, the Executive Board shall adopt a budget for the Condominium for the next ensuing fiscal year, containing (1) a line item for any required funding of the Repair and Replacement Reserves sufficient to achieve the level of funding noted in the Reserve Study and to provide cash reserves to repair and replace the General Common Elements, the Townhome General Common Elements and the Duplex General Common Elements on the Property that are not Units as are necessary to maintain the Required Community Condition and in accordance with Legal Requirements (including the Act), or maintain the Repair and Replacement Reserves at such levels and (2) an estimate of the total amount which it considers necessary to pay the normal and recurring costs and expenses of (i) maintaining, managing, operating, repairing and replacing the General Common Elements, the Townhome General Common Elements and the Duplex General Common Elements that the Executive Board is responsible for maintaining, repairing and replacing under the Act, these Bylaws or the Declaration, (ii) wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, these Bylaws, the Declaration or a resolution of the Association, (iii) the Working Capital and Operating Reserve (as defined in this Article V below) so as to replenish any funds withdrawn from the Working Capital and Operating Reserve and not replenished by funds received under Section 1(h)(3) of this Article V below, (iv) the Repair and Replacement Reserves, and (v) such other reasonable amounts as the Executive Board considers necessary to provide working capital for the Property, a general operating reserve for the Property, reserves for contingencies and replacements related to the Property, and for the administration, operation, maintenance and repair of the Property that the Association is responsible for under the Condominium Documents and the Act and the rendering to the Unit Owners of all related services. The budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium applicable to such Unit Owner's Unit. When the first Executive Board appointed by Declarant under these Bylaws takes office, it shall determine the budget, as defined in this Section, for the period commencing upon the sale of the first Unit by Declarant and ending on December 31st of the fiscal year in which such first sale occurs. Regular Assessments shall be assessed and levied against the Unit Owners during said period as provided in this Section but in no event later than sixty (60) days after the first Unit is conveyed by Declarant.

(c) Adoption Prior to Expiration of Declarant Control Period. Until the expiration or earlier termination of the Declarant Control Period, within thirty (30) days after the adoption of any budget, the Executive Board shall send to each Unit Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Unit Owner.

(d) Adoption After Expiration of Declarant Control Period After the expiration or earlier termination of the Declarant Control Period, within thirty (30) days after the adoption of any budget, the Executive Board shall (1) provide to all Unit Owners a summary of the budget, including any reserves and a statement of the basis on which any reserves are calculated and funded and (2) simultaneously set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after providing the summary. Unless at that meeting sixty-seven percent (67%) of the Percentage Interests entitled to vote reject the budget, the budget shall be deemed ratified, whether or not a

quorum is present. If a proposed periodic budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Executive Board.

(e) Regular Assessments and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the Property set forth in the budget for each fiscal year shall be assessed against each Unit Owner in proportion to such Owner's respective Percentage Interest that is applicable to such Owner's Unit. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Executive Board or the Managing Agent (as determined by the Executive Board), one-twelfth (1/12) of the Assessment for such fiscal year made pursuant to the foregoing provisions; provided, however, if the Executive Board so determines, Assessments may be collected quarterly in which event each Unit Owner shall be obligated to pay to the Executive Board or the Managing Agent (as determined by the Executive Board) one-fourth (1/4) of the Assessment for such fiscal year on the first day of each fiscal year, and one-fourth (1/4) on the first day of the fourth, seventh and tenth months of each fiscal year or such other intervals that the Executive Board may determine. Within sixty (60) days after the end of each fiscal year, the Executive Board shall supply to all Unit Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Executive Board for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be either credited according to the percentage of the portion of total budget allocated to the General Common Expenses that are applicable to each Unit to the next monthly, quarterly or other interval as determined by the Executive Board of installments due from Unit Owners under the current fiscal year's budget until exhausted, refunded to each Unit Owner, or applied in any other manner as the Executive Board shall determine in its sole subjective and absolute discretion. Any net shortage shall, if the Executive Board deems it advisable, be added, in accordance with the above allocations, to the installments due in the succeeding six (6) months after the rendering of the accounting.

(f) Special Assessments. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against the Working Capital and Operating Reserve.

(1) Prior to Expiration of Declarant Control Period. Until the expiration or earlier termination of the Declarant Control Period, if the Working Capital and Operating Reserve is inadequate for any reason, including nonpayment of any Unit Owner's Assessment, the Executive Board may at any time levy a special Assessment, which shall be assessed against the Unit Owners according to their respective Percentage Interests, and which shall be payable in a lump sum or in installments as the Executive Board may determine, in its sole subjective and absolute discretion. The Executive Board shall notify all Unit Owners, in writing, of any such special Assessment disclosing the amount and reasons therefore; and such special Assessment, unless otherwise specified in such notice, shall become effective with the next monthly (or quarterly, if payments are required by the Executive Board to be made quarterly) payment of regular Assessments due more than ten (10) days after the delivery or

mailing of such notice of such special Assessment. All Unit Owners shall be obligated to pay the adjusted monthly (quarterly or such other interval as determined by the Executive Board) amount or, if the special Assessment is not payable in installments, the amount of such special Assessment.

(2) After Expiration of Declarant Control Period. After the expiration or earlier termination of the Declarant Control Period, the Executive Board may at any time propose a budget which would require a special Assessment against all the Units for any General Common Expenses and against all the Townhome Unit Owners for any Townhome General Common Expenses and against all of the Duplex Unit Owners for any Duplex General Common Expenses. Except as provided in this Subsection 1(f)(2) below, the special Assessment is effective only if the Executive Board follows the procedures for ratification of a budget described in Subsection 1(d) of this Article V above and a majority of the Unit Owners affected by such special Assessment do not reject that proposed special Assessment. Notwithstanding the foregoing provisions of this Subsection 1(f)(2), if the Executive Board determines by unanimous vote that a special Assessment is necessary in order to respond to an emergency or otherwise to comply with the requirements of the Act, then: (i) the special Assessment shall become effective immediately in accordance with the terms of the vote; (ii) notice of the emergency Assessment shall be promptly provided to all Unit Owners affected by such special Assessment; and (iii) the Executive Board shall spend the funds paid on account of the emergency Assessment solely for the purposes described in the vote.

(3) In the event that any Reserve Study applicable to the General Common Elements shows, at any time and from time to time, that there are insufficient funds allocated to the General Common Elements in the Repair and Replacement Reserve for the projected time when the costs of repairs and/or replacements of any of the General Common Elements will be incurred as required under the Declaration or these Bylaws, the Executive Board shall have the right to make a special Assessment to the Unit Owners to pay, based on the their proportionate share of the General Common Element Expenses, which special Assessment shall be payable over the necessary period (as set forth in the then current Reserve Study applicable to the General Common Elements) to eliminate any projected shortfall in the funds allocated to the General Common Elements within the Repair and Replacement Reserve.

(4) In the event that any Reserve Study applicable to the Townhome General Common Elements shows, at any time and from time to time, that there are insufficient funds allocated to the Townhome General Common Elements in the Repair and Replacement Reserve for the projected time when the costs of repairs and/or replacements of any of the Townhome General Common Elements will be incurred as required under the Declaration or these Bylaws, the Executive Board shall have the right to make a special Assessment to the Owners of the Townhome Units to pay, based on the their proportionate share of the Townhome General Common Element Expenses, which special Assessment shall be payable over the necessary period (as set forth in the then current Reserve Study applicable to the Townhome General Common Elements) to eliminate any projected shortfall in the funds allocated to the Townhome General Common Elements within the Repair and Replacement Reserve.

(5) In the event that any Reserve Study applicable to the Duplex General Common Elements shows, at any time and from time to time, that there are insufficient funds allocated to the Duplex General Common Elements in the Repair and Replacement Reserve for the projected time when the costs of repairs and/or replacements of any of the Duplex General Common Elements will be incurred as required under the Declaration or these Bylaws, the Executive Board shall have the right to make a special Assessment to the Owners of the Duplex Units to pay, based on the their proportionate share of the Duplex General Common Element Expenses, which special Assessment shall be payable over the necessary period (as set forth in the then current Reserve Study applicable to the Duplex General Common Elements) to eliminate any projected shortfall in the funds allocated to the Duplex General Common Elements within the Repair and Replacement Reserve.

(g) Executive Board Unit Assessments. If the Executive Board purchases a Unit for the use and occupancy of a resident manager for the Property, the cost of such Unit shall be treated as a General Common Expense. That portion of the General Common Expenses directly attributable to the purchase of the Unit to be used and occupied by the resident manager shall be allocated among the Unit Owners in an amount equal to the amount by which such Unit Owner's General Common Percentage Interest bears to the aggregate General Common Percentage Interest of all such Units Owners and collected through a special Assessment which shall be collectable in whatever manner the Executive Board, in its sole subjective and absolute discretion, decides.

(h) Reserves.

(1) Working Capital and Operating Reserve. In addition to all other Assessments hereunder, the Association (or, if the Association has not been formed, until the Association has been formed, Declarant) shall build up and maintain a working capital and operating reserve to meet unforeseen capital and operating expenditures, to purchase any additional equipment and/or provide services (the "Working Capital and Operating Reserve"). The amounts paid into the Working Capital and Operating Reserve shall not be considered as advance payments of regular or special Assessments. Declarant shall not use any portion of the Working Capital and Operating Reserve to defray any of its or the Association's expenses, reserve contributions, or construction costs or to make up any budget deficits while Declarant is in control of the Association. Notwithstanding anything contained herein to the contrary, Declarant shall be entitled to receive reimbursement for any funds it paid to the Association for an unsold Unit's share of the Working Capital and Operating Reserve from funds collected from the purchaser of such Unit at closing when such Unit is sold.

(2) Repair and Replacement Reserve. Upon the recordation of these Bylaws, the Association (or, if the Association has not been formed, until the Association has been formed, Declarant) shall create and maintain, in addition to any reserve for contingencies, a repair and replacement reserve with respect to each of the (i) General Common Elements to be designated and maintained as the General Common Elements Repair and Replacement Reserve, (ii) Townhome General Common Elements to be designated and maintained as the Townhome General Common Element Repair and Replacement Reserve, and (iii) Duplex General Common

Elements to be designated and maintained as the Duplex General Common Element Repair and Replacement Reserve as provided in the Declaration.

(i) Unit Owner Contributions to the Working Capital and Operating Reserve. Upon the initial sale of each Unit by Declarant and/or a Participating Builder to a third party purchaser (which is not a Participating Builder), the Unit Owner purchasing such Unit shall contribute a sum equal to the greater of One Thousand Seven Hundred and 00/100 Dollars **(\$1,700.00) or two (2) months of the then current Common Expenses Assessments** to the Working Capital and Operating Reserve account. Thereafter each subsequent purchaser of such Unit shall contribute a sum equal to the greater of One Thousand Seven Hundred and 00/100 Dollars **(\$1,700.00) or two (2) months of the then current Common Expenses Assessments** to such Working Capital and Operating Reserve account.

(j) Unit Owner Contributions to the Repair and Replacement Reserve for General Common Elements. In addition, upon the initial sale of each Unit by Declarant and/or a Participating Builder to a third party purchaser (which is not a Participating Builder), the Unit Owner purchasing such Unit shall contribute a sum equal to the greater of One Thousand Three Hundred and 00/100 Dollars **(\$1,300.00) or two (2) months of the then current Common Expenses Assessments** to the Repair and Replacement Reserve account towards the repairs and replacements of the General Common Elements. Thereafter each subsequent purchaser of such Unit shall contribute a sum equal to the greater of One Thousand Three Hundred and 00/100 Dollars **(\$1,300.00) or two (2) months of the then current Common Expenses Assessments** which are allocated within such Repair and Replacement Reserve account for the repair and replacement of the General Common Elements.

(k) Townhome Unit Owner Contributions to the Repair and Replacement Reserve for Townhome General Common Elements. Upon the initial sale of each Townhome Unit by Declarant and/or a Participating Builder to a third party purchaser (which is not a Participating Builder), the Unit Owner purchasing such Townhome Unit shall contribute a sum equal to the greater of Four Hundred and 00/100 Dollars **(\$400.00) or two (2) months of the then current Common Expenses Assessments** to the Repair and Replacement Reserve account towards the repairs and replacements of the Townhome General Common Elements. Thereafter each subsequent purchaser of such Townhome Unit shall contribute a sum equal to the greater of Four Hundred and 00/100 Dollars **(\$400.00) or two (2) months of the then current Common Expenses Assessments** which are allocated within such Repair and Replacement Reserve account for the repair and replacement of the Townhome General Common Elements.

(l) Duplex Unit Owner Contributions to the Repair and Replacement Reserve for Duplex General Common Elements. Upon the initial sale of each Duplex Unit by Declarant and/or a Participating Builder to a third party purchaser (which is not a Participating Builder), the Unit Owner purchasing such Duplex Unit shall contribute a sum equal to the greater of Four Hundred and 00/100 Dollars **(\$400.00) or two (2) months of the then current Common Expenses Assessments** to the Repair and Replacement Reserve account towards the repairs and replacements of the Duplex General Common Elements. Thereafter each subsequent purchaser of such Duplex Unit shall contribute a sum equal to the greater of Four Hundred and 00/100 Dollars **(\$400.00) or two (2) months of the then current Common Expenses Assessments**

which are allocated within such Repair and Replacement Reserve account for the repair and replacement of the Duplex General Common Elements.

(m) Reserve Accounts. The Working Capital and Operating Reserve account and the Repair and Replacement Reserve account are collectively referred to as the “**Reserve Accounts**”. In addition to the contributions that will be made by each Unit Owner as provided above, the Association shall include as part of each annual Assessment an assessment towards a contribution equal to at least **ten percent (10%) of the then current annual budget** to be allocated by the Executive Board as needed or required with respect to the obligations of the Unit Owners to one or more of the Reserve Accounts into which each Unit Owner, as applicable, is responsible to contribute to from time to time. All funds accumulated for each of the Reserve Accounts shall be segregated from the general operating funds, and, if the Executive Board deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve and as otherwise provided or required under the Declaration. The Executive Board shall have the right and authority (but not the obligation) upon consultation with its Managing Agent and the Association’s accountants to reallocate and transfer funds contributed by the Unit Owners between the Working Capital and Operating Reserve Account and the Repair and Replacement Reserve account when necessary to rebalance such Reserve Accounts depending on the accumulation of excess funds received from the Unit Owners or potential short falls of funds from the Unit Owners in such Reserve Accounts. Any such transfers shall remain subject to compliance with the terms of this Section including but not limited to any Reserve Study.

(n) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Executive Board to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner’s obligation to pay the Unit Owner’s allocable share of its applicable Common Expenses, whenever the same shall be determined; and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the applicable Common Expenses assessment rate established for the immediately preceding fiscal period until the adjusted budget shall have been mailed or delivered. With respect to any differential between the rate for such immediately preceding fiscal year and the rate calculable pursuant to the annual budget, once adopted, for the new fiscal year, the Executive Board shall be entitled to assess or credit such differential as the Executive Board determines.

(o) Accounts. Unless the Unit Owners otherwise direct by Majority Vote, the Executive Board shall be entitled to commingle into a single fund all sums collected by the Executive Board with respect to Assessments against the Unit Owners except that any sums collected with respect to Reserve Accounts shall at all times be kept in segregated funds.

(p) Increase of Assessments. Any increase in Assessments that would increase the annual Assessments more than twenty-five percent (25%) from the previous year shall require the affirmative approval of sixty-seven percent (67%) of the Percentage Interests entitled to vote with respect to such Assessment and such other approvals as otherwise provided under Article XI of these Bylaws.

(q) Exceptions for Declarant's, Participating Builder's and Executive Board's Units. Notwithstanding anything contained in the Condominium Documents to the contrary, no lawsuit, suspension of utilities or other action shall be taken by or on behalf of the Executive Board or any Unit Owner, Mortgagee, occupant, mortgagee or other lienor to collect any Assessment made against any Unit owned by Declarant, Participating Builder or the Executive Board, or their respective successors or assigns, which relates to any period of time or times during which the Unit was not actually being occupied as a residence (and the performance of work on any Units owned by Declarant or Participating Builder to construct, complete, repair, rehabilitate, modify or improve same shall not constitute occupancy thereof), unless and except to the extent that such Assessment is for actual cash expenditures made by the Executive Board for the cost of utilities, services, insurance premiums, or maintenance personnel directly consumed or utilized, in fact, by such Unit, independent of and apart from its interest in the Common Elements. To the extent that Declarant or Participating Builder owes any Assessment on a Unit (computed in accordance with the limitations regarding unoccupied Units owned by Declarant or Participating Builder as set forth in the immediately preceding sentence) at the time when that Unit is being conveyed, the amount due shall be reimbursed to the Executive Board without interest, from the net proceeds of sale received by Declarant or Participating Builder, as applicable, but only insofar as such net proceeds are adequate. Any deficiency shall be allocated to Declarant's or Participating Builder's unsold Units in proportion to the Percentage Interest attributed to each such Unit.

(r) Assessments and Common Expenses During Declarant Control Period. Notwithstanding anything contained in the Condominium Documents to the contrary, during the Declarant Control Period, (i) Assessments shall be assessed against each Unit Owner in proportion to such Unit Owner's Common Elements Percentage Interest, Townhome Common Elements Percentage Interests and Duplex Common Elements Percentage Interests, as applicable, that are assigned to such Unit in Schedules "C-1", "D-1" and "E-1", respectively, as attached to the Declaration, and (ii) the remaining balance of the Assessments attributable to each annual operating budget (exclusive of any Assessments assessed in order to fund any Reserve Accounts) that are required to eliminate a deficit in such annual operating budget (exclusive of any Assessments assessed in order to fund any Reserve Accounts) shall be paid by Declarant (the "**Declarant's Deficit Contribution**") on a monthly or quarterly basis as determined by the Executive Board in accordance with the terms of Article V hereof. For avoidance of doubt, the Assessments under this Section 1(r) for each Unit Owner shall include all amounts required to fund the Repair and Replacement Reserve with respect the General Common Elements, the Townhome General Common Elements and the Duplex General Common Elements, as applicable to each Unit in accordance with the Reserve Study during the Declarant Control Period. Upon the expiration of the Declarant Control Period, the Assessments shall be assessed or re-assessed, as applicable, in accordance with the provisions contained in Article V hereof, and Declarant's obligation to pay the Declarant's Deficit Contribution shall immediately cease, become void and of no further force or effect. For purposes of this Section 1(r), if Declarant terminates the Declarant Control Period under clause (iv) of the definition of Declarant Control Period in the Declaration, Declarant's obligation under this Section 1(r) to pay the Declarant's Deficit Contribution shall expire upon the earlier (A) sixty (60) days after the date on which seventy-five percent (75%) or more of the proposed Units, including any and all Units submitted to the Act and the Condominium in accordance with the Act and any and all

Expansion Units have been conveyed to Units Owner other than Declarant or (B) ten (10) years after the date on which the first Unit has been conveyed to a Unit Owner other than Declarant.

(s) Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of reserves shall be applied to one or more of the Reserve Accounts in a manner consistent with an equitable allocation of such surplus attributable to the amount of the payments made into each of the Reserve Accounts by each Unit Owner unless the Executive Board determines after consultation with the Managing Agent and the Association's accountant that the funds contributed by the Unit Owners in the respective Reserve Accounts are adequately funded as required or contemplated by these Bylaws and some or all of the surplus can be credited to the Unit Owners in proportion to their payments made and their respective Percentage Interests in the applicable General Common Elements or some other fair and equitable method adopted by the Executive Board based on the factors resulting in the creation of any such surplus in order to reduce one or more future Assessments.

Section 2. Payment of Common Expenses.

(a) Prior to Establishment of Association and Initial Assessment. Pursuant to § 81-315(a)(11) of the Act until the Association is validly established pursuant to the Act and makes a Common Expense Assessment, Declarant shall pay all Common Expenses together with all sums necessary to fully fund the Repair and Replacement Reserve until the Association makes its first Assessment.

(b) Subsequent to Establishment of Association and Initial Assessment. All Unit Owners shall be personally liable for and obligated to pay the Common Expenses applicable to each Owner's Unit as assessed by the Executive Board pursuant to the provisions of the Condominium Documents, including, but not limited to, Section 1 of this Article V. No Unit Owner may exempt himself from liability for his contribution toward his applicable Common Expenses by waiver of the use of enjoyment of any of the Common Elements or by abandonment of his or her Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid Assessments against the latter for his applicable Percentage Interest of his Common Expenses applicable to his Unit up to the time of the conveyance, without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement from the Executive Board or Managing Agent setting forth the amount of the unpaid Assessments against the selling Unit Owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid Assessments in excess of the amount therein set forth; and provided, further, that if a mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of a first mortgage, or through the other remedies provided for in the first mortgage, such purchaser, its successors and assigns, shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale, or through the other remedies provided for in the first mortgage; provided, however that the purchase of any such Unit as a result of any such foreclosure of a first mortgage, or through the other remedies provided for in the first mortgage, shall be without prejudice to the Association's right to recover from the selling or prior Unit Owner any past due

or delinquent Assessments. Any such unpaid share of the Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to a voluntary sale (but excluding an acquisition of title to a Unit pursuant to a foreclosure sale) for which a statement was provided to such purchaser by the Executive Board, shall be collectible from all Unit Owners, including the purchaser of such Unit, in proportion to their respective Percentage Interests in the applicable Common Elements appurtenant to each Owner's Unit.

(c) During the Declarant Control Period. Notwithstanding anything contained in the Condominium Documents to the contrary, during the Declarant Control Period, (i) Unit Owners shall pay their applicable Common Expenses based on the amount of Assessment under Article V, Section 1(r) above and (ii) Declarant shall pay the Declarant's Deficit Contribution assessed under Article V, Section 1(r). For purposes of this Section 2(c), if Declarant terminates the Declarant Control Period under clause (iv) of the definition of Declarant Control Period in the Declaration, Declarant's obligation under this Section 2(c) to pay the Declarant's Deficit Contribution shall expire upon the earlier (A) sixty (60) days after the date on which seventy-five percent (75%) or more of the proposed Units, including any and all Units submitted to the Act and the Condominium in accordance with the Act and any and all Expansion Units have been conveyed to Units Owner other than Declarant or (B) ten (10) years after the date on which the first Unit has been conveyed to a Unit Owner other than Declarant.

Section 3. Collection of Assessments. The Executive Board shall take prompt action to collect any Assessments due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof, together with interest thereon as imposed under Article IX, Section 1 below. To the extent permitted under Legal Requirements (including the Act), the Association shall have a statutory lien against a Unit for any Assessment levied against the Unit or fines imposed against its Unit Owner, as provided under § 81-316 of the Act.

Section 4. Statement of Unpaid Assessments. The Association upon written request shall furnish to a Unit Owner a statement setting forth the amount of unpaid Assessments against the Unit. Such statement must be in recordable form. The statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board, and every Unit Owner.

Section 5. Maintenance, Repair and Replacement.

(a) By the Executive Board. Pursuant to § 81-307(a) of the Act, the Executive Board shall be responsible for and shall determine when and to what extent the maintenance, repair and replacement of the following shall be required and otherwise necessary to maintain the Required Community Condition, the cost of which shall be charged to each Unit Owner as a General Common Element Expense, a Townhome General Common Element Expense or a Duplex General Common Element Expense, as applicable (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner):

(1) All of the General Common Elements, Townhome General Common Elements and Duplex General Common Elements.

(2) With respect to the Limited Common Element, the maintenance, repair and replacement of the irrigation systems that are located within any Limited Common Element Yard of each Unit, as well as mowing, fertilizing, trimming, pruning and/or otherwise maintaining all or any portion of the grass, shrubs, bushes, trees and other planted materials installed by the Declarant and/or a Participating Builder, and any replacements thereof, as may be located within the Limited Common Element Yard Area of each Unit, but expressly excluding any maintenance, repairs or replacements to any Limited Common Elements appurtenant to each Unit not otherwise expressly the responsibility of the Association as provided herein (including but not limited to any approved Yard Area Improvements made by the Unit Owner within its Limited Common Element Yard Area) which the Unit Owner shall be responsible for under Section 5(b) below.

(3) All incidental damage caused to any Unit, or its appurtenant Limited Common Elements or any other Common Element by such work as may be done or caused to be done by the Executive Board in accordance therewith.

Each Unit Owner shall promptly report to the Executive Board or the Managing Agent any defect or need for repairs for which the Executive Board is responsible.

(b) By the Unit Owner. As provided under Section 11 of the Declaration captioned "Maintenance Repair and Replacement of Limited Common Elements by the Unit Owners", each Unit Owner shall keep such Unit Owner's Unit and any Limited Common Elements which are a part of and appurtenant to such Unit (including but not limited to any Limited Common Element Yard Area and any Yard Area Improvements) in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of such Unit and any Limited Common Elements which are a part of and appurtenant to such Unit, inclusive (by way of example and not limitation) of installing and maintaining window treatments in all windows and assuring that the same, to the extent visible from the exterior of the Unit as provided in the Declaration. Pursuant to § 81-307(a) of the Act the Executive Board shall determine when and to what extent any such maintenance, repairs and replacements associated with the Units and any Limited Common Elements which are a part of and appurtenant to such Units shall be required from time to time in order to comply with the Condominium Documents, the Act and as required in order to maintain the Required Community Condition. In addition, each Unit Owner shall be responsible for all damages to any and all other Units or to the Common Elements resulting from such Unit Owner's failure to make or perform any of the maintenance, repairs, and/or replacements required to be made by such Unit Owner by this Section. Each Unit Owner shall perform such Unit Owner's responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners and as otherwise directed by the Executive Board.

(c) Manner of Maintenance, Repair and Replacement. All maintenance, repairs and replacements of any Common Element, including any Limited Common Elements whether the obligations of the Association or a Unit Owner hereunder shall be in a manner to keep the foregoing in good order, condition and repair and in a clean and sanitary condition consistent with and substantially similar to the original construction and installation and in

accordance with the Condominium Documents, the Act and as required in order to maintain the Required Community Condition.

(d) Executive Board's Right of Self-Help. In the event that any Unit Owner fails to maintain, repair or replace such Owner's Unit, or any Limited Common Elements which are such Unit Owner's responsibility under the Declaration and these Bylaws as directed by the Executive Board, the Executive Board shall have the right (but not the obligation) to make an Assessment for and/or undertake the maintenance, repair and/or replacement of such Owner's Unit and any appurtenant Limited Common Elements, the Assessment and/or costs and expenses of which shall be a lien against such Owner's Unit and payable by such Unit Owner upon demand therefor by the Executive Board and otherwise as provided and permitted under §81-316 of the Act.

Section 6. Additions, Alterations or Improvements by the Executive Board.

(a) Whenever in the judgment of the Executive Board the General Common Elements shall require additions, alterations, or improvements costing in excess of TEN THOUSAND DOLLARS (\$10,000.00) during any twelve (12) consecutive months, and the making of such additions, alterations or improvement shall have been approved by a vote of a majority of the Unit Owners, the Executive Board shall proceed with such additions, cost thereof as a General Common Element Expense. Any additions, alterations or improvements costing TEN THOUSAND DOLLARS (\$10,000.00) or less during any period of twelve (12) consecutive months may be made by the Executive Board without the approval of the Unit Owners and the cost thereof shall constitute part of the General Common Element Expenses.

(b) Whenever in the judgment of the Executive Board the Townhome General Common Elements shall require additions, alterations, or improvements costing in excess of TEN THOUSAND DOLLARS (\$10,000.00) during any twelve (12) consecutive months, and the making of such additions, alterations or improvement shall have been approved by a vote of a majority of the Townhome Unit Owners, the Executive Board shall proceed with such additions, cost thereof as a Townhome General Common Element Expense. Any additions, alterations or improvements costing TEN THOUSAND DOLLARS (\$10,000.00) or less during any period of twelve (12) consecutive months may be made by the Executive Board without the approval of the Townhome Unit Owners and the cost thereof shall constitute part of the Townhome General Common Element Expenses.

(c) Whenever in the judgment of the Executive Board the Duplex General Common Elements shall require additions, alterations, or improvements costing in excess of TEN THOUSAND DOLLARS (\$10,000.00) during any twelve (12) consecutive months, and the making of such additions, alterations or improvement shall have been approved by a vote of a majority of the Duplex Unit Owners, the Executive Board shall proceed with such additions, cost thereof as a Duplex General Common Element Expense. Any additions, alterations or improvements costing TEN THOUSAND DOLLARS (\$10,000.00) or less during any period of twelve (12) consecutive months may be made by the Executive Board without the approval of the Duplex Unit Owners and the cost thereof shall constitute part of the Duplex General Common Element Expenses.

Section 7. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement to any of the Common Elements, including but not limited to any Limited Common Elements that comprise the exterior of such Unit Owner's Unit without the prior written consent thereto of the Declarant and the Executive Board and otherwise subject to and in accordance with the provisions of § 81-211 and § 81-212 of the Act and in compliance with the Condominium Documents as well as in a manner consistent with and materially similar to the original construction and installation and otherwise in compliance with the Required Community Condition. Any application to any governmental authority for a permit to make any approved addition, alteration or improvement in or to any Unit or its appurtenant Limited Common Elements or any other Common Element may be executed by the Executive Board without however, incurring any liability on the part of the Executive Board or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

Section 8. Restrictions on Use of Units and Common Elements. Each Unit and the Common Elements shall be occupied and used in accordance with the provisions of the Condominium Documents.

Section 9. Right to Access. Each Unit Owner shall grant a right of access to such Unit Owner's Unit and the appurtenant Limited Common Elements to the Executive Board or the Managing Agent, or any other person authorized by the Executive Board or the Managing Agent, or any group of the foregoing, for the purpose of making inspections or for the purpose of correcting any condition originating in such Unit or the appurtenant Limited Common Elements and threatening another Unit or any of the other Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services of the Common Elements applicable to such Unit or elsewhere in the Property, or to correct any condition which violates the provisions of any mortgage covering another Unit and its appurtenant Limited Common Elements provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, not require notice, and whether the Unit Owner is present at the time or not. Each Unit Owner shall provide, upon the request of the Executive Board or the Managing Agent with emergency contact information from time to time to enable the Executive Board or the Managing Agent to respond in a timely manner to any situation that may necessitate the need to exercise the foregoing right of access. The Unit Owner shall, at all times, cause a key to its Unit to be in the possession of the Executive Board or the Managing Agent.

Section 10. Electricity. Electricity shall be supplied by the public utility company serving the Units directly to each Unit through separate meters and each Unit Owner shall be required to pay the bills for electricity consumed or used in its Unit and any appurtenant Limited Common Elements. The electricity serving the General Common Elements shall be separately metered, and the Executive Board shall pay all bills for electricity consumed in such portions of the General Common Elements as a General Common Element Expense.

Section 11. Sewer Service. Sewer service shall be supplied to each Unit by the County. The cost for all maintenance, repair and replacement of the sewer lines located within the General Common Elements to each Unit, (but not within the Unit or appurtenant Limited Common Element) shall be a General Common Element Expense. Each Unit Owner shall be responsible for the sewer fees for its Unit. Any sewer service to the General Common Elements shall be separately metered, and the Executive Board shall pay all bills for such sewer service provided to the General Common Elements as a General Common Element Expense.

Section 12. Water Service. Water service shall be supplied by Tidewater Utilities, Inc. (or its successors or assigns) directly to each Unit and separately metered so that the user fees, including any irrigation of any Limited Common Elements appurtenant to each Unit, shall be billed directly to and paid by the individual Unit Owners. Any water service to the General Common Elements shall be separately metered, and the Executive Board shall pay all bills for such water service provided to the General Common Elements as a General Common Element Expense.

Section 13. Natural Gas. Natural gas shall be supplied by Chesapeake Utilities Corporation (or its successors or assigns) directly to each Unit and separately metered so that the user fees shall be billed directly to and paid by the individual Unit Owners. Any natural gas service to the General Common Elements shall be separately metered, and the Executive Board shall pay all bills for such natural gas service provided to the General Common Elements as a Common Expense.

Section 14. Roads/Bridges/Access Easements. The roads, bridges and any access easements designated on the Declaration Plan, the Declaration or which are otherwise appurtenant to and benefit the Property shall be maintained, repaired and/or replaced from time to time as a General Common Element and shall be available for use on a non-exclusive basis by the Declarant, any Participating Builder, the Association, Unit Owners and their respective, agents, representatives, contractors, subcontractors, vendors, licensees, employees and invitees (each a **“Responsible Party”**) and shall be subject to such reasonable Rules and Regulations that may be promulgated from time to time by the Declarant and the Executive Board or as otherwise provided in any applicable easements or other documents recorded in the Recorder’s Office pertaining to such roads, bridges or access easements. Notwithstanding anything contained herein to the contrary, a non-exclusive easement over and across said roads, bridges and access easements for ingress, egress, and regress is retained by the Declarant and Participating Builders, their successors and assigns, for their respective use in the development of the Condominium and in the event the Expansion Building(s) Unit(s) and additional improvements are constructed and annexed into the Condominium subject to the terms provided in the Declaration. The cost of any maintenance, repairs and replacement of all such roads, bridges and access easements shall be a General Common Element Expense payable by, and assessed to, all Unit Owners; provided, however, each Unit Owner shall be responsible for any and all damages to any other Units or to the Common Elements resulting from such Unit Owner’s negligent acts or omissions arising out of the use of any such roads, bridges and access easements. In addition, the access and use of the bridges on the Property shall also be subject to the rights, limitations and restrictions set forth in the Declaration. Any violations of such limitations and restrictions by any Responsible Party with respect to any bridge on the Property (each a **“Bridge Violation”**) shall be subject to the

following fines as well as other enforcement actions that may be adopted by the Executive Board as part of the Rules and Regulations in accordance with these Bylaws:

(a) The Executive Board shall provide an initial warning to the Responsible Party after the first occurrence of any Bridge Violation which shall be accompanied by a time stamped photo and/or video evidence as documentation of such infraction (the "**Violation Evidence**").

(b) Thereafter any subsequent Bridge Violation accompanied by the Violation Evidence shall result in a monetary fine due and payable by the Responsible Party to the Condominium in the amount of Fifty Dollars (\$50.00) for the first such occurrence for which a fine is assessed and thereafter each subsequent Bridge Violation shall be in the amount of Two Hundred Fifty Dollars (\$250.00) (each a "**Bridge Violation Assessment**"). Each such Bridge Violation Assessment shall be due and payable from Responsible Party within fifteen (15) days after the Executive Board mails or otherwise delivers such Bridge Violation Assessment to the Responsible Party. In the event the Responsible Party is a Unit Owner or its agents, representatives, contractors, subcontractors, vendors, licensees, employees and invitees, such Bridge Violation Assessment shall constitute an Assessment and entitle the Executive Board to all rights and remedies provided under the Condominium Documents for the collection and recovery of any such Bridge Violation Assessment.

(c) The Executive Board may adjust each Bridge Violation Assessment from time to time to account for annual increases as reasonably determined by the Executive Board.

Section 15. Unit Decks and Balconies. Each Unit Owner shall be responsible for the maintenance, repair and replacement at its own expense of all decks, patios and balconies appurtenant to such Unit Owner's Unit and designated as either a part of the Unit and/or as a Limited Common Element appurtenant to such Unit Owner's Unit in the Declaration and/or the Declaration Plan as directed by the Executive Board pursuant to the Condominium Documents in order to maintain a uniform appearance and as necessary to maintain the Required Community Condition.

Section 16. Legal Proceedings. Due to the potential adverse financial impact to the Association and the Unit Owners of defending or pursuing any administrative, legal or equitable proceeding or action in connection with any dispute, claim, cause of action or proceeding arising out of or under or in connection with any one or more of the Condominium Documents (collectively, the "**Legal Proceedings**"), the decision to initiate any Legal Proceedings (except for the recovery of dues and Assessments from Unit Owners and for those matters or causes of actions that would arise under Article IX hereof) must be made by a resolution duly adopted at a properly noticed regular or special meeting of the Association held for such purpose. Such resolution shall require the affirmative vote of the Unit Owners representing not less than sixty-seven percent (67%) of the Common Element Percentage Interests held by the Unit Owners and approved or consented to by Mortgagees that represent at least fifty-one percent (51%) of the Common Element Percentage Interests held by the Unit Owners of the Units subject to a mortgage. If the Association shall incur or potentially be obligated as a result of such resolution to incur attorney's fees, expert fees or other costs or expenses associated with such Legal

Proceedings, totaling in excess of \$25,000.00 or if the amount recoverable by an attorney for the Association pursuant to a contingency fee agreement shall exceed \$50,000.00, then such resolution shall require the affirmative vote of the Unit Owners representing not less than seventy-five percent (75%) percent of the Unit Owners and their Mortgagees. Neither the Executive Board, the Association nor the Unit Owners shall borrow on behalf of the Association nor use any funds from reserves of the Association to pay such legal costs, but the same shall be paid from and limited to the amounts provided in the annual budget for such expenditures for the fiscal year and shall be raised by special Assessment levied against the Unit Owners for such purpose. If such Legal Proceedings are not concluded within one (1) year of the date of such resolution, the continued prosecution of such Legal Proceedings beyond such period must be reaffirmed annually at a special meeting held for such purpose by the percentage vote of the Association as was required to adopt the original resolution. If the continued prosecution of such Legal Proceedings is not reaffirmed, the action shall be discontinued and the Executive Board shall have no further authority to act as the attorney-in-fact for the Association in the further prosecution or defense of such Legal Proceedings but may, with the affirmative vote of a majority of the vote in the Association, act as its attorney-in-fact with respect to any settlement or compromise of such Legal Proceedings; provided the same is completed within six (6) months thereafter. If the Association, by resolution approved in accordance with this section, authorizes the Executive Board to initiate Legal Proceedings, then the decisions relating to the conduct of the Legal Proceedings shall be made by the Executive Board for such purposes. Decisions regarding the conduct of any Legal Proceedings are nondelegable. Notwithstanding anything contained herein or in the Declaration to the contrary, the provisions of this Section shall not be modified or amended without Declarant's written consent so long as Declarant owns any property within the Condominium or the Expansion Area; thereafter this Section shall not be modified or amended except by a written instrument, executed by the Unit Owners representing not less than sixty-seven percent (67%) of the Common Element Percentage Interests held by the Unit Owners and approved or consented to by Mortgagees that represent at least fifty-one percent (51%) of the Common Element Percentage Interests held by the Unit Owners of Units subject to a mortgage, and be recorded with the Recorder's Office. The failure of a Mortgagee to respond to a notice of any such Legal Proceedings sent certified mail or registered mail, return receipt requested within sixty (60) days after notice of any such Legal Proceedings issues to such Mortgagee shall be deemed to be a consent by such Mortgagee to such Legal Proceedings.

Section 17. Trash Removal. The company providing trash removal services for the Condominium, including, but not limited to, for each of the Units, shall be selected by the Executive Board. The expenses related to trash removal services for the General Common Elements shall be paid by the Executive Board as a General Common Element Expense. The expenses related to the basic and customary residential trash removal services for each Unit shall be a Common Expense. Any additional services requested by a Unit Owner which exceeds the basic trash services provided by the Association, including but not limited to bulk trash pick up services shall be provided to individual Unit Owners at their request, upon such terms, conditions and the fees or costs as may be offered from time to time by such trash provider, subject to assessment and payment for the fees or costs for such additional and/or individualized services by the requesting Unit Owner pursuant to § 81-315(c)(2) of the Act. Other than the company selected by the Executive Board, no Unit Owner shall contract with any other company for trash removal services related to such Unit Owner's Unit.

Section 18. Snow Removal, Mowing, Irrigation and Landscaping.

(a) By the Association. All snow, sanding/salting, mowing, irrigation and landscaping services with respect to and related to any General Common Elements shall be arranged for and paid by the Executive Board as a General Common Element Expense. In addition the Executive Board shall arrange for the seasonal mowing of the lawns in the Limited Common Element Yard Area, the mulching, trimming and pruning of trees and shrubbery located in the Limited Common Element Yard Area, and the removing and replacing of diseased, infested, unsightly, or dead trees and shrubbery in the Limited Common Element Yard Area and as otherwise provided under Section 5(a)(2) under Article V above, as well as the annual start-up and winterization of the irrigation system within each Unit Owner's Limited Common Element Yard Area, all as a General Common Element Expense (the "**Association Seasonal Care Maintenance**"). Each Unit Owner shall provide the Association and its contractors, or other service providers, representatives respective officers, employees, and agents reasonable access to the garage of their Unit upon a minimum of five (5) days prior written which notice shall specify one or more dates and approximate times for the limited purposes of performing the required annual start-up and winterization maintenance of the irrigation system related to the irrigation controller, water valve and any other related components, equipment or apparatus located within the garage for each Unit (the "**Unit Irrigation Controller Service**"). In the event any Unit Owner fails to respond to such written notice and provide such access to the garage of such Unit Owner for the Unit Irrigation Controller Service, then the Owner shall be responsible for contacting the Association and arranging alternative dates and times that are compatible with the service schedule of the Association's contractors or other service provider in order to timely complete the performance of the Irrigation Controller Service in a timely manner. In the event any Unit Owner fails to reasonably cooperate in scheduling and allowing access to the garage of such Unit Owner for the Unit Irrigation Controller Service in a timely manner as reasonably determined by the Association, then the Executive Board shall have the right to assess a reasonable fine against the applicable Unit and the Unit Owner which shall be collectible in the same manner as Assessments due to the Association and the Association shall have a statutory lien as well as other rights and remedies as provided under § 81-316 of the Act. Any Unit Owners who fails to comply with and allow the performance of the Unit Irrigation Controller Service in accordance with the provisions of this paragraph shall also be responsible and liable for any and all damages to any of the irrigation system as well as any other Common Elements that may arise or occur from such non-compliance, including but not limited to and any costs and expenses incurred by the Declarant, the Participating Builder, and the Association to remedy, repair, replace, and/or restore the irrigation system and irrigation system components serving such Unit Owner's Unit as well as any damages to any other Common Elements.

(b) By each Unit Owner. Each Unit Owner shall be responsible, at his or her own expense, for obtaining and performing any additional services that are not otherwise provided by the Association in connection with the Association Seasonal Care Maintenance, such as snow removal and sanding/salting with respect to and related to any and all decks, balconies, porches, driveways and walk ways appurtenant to such Unit Owner's Unit and/or denoted as a Limited Common Element, or for additional irrigation, landscaping and other

Limited Common Element Yard Area related alterations permitted and/or approved under Section 9(w) of the Declaration or services that are desired by any Unit Owner which exceeds the level, degree or scope of the Association Seasonal Care Maintenance (the “**Unit Owner Seasonal Care Maintenance**”). Such Unit Owner Seasonal Care Maintenance may, at the election of the Executive Board be provided to individual Unit Owners at their request, upon such terms, conditions and the fees or costs as may be offered by the Association from time to time, subject to assessment and payment for the fees or costs for such individualized services provided to some but not all of the Unit Owners pursuant to § 81-315(c)(2) of the Act (the “**Additional Association Seasonal Care Maintenance**”).

(c) Required Community Condition. Furthermore, the Executive Board shall have the authority, under the Rules and Regulations to establish terms and conditions regarding the level, scope, quality and frequency of any such Unit Owner Seasonal Care Maintenance which shall be compliant with the Required Community Condition. The failure of any such Unit Owner to timely perform any of Unit Owner Seasonal Care Maintenance as required by this Section after written notice from the Association and an opportunity to remedy or correct any such failure(s) as provided in the Rules and Regulations shall obligate such Unit Owner to receive the Additional Association Seasonal Care Maintenance (which shall not exceed the level, scope, quality and frequency of the required Unit Owner Seasonal Care Maintenance) and to be assessed and required to pay for the costs thereof in addition to the payment of any other fines and other costs and expenses incurred by the Association to remedy or correct any such failure(s) that may be necessary to bring such areas covered by the required Unit Owner Seasonal Care Maintenance into the condition necessary to comply with the Condominium Documents and the Required Community Condition.

ARTICLE VI

INSURANCE

Section 1. Authority to Purchase. Except as otherwise provided in Section 3 and Section 6 of this Article VI, all insurance policies relating to the Property shall be purchased by the Executive Board as trustee for the Unit Owners and their respective mortgagees, as their interests may appear, which insurance shall name the Association as a named insured, and, to the extent available, provide coverage for at least the following:

(a) Casualty or physical damage insurance in an amount equal to the full replacement value (with a maximum deductible amount which shall be the lesser of \$10,000.00 or 1% of the policy face amount) of the Condominium, excluding the Units, with an “agreed amount” endorsement, “Condominium replacement cost” endorsement, an “Inflation Guard” endorsement if available, “Building Ordinance” or “Law Endorsement” endorsement, if applicable, “Steam Boiler and Maximum Coverage” endorsement and a “Special Condominium” endorsement and such other endorsements that may be required from time to time under Part II, Subject Standards, Chapter 7: Insurance Requirements of the Federal National Mortgage Association Selling Guide (the “**FNMA Guidelines**”), without deduction or allowance for depreciation (said amount to be redetermined annually by the Executive Board with the

assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

(1) All risks of direct physical loss commonly insured against by projects similar in construction, location and use;

(2) Loss or damage by fire or other hazards covered by the standard extended coverage endorsement; and

(3) Such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm, water damage, machinery explosion or damage, and such other insurance as the Executive Board may from time to time determine;

(b) Commercial General Liability Insurance in such amounts (but not less than Two Million Dollars (\$2,000,000.00) per occurrence and Five Million Dollars (\$5,000,000.00) annual aggregate) and in such form as may be considered appropriate by the Executive Board covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements including, but not limited to, medical payments insurance, water damage, legal liability, hired automobile, non-owned automobile and any and all other liability incident to the ownership and/or use of the Condominium or any portion thereof, said Commercial General Liability Insurance to name Declarant and the Association as insureds as their interests may appear;

(c) Adequate fidelity insurance for all officers and employees of the Association and from any Managing Agent handling or responsible for Association funds in such amounts and coverage as may reasonably be determined by the Executive Board or as may be required under the FNMA Guidelines;

(d) During the course of any construction or repair on the Property by the Association, builder's completed value risk insurance against "all risks of physical loss," including collapse and transit coverage, in non-reporting form;

(e) Workmen's compensation insurance to the extent necessary to comply with any Applicable Law;

(f) Flood insurance in the maximum amount available under the Federal Flood Insurance Program up to the lesser of (i) 100% of the replacement cost of the insurable value of the General Common Elements and, if applicable, a "Residential Condominium Building Association" policy or (ii) the maximum coverage available under the appropriate National Flood Insurance Program to the extent the Property is within the Flood plain and deemed necessary by the Executive Board or as may be required under the FMNA Guidelines. The maximum deductible amounts for flood insurance coverage required above shall be the lesser of \$5,000.00 or 1% of the policy's face amount; and

(g) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature, as are or shall hereafter be considered appropriate by the Executive Board.

The Executive Board shall obtain a single master policy covering physical damage for the entire Property under which the insurance company will issue to each Owner and mortgagee of a Unit, upon written request, a certificate or sub-policy specifying the portion of the master policy allocated to each Owner's Percentage Interest in the Common Elements. The insurance policies carried pursuant to Subsections (a) through (c) of this Section must provide that:

(1) Each Unit Owner is an insured person under the policy with respect to liability arising out of such Unit Owner's interest in the Common Elements or membership in the Association;

(2) The insurer waives its right to subrogation under the policy against any Unit Owner or member of the Unit Owner's household;

(3) No act or omission by any Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and

(4) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

Section 2. Limitations. Except for the insurance required under Section 3 and Section 6 of this Article VI, any insurance obtained pursuant to the requirements of this Article, shall be subject to the following provisions:

(a) All policies shall be written with a company or companies licensed to do business in the State of Delaware and holding a rating of "A XIII" or better general policyholder's rating in "Best's Insurance Report".

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Executive Board or its authorized representative, including any trustee with which the Executive Board or Association may enter into any insurance trust agreement, or any successor trustee, each of which shall be herein referred to as the "**Insurance Trustee**."

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the Unit Owners or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Executive Board pursuant to the requirements of this Article shall exclude such policies from consideration. An insurance policy issued to the Association shall not prevent a Unit Owner from obtaining insurance for the Unit Owner's own benefit.

(d) An insurer that has issued an insurance policy under this Article shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Unit

Owner or holder of a security interest. The insurer issuing the policy may not cancel, refuse to renew or substantially change it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Unit Owner and each holder of a security interest to whom a certificate or memorandum of insurance has been issued at their respective last known addresses. If requested, the insurer shall also deliver duplicate originals of the insurance policies and all endorsements thereto, together with proof of payment or premiums, to all Unit Owners and all mortgagees of Units at the times such policies are issued and at least thirty (30) days prior to the expiration of the then current policies.

(e) That the net proceeds of such policies, if less than FIVE THOUSAND DOLLARS (\$5,000.00), shall be payable to the Executive Board, and if more than FIVE THOUSAND DOLLARS (\$5,000.00), shall be payable to the Insurance Trustee designated in Section 4 of this Article. The Insurance Trustee or the Association shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Subsection 2(e)(i) below, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Association, Unit Owners, and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the Condominium is terminated.

(f) Any portion of the Condominium for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced as soon as practicable by the Association unless: (i) the Condominium is terminated, in which case §81-218 of the Act applies, (ii) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety, or (iii) eighty percent (80%) of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the entire Condominium is not repaired or replaced: (i) the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Condominium, and (ii) except to the extent that other persons will be distributees, (A) the insurance proceeds attributable to Limited Common Elements that are not rebuilt must be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to lien holders, as their interests may appear, and (B) the remainder of the proceeds must be distributed to all the Unit Owners, lien holders or Legal Owner, as their interests may appear in proportion to the Percentage Interests of all Units. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated Percentage Interests are automatically reallocated upon the vote as if the Unit had been condemned under §81-107(a) of the Act, and the Association promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations.

(g) To the extent available and economically reasonable (in the reasonable judgment of the Executive Board), all policies shall contain a waiver of subrogation by the insurer as to any claims against the Executive Board, the Unit Owner and/or their respective agents, employees or invitees, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured. To the extent available and economically reasonable (in the reasonable judgment of the Executive Board), said policies cannot be canceled, invalidated or

suspended on account of any conduct of the Executive Board, the Unit Owner and/or their respective agents, employees or invitees, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured. If any policy does not include "severability of interest" in its terms, such policy shall contain a specific endorsement to preclude the insurer's denial of a Unit Owner's claim because of negligent acts of the Association or of other Unit Owners.

(h) All policies shall contain the standard mortgagee clause in favor of each mortgagee (together with its successors and assigns) of a Unit to the extent of the portion of the coverage of the master policy allocated to such Unit, which shall provide that the loss, if any, thereunder shall be payable to such mortgagee and the Owner as their interests may appear, subject, however, to the loss payment and adjustment provisions in favor of the Executive Board and the Insurance Trustee contained in this Article. In the event a mortgagee endorsement has been issued as to a Unit, the proceeds payable shall be held in trust for the mortgagee and the Unit Owner as their interests may appear.

Section 3. Separate Insurance for Unit Owners Required. Each Unit Owner shall be required at his or her sole cost and expense to obtain and maintain insurance coverage for his or her own Unit, personal property and improvements not otherwise covered by the Executive Board's policy on the Property and for his or her personal liability in such types and coverage amounts as reasonably determined by the Executive Board based on generally acceptable industry standards or practices in the county in which the Property is located, as applicable from time to time; provided that no Unit Owner shall be entitled to exercise his or her right to acquire or maintain such additional insurance coverage so as to decrease the amount which the Executive Board, on behalf of all Unit Owners, may realize under any insurance policy which it may have in force on the Property at any particular time or to cause any insurance coverage maintained by the Executive Board to be brought into contribution with such additional insurance coverage obtained by the Unit Owner, and provided further that all such additional policies shall contain waiver of subrogation.

(a) Each Unit Owner shall be required to notify the Executive Board of all improvements made by the Unit Owner to his or her Unit, the value of which is in excess of TWO THOUSAND DOLLARS (\$2,000.00).

(b) Each Unit shall be required to file a copy of such individual policy or policies with the Executive Board at the time of the Unit Owner's purchase of his or her Unit.

Section 4. Insurance Trustee.

(a) The Executive Board shall have the right to designate any bank, trust company, savings and loan association, insurance company, or any institutional lender as the Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of these Bylaws. Any and all fees and costs incurred by the Association with respect to any such Insurance Trustee shall be deemed to be a Common

Expense and shall not be deducted from any insurance proceeds received but shall be paid as a Common Expense.

(b) The Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or contents of the policies, the correctness of any amounts received by it on account of the proceeds of any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws for the benefit of the Unit Owners and their respective mortgagees.

(c) Executive Board as Agent. The Executive Board is hereby irrevocably appointed the agent for each Unit Owner and for each mortgagee of a Unit and for each Unit Owner of any other interest in the Property to adjust all claims arising under insurance policies purchased by the Executive Board and to execute and deliver releases upon the payment of claims.

(d) Premiums. Premiums for all insurance policies purchased by the Executive Board shall be deemed to be a Common Expense, and assessed and allocated as provided in the Declaration.

Section 5. Additional FNMA Approved Project Requirements.

(a) With respect to the insurance carrier providing the above-referenced insurance policies, (1) under the terms of such insurance carrier's charter, by-laws, or policy, contributions or Assessments may not be made against borrowers, the Federal National Mortgage Association ("FNMA"), or Federal Home Loan Mortgage Corporation ("FHLMC"), or the designee of FNMA or FHLMC, (2) under the terms of such insurance carrier's charter, by-laws, or policy, loss payments shall not be contingent upon action by such insurance carrier's board of directors, policyholders, or members, and (3) the policies shall not include any limiting clauses (other than insurance conditions) which could prevent FNMA, FHLMC, or the borrowers from collecting insurance proceeds.

(b) With respect to the above-referenced insurance policies, such insurance policies must provide for the following: (1) recognition of any insurance trust agreement, (2) a waiver of the right of subrogation against Unit Owners individually, (3) that the insurance is not prejudiced by any act or neglect of individual Unit Owners which is not in the control of such Owners collectively, and (4) that the policies are primary in the event the Unit Owner has other insurance covering the same loss.

(c) In the event that the Condominium contains a steam boiler, the Executive Board shall obtain a policy that covers loss or damage resulting from steam boiler equipment accidents in an amount of not less than \$50,000 per accident per location (or such greater amount as deemed prudent based on the nature of the property).

ARTICLE VII

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 1. When Repair and Reconstruction Are Required. In the event of damage to or destruction of all or any of the Common Elements, as applicable, as a result of fire or other casualty (unless seventy-five percent (75%) of the Unit Owners and seventy-five (75%) of the holders of first mortgages on the Units, with each first mortgage holder to be entitled to one vote, affected by such destruction or damage duly resolve in writing, at a meeting called within ninety (90) days after the occurrence of the casualty, not to proceed with repair or restoration), the Executive Board shall arrange for and supervise the prompt repair and restoration of the Common Elements, as applicable (but expressly excluding and not including any damage to or destruction of all or any of the Units).

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any Common Elements, the Executive Board shall obtain reliable and detailed estimates of the cost of repairing and restoring the Common Elements to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Executive Board determines to be necessary.

(b) Assessments. If the proceeds of insurance are not sufficient to defray the said estimated costs of reconstruction and repair as determined by the Executive Board, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, Assessments shall be made against the Unit Owners directly affected by the damage or destruction, in proportion to their respective Percentage Interests as set forth in Schedules C-1, D-1, and E-1, as applicable to each Unit Owner, in sufficient amounts to provide payment of such costs.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications under which the Property was originally constructed.

(d) Encroachments. Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Unit Owner upon whose property such encroachment exists, provided that such reconstruction is substantially in accordance with the Declaration Plan under which the Property was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstructed Unit or Common Element shall stand.

Section 3. Disbursements of Construction Funds.

(a) Construction Fund. The net proceeds of insurance collected on account of a casualty and the funds collected by the Executive Board from Assessments against Unit

Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section. If the net proceeds of insurance collected on account of a casualty exceed FIVE THOUSAND DOLLARS (\$5,000.00), then the funds collected by the Executive Board from Assessments against the Unit Owner shall be deposited by the Executive Board with the Insurance Trustee, and the entire construction fund shall be disbursed by the Insurance Trustee; otherwise the construction fund shall be held and disbursed by the Executive Board.

(b) Method of Disbursement. The construction fund shall be paid by the Executive Board or the Insurance Trustee, as the case may be, in appropriate progress payments, to such contractors, suppliers and personnel engaged in performing the work or supplying materials or services for the repair and reconstruction of the Common Elements, as are designated by the Executive Board.

(c) Surplus. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds; and if there is a balance in the construction fund after the payment of all the costs of the reconstruction and repair for which the fund is established, such balance shall be distributed jointly to the Unit Owners and their mortgagees who are the beneficial owners of the fund; provided, however, that the part of the distribution to a beneficial Unit Owner which is not in excess of Assessments paid by the Unit Owner into the construction fund shall not be made payable to any mortgagee.

(d) [Reserved.]

(e) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice-President, and the Secretary or Treasurer of the Condominium certifying (1) whether the damaged property is required to be reconstructed and repaired; (2) the name of the payee and the amount to be paid with respect to disbursements from any construction fund held by it or whether surplus funds to be distributed are less than the Assessments paid by the Unit Owners; and (3) all other matters concerning the holding and disbursing of any construction fund held by it. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

(f) When Reconstruction is Not Required. If there is substantially total destruction of one or more of the Common Elements, or if seventy-five percent (75%) of the Unit Owners and seventy-five (75%) of the holders of first mortgages on the Units, with each first mortgage holder to be entitled to one vote, directly affected by such destruction or damage duly resolved in writing, at a meeting called within ninety (90) days after the occurrence of the casualty, not to proceed with repair or restoration, then, and in that event, the salvage value of the Property shall be subject to a suit for partition at the suit of any Unit Owner directly affected by such destruction or damage, in which event the net proceeds of the sale, together with the proceeds of insurance policies held by the Executive Board, shall be considered as one fund and, shall be divided among the Unit Owners directly affected by such destruction or damage in proportion with their Percentage Interests after discharging, out of the respective shares of such Unit Owners to the extent sufficient for the purpose, all liens against the Units of such Unit Owners.

ARTICLE VIII

MORTGAGES

Section 1. Notice to the Executive Board. A Unit Owner who mortgages such Unit Owner's Unit shall notify the Executive Board of the name and address of such Unit Owner's mortgagee and shall file and register a conformed copy of the mortgage and any amendments and/or assignments thereof with the Executive Board in accordance with and subject to and as otherwise provided under Section 21(d) of the Declaration.

Section 2. Notice of Unpaid Assessments for Common Expenses. The Executive Board shall promptly report any then unpaid Assessments for Common Expenses due for more than 60 days from, or any other default not cured within 60 days by, the Unit Owner of the mortgaged Unit; provided, however, the neglect or failure of the Executive Board to send any notice of any such unpaid Assessments or uncured default to any such mortgagee shall not affect the validity or enforceability of any such Assessment or default upon the Unit Owner.

Section 3. Notice of Default. The Executive Board, when giving notice to a Unit Owner of a default in paying the Assessment for Common Expenses or any other default, shall send a copy of such notice to each mortgagee covering such Unit Owner's Unit whose name and address have theretofore been furnished to the Executive Board by the Unit Owner; provided, however, the neglect or failure of the Executive Board to send any notice of default to any such mortgage holder shall not affect the validity or enforceability of any such notice of default upon the Unit Owner.

Section 4. Notice of Condemnation or Casualty Loss. The Executive Board shall provide a mortgagee with notice of condemnation or casualty loss affecting a material portion of the Property or the Unit securing the mortgage.

Section 5. Miscellaneous Notices. The Executive Board shall provide a mortgagee with notice of any proposed action that requires the consent or approval of a specified percentage of mortgagees either under these Bylaws or the Declaration.

ARTICLE IX

COMPLIANCE AND DEFAULT

Section 1. Relief. Each Unit Owner shall be governed by and shall comply with all of the terms of the Condominium Documents. A default by a Unit Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

(a) Legal Proceedings. Failure to comply with any of the terms of the Condominium Documents shall be grounds for relief which may include, without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all Assessments, any other relief provided for in the Condominium Documents, or any combination thereof, and all of which relief may be sought by the Association, the Executive Board, the Managing Agent, or, if appropriate, by any aggrieved Unit Owners.

(b) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his or her or his or her family members, employees, agents, subtenants or licensees' act, neglect or carelessness, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Executive Board. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver of any insurance company of its rights of subrogation.

(c) Costs and Attorney's Fees. In any proceeding arising out of (i) any alleged default by a Unit Owner, (ii) a dispute between Unit Owners with respect to the Condominium, (iii) a dispute between any Unit Owner and the Association and/or the Executive Board with respect to the Condominium, or (iv) any dispute between any Unit Owner and/or the Association with Legal Owner with respect to the Condominium Documents, the prevailing party shall be entitled to recover the costs of the proceedings, and such reasonable attorneys' fees as may be determined by the court.

(d) No Waiver of Rights. The failure of the Association, the Executive Board, or of a Unit Owner to enforce any right, provision, covenant, or condition which may be granted by any one or more of the Condominium Documents shall not constitute a waiver of the right of the Association, the Executive Board or the Unit Owner to enforce such rights, provisions, covenant, or condition in the future. All rights, remedies and privileges granted to the Association, the Executive Board, or any Unit Owner pursuant to any terms, provision, covenant or condition of any one or more of the Condominium Documents shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by any one or more of the Condominium Documents, or at law or in equity.

(e) Interest. In the event of a default by any Unit Owner in paying any Common Expenses or other sum assessed against him which continues for a period in excess of thirty (30) days from the due date, then such Unit Owner shall be obligated to pay interest on the amounts due at the rate of the lesser of eighteen percent (18%) per annum or the highest rate permitted by law.

(f) Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Executive Board, or the breach of any provision of any one or more of the Condominium Documents, shall give the Executive Board the right, in

addition to any other rights pursuant to law or set forth in any such Condominium Documents: (a) to enter the Unit, by appropriate legal proceedings, either at law or in equity, in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 2. Lien for Assessments.

(a) The Association has a statutory lien on each Unit for any Assessment levied against that Unit or fees, charges, late charges, fines, and interest charged pursuant to the Act, and any other sums due the Association under the Condominium Documents, the Act or as a result of an administrative or judicial decision, together with court costs and reasonable attorneys' fees incurred in attempting collection of the same. Fees, charges, late charges, fines, and interest charged pursuant to the Act, and any other sums due the Association under the Condominium Documents, the Act or as a result of an administrative or judicial decision, together with court costs and reasonable attorneys' fees incurred in attempting collection of the same, are enforceable in the same manner as unpaid Assessments under the Condominium Documents. If an Assessment is payable in installments, the lien is for the full amount of the Assessment from the time the first installment thereof becomes due. The following restrictions apply to any action by the Association to foreclose its lien under this Section:

(1) No foreclosure action may be commenced unless: (a) the Unit owner, at the time the action is commenced, owes a sum equal to at least three (3) months of Common Expense Assessments based on the periodic budget last adopted by the Association; and (b) the Executive Board expressly votes to commence a foreclosure action against that specific Unit.

(2) The Association shall apply any sums paid by Unit Owners who are delinquent in paying Assessments as follows: (a) first, to unpaid Assessments; (b) then to late charges; (c) then to attorneys' fees and other reasonable collection charges and costs; and (d) finally, to all other unpaid fees, charges, penalties, interest and late charges.

(3) If the only sums due with respect to a Unit consist of fines and related sums levied against that Unit, a foreclosure action may not be commenced against that Unit unless the Association has first secured a judgment against the Unit Owner with respect to those fines and has perfected a judgment lien against the Unit under state law.

(b) In any case where an Assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the payment of any single installment, which continues for thirty (30) days after written notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installment of such Assessments may be accelerated, at the option of the Executive Board and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Executive Board or the Managing Agent.

(c) The lien for contribution may be foreclosed in the manner provided by the laws of the State of Delaware by suit brought in the name of the Executive Board or the Managing Agent, acting on behalf of the Association. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental of the Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the then laws of the State of Delaware.

(d) Suit to recover a money judgment for unpaid contributions shall be maintainable without foreclosing or waiving the lien securing the same, and foreclosure shall be maintainable notwithstanding the pendency of any suit to recover a money judgment.

(e) Any lien for Common Expense Assessments or other charges that the Association has on any Unit shall be subordinate to the lien of the first mortgage on the Unit, if the mortgage was recorded before the delinquent Assessment was due. Any lien for Common Expense Assessments shall not be affected by the sale or transfer of a Unit, unless a foreclosure of a first mortgage is involved, in which case the foreclosure will extinguish the lien for any Assessments that were payable before the foreclosure sale, but will not relieve any subsequent Unit Owner from paying further Assessments.

ARTICLE X

MISCELLANEOUS

Section 1. Notices. All notices, demands, bills, statements, or other communications under the Condominium Documents shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid; (a) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the Unit of such Unit Owner, (b) if to the Association, the Executive Board or the Managing Agent, at the principal office of the Executive Board or Managing Agent, as applicable, or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section.

Section 2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provisions thereof.

Section 4. Gender. The use of the masculine and/or the feminine genders in these Bylaws shall be deemed to include whether one or more persons, group of persons, association, corporation, limited liability company, partnership, trust or other legal entity, or any combination thereof whenever the context so requires and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 5. Perpetuities. If any of the covenants, conditions, easements, restrictions, or other provisions of any one or more of the Condominium Documents 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 now living descendants of Donald Trump, the forty-fifth (45th) President of the United States of America.

Section 6. Conflicts. Notwithstanding anything contained in these Bylaws to the contrary,

(a) to the extent that the provisions of the Declaration or these Bylaws might conflict with or be inconsistent with the Act, the Act shall govern and control, except as otherwise provided under the Act; and

(b) to the extent that the provisions of these Bylaws might conflict with or be inconsistent with the Declaration, the Declaration shall govern and control.

ARTICLE XI

AMENDMENTS TO BYLAWS

Section 1. During the Declarant Control Period, the Executive Board and the Unit Owners (other than Declarant) may make no amendment to these Bylaws without the written consent of Declarant, which consent may be granted or withheld for any reason or no reason whatsoever in Declarant's sole subjective and absolute discretion. Following the expiration of the Declarant Control Period and subject to Article XIV hereof, these Bylaws may be amended in accordance with the terms of these Bylaws.

Section 2. Notwithstanding the provisions of Section 1 of this Article, or any law, custom or usage to the contrary, so long as Declarant owns one or more Units subject to the Declaration or has the right to expand the Condominium in accordance with Sections 5 and 6 of the Declaration, no amendment to these Bylaws shall be adopted by the Executive Board or the Unit Owners which, in Declarant's sole subjective and absolute opinion, may materially or adversely interfere with or affect (a) the lease, sale, other disposition or use of any one or more of the Units owned by Declarant or proposed Units, including, but not limited to, any Expansion Units, (b) the value, use, or marketability of any one or more of the Units owned by Declarant or proposed Units, including, but not limited to, any Expansion Units, (c) any expansion rights granted to Declarant under any one or more of the Condominium Documents, or (d) the financing available to Declarant with respect to any of the foregoing.

Section 3. Notwithstanding the provisions of Section 1 of this Article, or any law, custom or usage to the contrary, so long as Declarant owns one or more Units subject to the Declaration or has the right to expand the Condominium in accordance with Sections 5 and 6 of the Declaration, Declarant also shall have the absolute right, power and authority and shall have an irrevocable power of attorney, coupled with an interest, at any time and from time to time, in its sole subjective and absolute discretion, to amend any one or more of the Condominium Documents to cause each or all of them to be amended by filing with the Recorder's Office instruments and plans as permitted hereunder or as necessary to (a) correct any clerical or

typographical errors, ambiguities, title questions or defects, or conflicts with or to comply with any and all Legal Requirements, (b) achieve compliance with the requirements of FNMA, FHLMC, Federal Housing Authority, Veterans Administration or other governmental agency or their successors, or (c) conform the Condominium Documents to be consistent with the provisions required by the Act.

Section 4. Subject to Sections 1, 2, and 3 of this Article and Declarant's right to expand the Condominium in accordance with Sections 5 and 6 of the Declaration, and any and all rights granted to or reserved by Declarant in Sections 5 and 6 of the Declaration, these Bylaws may be amended by the vote of a Majority of the Unit Owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws; provided, however, that any action to terminate the legal status of the Condominium must be approved by Unit Owners holding no less than eighty percent (80%) of the Percentage Interests and approved by or consented to Mortgagees that represent at least sixty-seven percent (67%) of the Common Element Percentage Interests held by the Unit Owners of the Units subject to a, and, provided, further, that any such amendments of a material nature ("**Material Amendments**") must be approved by Unit Owners holding no less than sixty-seven percent (67%) of the Common Element Percentage Interests and approved by or consented to Mortgagees that represent at least fifty-one percent (51%) of the Common Element Percentage Interests held by the Unit Owners of the Units subject to a mortgage.. For purposes of this Section 4, the term "**Material Amendments**" shall be defined to mean a change or amendment to this Declaration pertaining to any one or more of the following:

- (a) Voting rights;
- (b) Any Assessment increase which is more than 25% of the previously applicable Assessment, or the priority of Assessment liens;
- (c) Reductions in reserves for maintenance, repair, and replacement of Common Elements;
- (d) Responsibility for maintenance and repairs;
- (e) Reallocation of interests in the General Common Elements or Limited Common Elements, or the rights to their use;
- (f) Redefinition of any Unit boundaries;
- (g) Convertibility of Units into Common Elements or, vice versa;
- (h) Expansion or contraction of the Condominium, or the addition, annexation, or withdrawal of property to or from the Condominium;
- (i) Hazard or fidelity insurance or bonds requirements;
- (j) Imposition of any new restriction relating to the leasing of Units;

(k) A decision by the Association to establish self-management, if professional management had been required previously by the Condominium Documents, Department of Housing and Urban Development, Veterans Administration, Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation;

(l) Restoration or repair of any General Common Elements (after damage or a partial condemnation) in a manner other than that specified in the Condominium Documents;

(m) Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs;

(n) Any provisions that expressly benefit mortgage holders, insurers, or guarantors;

(o) Any reallocation of interests in the Common Elements resulting from a partial condemnation or partial destruction of the Condominium;

(p) Assessments, Assessment liens or subordination of such liens;

(q) Rights to use of the Common Elements; or

(r) Imposition of any right of first refusal or any restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit.

Subject to Sections 1, 2, and 3 of this Article XI and Declarant's right to expand the Condominium in accordance with Sections 5 and 6 of the Declaration, and any and all rights granted to or reserved by Declarant in Sections 5 and 6 of the Declaration, no such amendment under this Section 4 shall be effective until duly recorded in the Recorder's Office; provided, however, that the Percentage Interests shall not be changed except by consent of sixty-seven percent (67%) of the Unit Owners affected thereby, and the Mortgagees of those affected Units, such change being evidenced by an appropriate amendatory declaration to such effect, duly executed and recorded in the Recorder's Office. The failure of a Mortgagee to respond to any such proposed notice of an amendment as aforesaid sent by certified mail or registered mail, return receipt requested, within sixty (60) days after notice issues to such Mortgagee shall be deemed to be a consent of such Mortgagee to such amendment. Each such amendment shall be effective upon recordation of the same in the Recorder's Office of an appropriate instrument setting forth such amendment.

Section 5. If any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of the Declaration or these Bylaws which is incorrect, defective or inconsistent with any other provision thereof or hereof or with the Act, or to change, correct or supplement any aspect of the Declaration Plan which is incorrect, defective, or similarly inconsistent, and which is not a Material Amendment, then the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners as long as the Executive Board shall have received an opinion of counsel (as to any amendment pertaining to the Declaration or these Bylaws) or of an independent registered architect or licensed professional engineer (as to any such amendment pertaining to the

Declaration Plan); and, in either case, such opinion shall and must recommend and approve the proposed amendment.

Section 6. If there are one or more amendments to the Declaration, the Declaration Plan or these Bylaws, all references thereafter to the Declaration, the Declaration Plan and these Bylaws (unless otherwise specifically designated) shall mean the Declaration, the Declaration Plan or these Bylaws as amended to the date of such reference. Any amendment to the Declaration, the Declaration Plan and these Bylaws shall be deemed in proper form for filing and recording when such amendment is executed by the members of the Executive Board, and when accompanied by certification that such amendment has been duly enacted in accordance with the provisions of the Declaration or these Bylaws, as the case may be.

Section 7. Notwithstanding the foregoing provisions for the amendment of these Bylaws, Declarant shall have an irrevocable power of attorney, coupled with an interest, for the purpose of amending any one or more of the Condominium Documents, including, but not limited to, the applicable Schedules of the Declaration and the Declaration Plan under the reservation and powers given unto Declarant in Sections 5 and 6 of the Declaration for the purposes stated in any one or more of the said Sections 5 and 6. The provisions for annexing land and improvements by Declarant and all other provisions of said Sections 5 and 6 are incorporated into this Section 7 by reference as though each and every statement contained in said Sections 5 and 6 were fully set forth herein.

ARTICLE XII

EMINENT DOMAIN OR CONDEMNATION

Section 1. Partial Taking Without Direct Affect on Units. If part of the Property shall be taken or damaged through the exercise of eminent domain or condemnation power or through the exercise of any right or any obligation on the part of any public authority to purchase the same or as a result of any agreement between the Executive Board, the Unit Owners and said public authority made in lieu of condemnation or eminent domain proceedings such that no Unit nor any part thereof is taken, then all compensation and damages for and on account of such taking, exclusive of compensation for consequential damages to certain affected Units shall be payable to the Executive Board as Trustee for all Unit Owners and mortgagees according to the loss or damages to their respective interests in such Common Elements. The Executive Board shall have the right to act on behalf of the Unit Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Elements without limitation on the right of the Unit Owners or any mortgagees of any one or more Units to represent their own interest. Such proceeds shall, subject to the prior rights of such mortgagees, be used in the same manner as insurance proceeds as heretofore set forth. Nothing herein is to prevent a Unit Owner whose Unit is specifically affected by the condemnation or eminent domain proceedings from joining in such proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Unit or personal improvements therein, exclusive of damages relating to Common Elements. In the event that any award resulting from such action does not allocate consequential damages to specific Unit Owners but by its terms includes an award for reduction in value of Units without

such allocation, the award shall be divided between affected Unit Owners subject to the rights of mortgagees of such Units by the Executive Board as Trustee, as aforesaid, as their interests may appear.

Section 2. Partial or Total Taking Directly Affecting Units. If the Property or any part thereof shall be taken or damaged through the exercise of eminent domain or condemnation power, or through the exercise of any right or any obligation on the part of any public authority to purchase the same, or as a result of any agreement between the Executive Board, Unit Owners and said public authority made in lieu of condemnation or eminent domain proceedings, such that any Unit or a part thereof is taken, the Executive Board shall act on behalf of the Unit Owners with respect to the Common Elements as in Section 1 above without limitation on the right of any mortgagees of any one or more Units to represent their own interests, and the proceeds shall be payable as outlined in Section 1 above. The Unit Owners directly affected by such taking and their respective mortgagees shall represent and negotiate for themselves with respect to the damages affecting their respective Units and appurtenant Common Elements, the award so made shall, subject to the prior rights of mortgagees, be used and distributed by the Executive Board, as Trustee, first to restore the Common Elements on the remaining Property in the same manner as provided for to the extent possible, with any excess award distributed among Unit Owners and mortgagees as their interests may appear. In the event that the Executive Board determines that such a taking so removes land containing the Common Elements that they cannot effectively be restored or replaced and unless seventy-five percent (75%) of the Unit Owners and holders of first mortgages encumbering seventy-five (75%) percent of the undivided interest in the Common Elements subject to mortgages vote to accept an alternative plan, then the salvaged value of the Property so taken, if any, shall be subject to partition at the suit of any Unit Owner directly affected thereby, in which event the net proceeds of sale, together with any award held by the Executive Board, shall be considered as one fund and divided among the Unit Owners directly affected thereby in proportion to the respective undivided ownership of the Common Elements after discharging out of the respective shares of the Unit Owners directly affected thereto to the extent sufficient for the purpose all liens against the Units of such Unit Owners.

ARTICLE XIII

ABANDONMENT

Section 1. Except as otherwise expressly provided for elsewhere in these Bylaws, in the event of condemnation of, or substantially total destruction to, the Units and/or Common Elements, and subject to all the provisions of Applicable Law, the Executive Board may not, unless all of the Units Owners and all of the holders of first mortgages and judgments and liens on the Units, with each holder of a first mortgage, judgment or other lien being entitled to one vote, give their prior written consent, do the following:

(a) By either act or omission seek to abandon and terminate the Condominium;

(b) Change the Unit Owner's pro rata interest in the Common Elements unless necessary to do so as a consequence of any such condemnation or destruction;

- (c) Partition or subdivide any Unit;
- (d) Abandon, partition, subdivide, encumber, sell, assign or transfer the Common Elements by either act or omission; and
- (e) Use the hazard insurance proceeds for losses for the Units and/or Common Elements for anything other than the repair, replacement and/or reconstruction of the Units and/or Common Elements.

Section 2. Notwithstanding anything contained herein to the contrary, any election by the Unit Owners and the holders of mortgages, judgments or other liens affecting the Units and the Common Elements to terminate the Condominium shall be subject to the terms and conditions contained in the Act, including, but not limited to, §81-218 of the Act.

ARTICLE XIV

PROVISIONS APPLICABLE TO DECLARANT

Notwithstanding anything contained in these Bylaws to the contrary, the following provisions shall apply and, in the event of a conflict between the other terms of these Bylaws and the terms of this Article XIV, the terms of this Article XIV shall govern and control.

Section 1. Amendment. During the Declarant Control Period, Declarant may amend the terms of these Bylaws subject only to the requisite consent of at least fifty-one percent (51%) of any then existing first lien mortgagee(s) as hereinafter provided, and notice to the Unit Owners within thirty (30) days following the effectiveness of such amendment; provided, however, if any such amendment shall be determined to be necessary in the judgment of Declarant to cure any ambiguity or to correct or supplement any provision of any one or more of the Condominium Documents which is incorrect, defective or inconsistent with any other provision hereof or thereof or with the Act, or to change, correct or supplement anything appearing or failing to appear in any one or more of the Condominium Documents which is incorrect, defective, or similarly inconsistent, or as may be required by FMNA, FHA, VA, FHLMC, GNMA or by any governmental agency, or as may be required to comply with all applicable Legal Requirements, then Declarant may also effect an appropriate corrective amendment without the approval of the Association, Executive Board, any Owners or any holders of any existing mortgages upon Declarant's receipt of favorable opinion of counsel recommending and approving the proposed amendment. In the event any amendment requires the consent of any Mortgagees, all Mortgagees then holding mortgages with respect to any portion of the Property shall be notified of such proposed amendment and consent shall be obtained from Mortgagees holding, in the aggregate, first lien mortgages with respect to at least fifty-one percent (51%) of the Common Element Percentage Interests held by Unit Owners of the Units subject to a mortgage. The failure of any first lien mortgagee to respond to notice of a proposed amendment to cure an ambiguity or to correct or supplement any provision, as aforesaid, within sixty (60) days after such notice to such Mortgagee from Declarant shall be deemed to be a consent by such Mortgagee, provided the notice was delivered by certified or

registered mail, with a return receipt requested. Each such amendment shall be effective upon recording in the Recorder's Office of an appropriate instrument setting forth the amendment.

ARTICLE XV

DISPUTE RESOLUTION PROCEDURES

Section 1. All disputes arising between the Executive Board, the Managing Agent, any of the Unit Owners (each a "**Party**" and collectively the "**Parties**") from time to time regarding their respective rights, duties and responsibilities with respect to the Required Community Condition or any review and approval by such Party which is not to be unreasonably withheld, conditioned or delayed under these Bylaws, then, to the extent the applicable Parties cannot mutually resolve the same by agreement between themselves, shall be resolved by binding arbitration pursuant to the provisions of this Section and shall not be the subject of any legal action or lawsuit instituted by any such applicable Parties. Such arbitration shall be initiated by notice from the aggrieved Party (the "**Initiating Party**") to the other Party or Parties and shall be in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "**Arbitration Rules**"), and shall take place in the County. The notice from the Initiating Party shall be in accordance with the Arbitration Rules and the arbitration itself shall be conducted by three (3) arbitrators, each of whom shall be selected from the panel of the American Arbitration Association; provided, however, that one (1) such arbitrator must be engaged in active practice at such time as an attorney at law in the State of Delaware with a minimum of fifteen (15) years of experience in the general subject matter of the dispute; and the remaining two (2) arbitrators shall be professional property managers with a minimum of fifteen (15) years in experience in the management of condominium properties in the State of Delaware. In determining any question, matter, or dispute before the arbitrators, the arbitrators are authorized to determine all questions of reasonableness of any action of any Party under these Bylaws and shall apply the provisions of these Bylaws without varying therefrom in any respect, and shall not have the power or authority to add, modify, or otherwise change any of the provisions of these Bylaws, including, but not limited to the rights and remedies expressly set forth with respect to any breach by the Party of any of the covenants, obligations or provisions hereof. The Parties to the arbitration shall abide by and observe the Arbitration Rules and, further, shall honor any decision rendered by the arbitrators pursuant to the provision of this Declaration and pursuant to the Arbitration Rules. The award and decision of the three (3) arbitrators made pursuant to the provisions of this Section 1 and pursuant to the Arbitration Rules shall be final and binding upon each Party who is party to the arbitration. No appeal shall be allowed from any such award or decision. Furthermore, any Party or Parties to the arbitration shall be entitled to seek legal action in any court having proper jurisdiction to enforce any decision or determination or award made by the arbitrators pursuant to the provisions of this Section 1 and the cost of such arbitration shall be borne between the Party or Parties as the three arbitrators shall decide.

[Execution Page Follows]

IN WITNESS WHEREOF, the undersigned, as the initial members of the Executive Board, have executed this instrument, under seal, this 19 day of August, 2019 (the "Effective Date").

Jan I. Wypen.
WITNESS

[Signature] (SEAL)
Tom Tipton

[Signature]
WITNESS

Jan I. Wypen. (SEAL)
Jaime Zolper

Jill Burton
WITNESS

[Signature] (SEAL)
Ben Gordy

STATE OF DELAWARE :
:ss.
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this 19th day of August, 2019, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, Tom Tipton, Jaime Zolper and Ben Gordy, as the initial members of Covered Bridge Trails Condominium Executive Board, and being known to me personally to be such, acknowledged this Indenture to be their respective acts and deeds and the act and deed of the Executive Board.

Given under my Hand and Seal of Office the day and year aforesaid.

Jill Lynn Burton

NOTARY PUBLIC
Print Name: _____
Commission Expires: _____

