

TAX MAP #5-33 12.00 76.05 Unit _____

Prepared By & Return To:
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958
HG/tm – RE18-0601

**AMENDMENT TO THE DECLARATION
ESTABLISHING A PLAN FOR CONDOMINIUM OWNERSHIP OF PREMISES
SITUATED IN BALTIMORE HUNDRED, SUSSEX COUNTY, DELAWARE
PURSUANT TO THE UNIT PROPERTY ACT OF THE STATE OF DELAWARE
FOR**

SEASHORE VILLAS

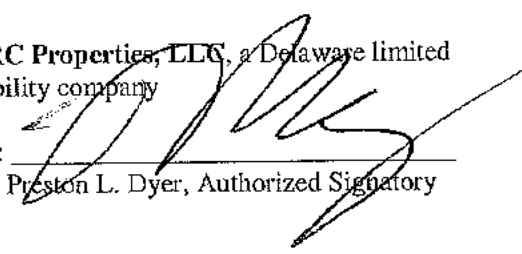
AND NOW, on this 2nd DAY of August, 2018, DRC Properties, LLC, a Delaware limited liability company, hereinafter referred to as the "Developer", does hereby amend the enabling Declaration establishing a plan for condominium ownership for Seashore Villas, the original Declaration thereof being recorded in the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, in Deed Book 4893, Page 69, the original Declaration Plan thereof being recorded in the said Office of the Recorder of Deeds, in Plot Book 262, Page 23; by filing this Amendment thereto pursuant to, and as duly authorized by the original Declaration establishing a plan for condominium ownership of premises located in Baltimore Hundred, Sussex County, Delaware, pursuant to the DUCOIA and Unit Property Act of The State of Delaware, being Seashore Villas.

I. Schedule C-1 of the Declaration is hereby amended in its entirety.

Upon the recordation of this Amendment to Declaration and the Schedule "C-1" herein, all as shown on the Declaration Plan for Seashore Villas, as recorded in the said Office of the Recorder of Deeds, in Plot Book 262, Page 23, adding the Units described on Schedule "C-1" to the Declaration **(Phase 1, Units 4, 5 & 6) of Seashore Villas**, the percentage of ownership of common elements and the percentage of voting rights and common expenses of each individual unit owner or owners shall be as shown on the attached Amended Schedule "C-1".

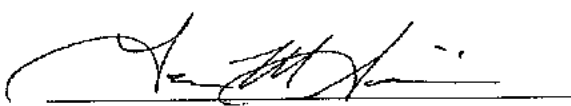
IN WITNESS WHEREOF, the said DRC Properties, LLC, a Delaware limited liability company, has caused its name to be hereunto set under seal by Preston L. Dyer, an Authorized Member, the day and year above first written.

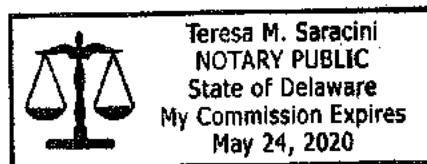
DRC Properties, LLC, a Delaware limited liability company

By: 
Preston L. Dyer, Authorized Signatory

STATE OF DELAWARE)
)
COUNTY OF SUSSEX)

The foregoing instrument was acknowledged before me this 2nd ^{August} day of ~~July~~, 2018, by Preston L. Dyer, Authorized Signatory of DRC Properties, LLC on behalf of the limited liability company.


Notary Public
Name: TERESA M. SARACINI
My Commission expires: MAY 24, 2020



AMENDED SCHEDULE "C-1"
SEASHORE VILLAS

The following represents the respective percentages of ownership in the Common Elements for each Unit which shall be utilized for purposes of determining voting rights and the percentage share of each Unit for the expenses of and relating to the various rights in the Common Elements, irrespective of any market or sales value:

<u>Phase 1</u>	<u>Percentage</u>
Unit# 4	33.33
Unit# 5	33.33
Unit# 6	33.34
<hr/>	
	100.00%



Sussex County

Scott Dailey
Recorder of Deeds
Georgetown, DE 19947

Instrument Number: 2018-18924

Parties:

Recorded As: EREC-DECLARATION

Direct- DRC PROPERTIES LLC

Recorded On: May 25, 2018

Indirect- DRC PROPERTIES LLC

Recorded At: 10:41:02 am

Receipt Number: 867994

Number of Pages: 107

Processed By: Sue D

Book-VI/Pg: Bk-D VI-4893 Pg-69

Total Rec Fee(s): \$985.00

** Examined and Charged as Follows **

Erec-D \$ 985.00

Tax Amount Consid Amt RS#/CS#

Tax Parcel Nos: 5-33 12.00 76.05

Prepared by and Return to:
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958

DECLARATION OF CONDOMINIUM
SEASHORE VILLAS CONDOMINIUM COMMUNITY

ARTICLE I
DEFINITIONS

Section 1.01. Recitals and Definitions.....2

ARTICLE II
ESTABLISHMENT OF CONDOMINIUM

Section 2.01. Establishment of Condominium2

Section 2.02. Condominium Property3

Section 2.03. General Description of Condominium.....3

Section 2.04. Description of Units.....3

Section 2.05. Description of Common Elements.....5

Section 2.06. Unit Owners and Occupants Bound8

Section 2.07. Association Bound by Master Association Documents.....8

Section 2.08. Estates Acquired; Interest in Common Elements; Voting; Common Expenses.....8

Section 2.09. Unit Owners' Use and Enjoyment.....9

Section 2.10. Other Common Area.....10

Section 2.11. Condominium Documents10

ARTICLE III
ASSOCIATION

Section 3.01. Association Membership11

Section 3.02. Declarant Control.....11

Section 3.03. Transfer of Control11

Section 3.04. Board of Association12

ARTICLE IV
ASSESSMENTS

Section 4.01. Lien and Personal Obligation for Assessments12

Section 4.02. Differing Master Annual Assessment Levels13

Section 4.03. Annual Assessments; Repair and Replacement Reserve.....	13
Section 4.04. [Reserved].....	14
Section 4.05. Master Assessments Against Association	15
Section 4.06. Increases in Annual Assessments	15
Section 4.07. Special Assessments and Other Assessments	15
Section 4.08. Calculation of Assessments	16
Section 4.09. Effect of Nonpayment of Assessments; Remedies of the Association.....	18
Section 4.10. Subordination of Association Lien	19
Section 4.11. Notice of Lien	19
Section 4.12. Initial Working Capital	20
Section 4.13. Excess Reserves	20
Section 4.14. Use of Assessments	20

ARTICLE V MAINTENANCE

Section 5.01. Association Responsibility	21
Section 5.02. Unit Owners Responsibility.....	21
Section 5.03. Repairs Necessitated by Unit Owner Responsibility.....	21
Section 5.04. Access at Reasonable Hours	22
Section 5.05. Maintenance of Property.....	22
Section 5.06. Unit Owner's Failure to Maintain	22
Section 5.07. General Standards.....	22
Section 5.08. Maintenance Responsibility Chart.....	22

ARTICLE VI POWERS OF THE ASSOCIATION

Section 6.01. General Duties and Powers.....	23
Section 6.02. Environmental Powers.....	23

Section 6.03. Insurance.....	24
Section 6.04. Damage and Destruction; Reconstruction	29
Section 6.05. Condemnation of Common Elements.....	30
Section 6.06. Other Duties and Powers	31
Section 6.07. Liability of Board Members	31
Section 6.08. Association Rules	31

ARTICLE VII
DESIGN REVIEW AND ARCHITECTURAL CONTROL

Section 7.01. Architectural Control	32
Section 7.02. Design Review by Master Declarant	32
Section 7.03. Improvements by Master Declarant; Amendment.....	33
Section 7.04. Master Declarant Rights	33

ARTICLE VIII
COMMUNITY RESTRICTIONS, DEVELOPMENT RIGHTS
AND SPECIAL MASTER DECLARANT RIGHTS

Section 8.01. Overall Structure.....	33
Section 8.02. Community Restrictions	33
Section 8.03. Right of Enforcement	33
Section 8.04. Conflicts Among Restrictions.....	34
Section 8.05. Application of Master Documents.....	34
Section 8.06. Recordation of Community Declaration.....	34
Section 8.07. Project-Wide Standard	34
Section 8.08. Rights to Develop	34
Section 8.09. Declarant Development Rights	34
Section 8.10. Special Declarant Rights.....	35
Section 8.11. Power of Attorney.....	36

Section 8.12. Transfer of Special Master Declarant Rights.....	37
--	----

ARTICLE IX
MASTER ASSOCIATION

Section 9.01. Community	38
Section 9.02. Delivery of Information	39
Section 9.03. Management and Control	39
Section 9.04. Master Assessments Specifically.....	39
Section 9.05. Enforcement Under Section Declaration	39
Section 9.06. Association Meetings.....	39
Section 9.07. Remedies of Master Association	40

ARTICLE X
CREATION OF EASEMENTS

Section 10.01. Master Declarant Easements	40
Section 10.02. Unit Owner Easements	40
Section 10.03. Public Utility Easements.....	41
Section 10.04. Declarant Easements.....	41
Section 10.05. Easements for Ingress and Egress.....	42
Section 10.06. Water Easement	42
Section 10.07. Sewer Easement.....	42
Section 10.08. Additional Easements	43
Section 10.9 Easements for Maintenance, Emergency, and Enforcement	43
Section 10.10. No Easement for View.....	44
Section 10.11. Assignment of Responsibilities	44
Section 10.12. Surface Water Management System.....	44
Section 10.13. Withdrawal Property.....	45
Section 10.14. Survival of Easements	45

ARTICLE XI
USE RESTRICTIONS

Section 11.01. Use Restrictions	45
Section 11.02. Leases	47

ARTICLE XII
EXPANSION

Section 12.01. Expansion	47
--------------------------------	----

ARTICLE XIII
MORTGAGEE NOTICES, CONSENTS AND APPROVALS

Section 13.01. Rights of Eligible Mortgagees	49
Section 13.02. No Priority	49
Section 13.03. Notice to Association.....	50
Section 13.04. Failure of Mortgagee to Respond	50

ARTICLE XIV
GENERAL PROVISIONS

Section 14.01. Enforcement.....	50
Section 14.02. Approval of Litigation.....	51
Section 14.03. Applicability of Condominium Documents.....	52
Section 14.04. Severability	52
Section 14.05. Term and Termination	52
Section 14.06. Amendment.....	53
Section 14.07. Construction.....	56
Section 14.08 Notices	57
Section 14.09. Mechanics Liens	57
Section 14.10. Management Agreements	57
Section 14.11. Master Declarant's Right to Use Similar Name	57

Section 14.12. Survival of Liability.....	58
Section 14.13. Waiver and Approvals	58
Section 14.14. Legal Fees	58
Section 14.15. No Partition.....	58
Section 14.16. Consent of Master Declarant	58

APPENDIX A - DEFINITIONS

EXHIBIT A-1 - PROPERTY

EXHIBIT A-2 - ADDITIONAL PROPERTY

EXHIBIT B - BYLAWS

EXHIBIT C -1 - PERCENTAGE INTERESTS OF UNITS

EXHIBIT C-2 - PROPOSED PERCENTAGE INTERESTS OF ALL UNITS

EXHIBIT D - ASSOCIATION RULES

EXHIBIT E - MAINTENANCE RESPONSIBILITY CHART

**DECLARATION OF CONDOMINIUM
OF
SEASHORE VILLAS
CONDOMINIUM COMMUNITY**

This Declaration of Condominium (this "**Declaration**", as the same may be amended, modified, altered, supplemented, revised or restated from time to time as provided herein), as of the date set forth at the end of this Declaration, by DRC Properties, LLC, a Delaware limited liability company (the "**Declarant**").

RECITALS

A. Declarant is the owner of fee simple title to the real property located in the Sussex County, Delaware that is more fully described on Exhibit A-1 attached to this Declaration, as the same may be amended, modified, altered, supplemented, revised or restated from time to time (the "**Land**"). The Land is a portion of the planned community known as SEASHORE VILLAS (the "**Project**"), located in Sussex County, Delaware, and as shown on the Record Plan of SEASHORE VILLAS, Residential Planned Community, prepared by Pennoni Associates, Inc. dated February 18, 2018, as amended, and recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware (the "**Recorder's Office**") in Plot Book 262 at Page 23, as the same may be amended, modified, altered, supplemented, revised or restated from time to time (the "**Record Plan**"). The Project is subject to the Master Declaration, which contemplates that the Community (as defined therein) shall be subject to a condominium form of ownership and accordingly subject to a Condominium Declaration (as defined therein). The Condominium Community Association, and not the individual Owners (as defined in the Master Declaration), is automatically a member of the Master Association (as defined hereinafter) established by the Master Declaration and subject to its assessments. The condominium community established by this Declaration is a Community (as defined in the Master Declaration) and each Unit Owner (as defined hereinafter) is automatically a member of the Association (as defined hereinafter) established by this Declaration. Nothing herein is intended to derogate from the controlling authority of the Master Association and Master Declaration.

B. Declarant has constructed or will cause to be constructed up to a total of eighty-seven (87) residential condominium units (the "**Total Units**"), together with certain interior private roadways, parking areas, walkways, open spaces, and other improvements on the Land, to the extent not the responsibility of Master Declarant (as defined in the Master Declaration) or the Master Association, as more particularly shown on that certain Condominium Declaration Plan for SEASHORE VILLAS Condominium prepared by Pennoni Associates, Inc. dated 2-18, 2018 and recorded in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware in Plot Book 262 at Page 23 (the "**Declaration Plan**", as the same may be amended, modified, altered, supplemented, revised or restated from time to time as provided herein). The Declarant intends to construct the Condominium in Phases as described herein.

C. It is the intention of Declarant to establish the form of ownership of the Property (as defined hereinafter) as a condominium pursuant to the provisions of Chapter 81, Title 25 of the Delaware Code, such Chapter also being known as the Delaware Uniform Common Interest

Ownership Act ("DUCIOA" as the same may be amended from time to time), governed by this Declaration, together with the Bylaws attached hereto as **Exhibit B** and made a part hereof.

D. The Declarant has established or intends to establish The SEASHORE VILLAS Condominium Association Inc., a Delaware corporation (the "**Association**"), as provided herein, for the administration, ownership, operation and management of The SEASHORE VILLAS Condominium (the "**Condominium**") and other improvements intended for the common use and enjoyment of the residents of the Condominium.

DECLARATION

Accordingly, Declarant declares that the Property is to be held, sold, mortgaged, encumbered, leased, rented, used, occupied, improved, and conveyed subject to the following benefits, burdens, rights, reservations, easements, limitations, restrictions, servitudes, covenants, conditions, charges, duties, obligations, and liens, as well as those applicable covenants and restrictions in the other Condominium Documents (as defined hereinafter) and other Project Documents (as defined in the Master Declaration) (collectively referred to as "**covenants and restrictions**"). The covenants and restrictions will benefit, burden, and run with the title to the Property and will be binding upon all parties having any right, title, or interest in or to any part of the Property and their heirs, successors, and assigns. The covenants and restrictions will inure to the benefit of each Unit Owner.

ARTICLE I

RECITALS AND DEFINITIONS

Section 1.01. Recitals and Definitions. The Recitals are incorporated herein by reference. For the purposes hereof, capitalized terms used herein but not otherwise defined in the body of this Declaration or stated herein to be as defined in the Master Declaration are defined in the Appendix attached hereto and made a part hereof.

ARTICLE II

ESTABLISHMENT OF CONDOMINIUM

Section 2.01. Establishment of Condominium. Declarant intends to develop the Land as a condominium as outlined in the Record Plan, which condominium will constitute a Community under and subject to the Master Declaration. In that regard, Declarant does hereby declare and establish the "The SEASHORE VILLAS Condominium," in accordance with DUCIOA, and in so doing, Declarant does submit the Land described in Exhibit A-1 aforesaid and as more particularly shown on the Declaration Plan to DUCIOA. As additional Phases of the Condominium are completed, the Parcels containing such additional Phases will be submitted to DUCIOA and the Condominium Documents (as defined below), and Exhibit A and the Declaration Plan will be amended in accordance with Article XII hereof to reflect the addition of such Phases. The right of Declarant to complete the Parcels and to amend the Declaration and the Declaration Plan to add the Phases to the Condominium is a reserved Development Right. Nothing in this Declaration will be construed to prevent Declarant from:

(i) modifying, with approval of the County if required by applicable Laws, any part of the Declaration Plan for purposes of exercising the expansion rights pursuant to Article XII or otherwise provided the modification does not materially modify a Unit that has not been transferred to any Unit Owner (other than Declarant or a Builder) other than with the consent of such Unit Owner; (ii) when required by the County, dedicating portions of the Property for utilities or other public or municipal use; or (iii) conveying portions of the Property for uses different than those initially or subsequently contemplated, so long as the change in use is approved by the County, to the extent required by the Laws of the County, and generally consistent with the Declaration Plan and the Master Plan.

Section 2.02. Condominium Property. The lands and premises owned by Declarant which are hereby made subject to this Declaration consist of the Property, provided that the Property may be expanded to include the Parcels or the Additional Property, as provided herein.

Section 2.03. General Description of Condominium. Without limiting the generality of the definition of Condominium herein, the Condominium will consist of (A) up to eighty-seven (87) townhome style Units (the "**Townhouse Units**"), as shown on the Record Plan containing all of the Total Units, together with their respective percentage interests in all Common Elements. The Townhouse Units are intended to be established and built on the Parcel of land (as defined in Exhibit A of the Master Declaration), which include the Parcels as more particularly described on the Record Plan recorded in Plot Book 262, Page 23

Section 2.04. Description of Units. The dimensions, area and location of the Buildings and all of the Units within the Condominium are as shown graphically on the Declaration Plan. The identification number of each Unit is shown on the Declaration Plan.

(a) **Townhouse Unit.** Each Townhouse Unit is intended to contain all space within the area bounded by the interior unfinished surface of the exterior walls (including the dry wall located on the interior of each such Townhouse Unit), the ceiling (up to, but not including, the innermost roof structure surface) and the floor of each such Townhouse Unit, plus any Outdoor Living Area containing a patio, deck, porch or balcony, further defined as follows:

(i) bottom: the bottom of each Townhouse Unit is an imaginary horizontal plane through the uppermost point of the interior unfinished surface of the basement or crawlspace floor, slab floor and garage floor, and extending in every direction to the point where it closes with the side of such Townhouse Unit;

(ii) top: the top of each type of Townhouse Unit is an imaginary plane along and coinciding with the unfinished and exposed interior surfaces of the roof structure, which forms the roof of the Townhouse Unit, to where it closes at every side of such Unit;

(iii) sides: the sides (including front and rear) of each Townhouse Unit are imaginary vertical planes along and coinciding with the interior unfinished surface of the exterior perimeter walls or, in the case of interior perimeter walls (walls contiguous to adjoining Townhouse Unit), the exterior surface of the wall material facing the firewall located between adjoining Townhouse Units. Where

no wall exists, an imaginary vertical plane will be extended along and coinciding with the interior surface of the windows or doors located on the perimeter of such Townhouse Unit (but expressly excluding windows and exterior doors). Each side extends upwards and downwards so as to close the area in each said Townhouse Unit bounded by the bottom and top of the Townhouse Unit. Notwithstanding the foregoing, Townhouse Units do not include any load-bearing and related structural elements that are deemed to be Limited Common Elements under Section 2.05 below.

(iv) rear: all space within the area bounded by the vertical planes that form the outermost boundaries of any Outdoor Living Area that is located along the rear exterior perimeter wall.

The imaginary planes referred to above and in other provisions of this Declaration may change directions to reflect the actual configuration of Buildings and other physical features of the Condominium.

Each Townhouse Unit also includes all built-in appliances, fixtures, interior doors (but not exterior doors, screen doors or storm doors), any elevators (including the elevator shaft and all systems appurtenant to the elevator), interior non-bearing walls and partitions, wall facing material, if any, on the walls and ceilings thereof, the inner-decorated and/or finished surfaces of the floors (including all flooring, tile, ceramic tile, finished flooring and the like) and all other improvements located within such Townhouse Unit described or which are exclusively appurtenant to such Townhouse Unit, although all or part thereof may not be located within the Townhouse Unit, and includes, but is not limited to, the following individual appurtenances: (1) complete heating system and air conditioning system (including compressors); (2) hot water heater; (3) the plumbing system serving a Townhouse Unit; (4) all electrical wires and utility pipes serving a Townhouse Unit; (5) all utility meters not owned by the public utility agency supplying such service; (6) any mailbox affixed to a Townhouse Unit; (7) interior partitions or non-bearing walls within the confines of each Townhouse Unit; and (8) all exterior light fixtures attached to the Building or a Townhouse Unit. In the event a Unit Owner removes or replaces any or all of the foregoing, no amendment of the Declaration will be necessary or required. With respect to any front or back porch or balcony appurtenant to a Townhouse Unit, the space bounded by the following is deemed to be part of such Townhouse Unit: an imaginary plane along the unfinished surface of the slab or other structure forming the base of the porch or balcony; an imaginary plane along the unfinished surface of the roof structure forming the ceiling of the porch or balcony; and imaginary vertical planes extending from the edges of the slab or other structure forming the base of the porch or balcony up to the aforesaid imaginary plane defining the top of the space. A Unit Owner may not alter the size of or enclose any front porch. Alterations or enclosure of any back porches or balconies is subject to approval pursuant to Article VII. Townhouse Units also include the spaces within the garage appurtenant to or otherwise designated for the use of each Townhouse Unit, if any, with the bottom, top and sides of such space as defined above with respect to Townhouse Units. No Townhouse Unit may be subdivided without the prior written approval of the Board. All Townhouse Unit interior partition walls, other Townhouse Unit interior features, construction materials and methods, material specifications, fixtures, appliances, cabinetry, fireplaces, exterior visual appearance of Buildings and other such items shown on the Declaration Plan and not expressly identified herein

as part of a Townhouse Unit are for general illustrative purposes only and are subject to change based on as-built conditions.

Section 2.05. Description of Common Elements. All appurtenances and facilities and other items that are not part of the Units hereinbefore described in Section 2.03 comprise the Common Elements (including the Limited Common Elements) as graphically shown on the Declaration Plan.

(a) The Common Elements also include by way of description, but not by way of limitation:

- (i) all of the Land, whether improved or unimproved;
- (ii) all private streets, curbs and walks subject to the easements and provisions set forth in this Declaration;
- (iii) the parking spaces as shown on the Declaration Plan;
- (iv) lawn areas (subject to those areas designated as Limited Common Elements on the Declaration Plan), shrubbery, conduits and utility lines, subject to the easements and provisions set forth in Article X hereof;
- (v) mail boxes (regardless of where located except if mounted directly on a Building or Unit and subject to the same being a Limited Common Element for a Unit in that Building) and public connections and meters for gas, electricity, cable television, telephone and water not owned by the public utility or other agencies providing such services;
- (vi) the firewall located between adjacent Units;
- (vii) the roof structure and roof surface of each Building, including chimneys, subject to the same being a Limited Common Element for a Unit in that Building;
- (viii) the foundations, slabs, load-bearing walls (including, without limitation, party walls), and exterior surfaces of each Building, subject to all of the same being a Limited Common Element for a Unit in that Building;
- (ix) the storm water management facilities (if any) and all other private utilities outside the Units to the extent not Master Common Areas (as defined in the Master Declaration);
- (x) exterior lighting not attached to a Building or Unit (including all light poles and related facilities regardless of where located, but subject to any light fixture located within the Limited Common Element appurtenant to any Unit that is intended to service only such Unit being a Limited Common Element for that Unit) and other facilities necessary to the maintenance and safety of the Building(s) and grounds;

(xi) any easement or other right which may now or hereafter be granted for the benefit of the Unit Owners for access to or use of the Master Common Areas not included within the Condominium or for any other purpose;

(xii) all tangible personal property required for the operation, maintenance and administration of the Condominium that is owned by the Association;

(xiii) any rights under the Master Declaration of the Unit to property owned by the Master Association;

(xiv) any rights of the Unit to property owned by the Association; and

(xv) all other elements of any improvement necessary or convenient to the existence, management, operation, maintenance and safety of the Condominium or normally in common use.

(b) Certain of the Common Elements are reserved as Limited Common Elements appurtenant to each of the Units or appurtenant to certain Unit, as described herein or as shown on the Declaration Plan. These Limited Common Elements are defined as and include, without limitation, the following:

(i) With respect to the Townhouse Units:

- (1) exterior doors (including screen doors or storm doors), windows (including storm windows, screens and grills), decks and/or patios (to the extent not included in the Unit or Outdoor Living Area), if any, attached to a Unit;
- (2) the front lawn area, if any, directly in front of a Unit, excluding any porch or balcony included in such a Unit, extending from the front exterior wall of the a Unit (including any porch or balcony) to an imaginary vertical plane, being approximately parallel to said front exterior wall, and located at nine (9) feet from the interior edge of the curbs in front of the Units or an imaginary line extended between the interior edges of such curbs, as applicable, and ending at the intersection with the imaginary vertical planes that are an extension of the center line of the firewall between adjoining Units or the side yard of end Units (to the extent not included in the Unit or Outdoor Living Area);
- (3) to the extent applicable, any side yard area between two adjacent Units that are less than fifty (50) feet apart being the area from the Unit to the center line measured as a straight line between and parallel to such Units (as if each Unit is of a uniform width), and for adjacent Units that are more than fifty (50) feet apart measured from the side of each at the closest point to one another, or on sides of a Unit with no adjacent Unit, to an imaginary vertical plane being approximately parallel to the side of the Unit at its widest

point and located fifteen (15) feet from that exposed exterior wall at its widest point (as if the Unit were of a uniform width) to the intersections with the front lawn area and the rear lawn area;

- (4) the back lawn area, if any, directly behind each Unit, extending from the rear exterior wall of each Unit to an imaginary vertical plane fifteen (15) feet distant and parallel to said rear exterior wall and intersecting, at a right angle, the imaginary vertical planes that are an extension of the center line between each neighboring Unit at their closest point (except for end Units where the vertical plane is measured from a point that is fifteen (15) feet from the outside of the exposed exterior wall at its widest), but except, and subject to, as otherwise depicted on the Declaration Plan;
- (5) to the extent applicable, the driveway for a Unit extending from the Unit to the closest edge of the sidewalk located in front of the Unit;
- (6) the front and back steps of a Unit;
- (7) the basement/crawl space or ventilation wells under a Unit and not included in the definition of the Unit;
- (8) all utility pads located within the front, back and side yards of a Unit for utilities serving that Unit;
- (9) those Limited Common Elements referred to in Section 2.04(a) and applicable to Townhouse Units;
- (10) the Townhouse Limited Common Elements; and
- (11) those Limited Common Elements otherwise identified as such herein or on the Declaration Plan as for the Townhouse Units.

(c) The Limited Common Elements are reserved for the use of the Unit(s) immediately adjacent thereto (or as otherwise designated herein or on the Declaration Plan for the use thereof) to the exclusion of all other Units as designated herein or on the Declaration Plan (but subject to the restrictions, easements and other terms set forth in this Declaration) and there passes with the Units, as appurtenant thereto, the exclusive right to use the Limited Common Elements, as applicable, in all events subject to the use restrictions set forth in this Declaration, the Master Declaration and as otherwise adopted pursuant to the Condominium Documents. The driveways included in the Limited Common Elements for each of the adjacent units sharing a driveway as shown on the Declaration Plan (or any other Units shown on the Declaration Plan as sharing driveways) are shared driveways subject to the easements in Section 10.02(g) hereof. The as-built driveways are in the locations established by the governmentally approved construction plans, which may differ from the locations shown on the Declaration Plan.

(d) Except as provided in the Master Declaration, maintenance, repair and replacement of Limited Common Elements must be performed by the Unit Owner of the Unit to which the Limited Common Elements are appurtenant. In furtherance of the foregoing and notwithstanding any other provision of this Declaration to the contrary, the Master Association may, in its sole discretion, elect under the Master Declaration to take responsibility for some or all routine maintenance and landscaping obligations for lawn areas (including lawns of a Unit owned by a Unit Owner) and other portions of Units as hereinafter described, regardless of whether such obligations would otherwise be the responsibility of individual Unit Owners under this Declaration or any other Condominium Documents. In furtherance of the foregoing, Master Association has a non-exclusive easement in, upon, over, under, across and through any limited common elements or other portions of any Units in order to carry out such maintenance for which Master Association has elected to be responsible pursuant to the Master Declaration. The portions of Units for which Master Association may elect such maintenance responsibility are: (i) lawns, (ii) landscaped areas other than foundation borders or those that are affixed to windows, walls, porches, stoops or patios, (iii) exterior surfaces of any semidetached, townhouse, multifamily or apartment building, whether in fee or condominium form of ownership, and (iv) sidewalks and driveways.

Section 2.06. Unit Owners and Occupants Bound. The Condominium Documents are binding upon all present and future Unit Owners and Occupants of the Property, whether or not stated in any document or deed transferring any interest in any portion of the Property.

Section 2.07. Association Bound by Master Association Documents. The Master Association Documents are binding on and benefit the Association and the Unit Owners. In the case of any conflict or inconsistency between the Master Association Documents, on the one hand, and this Declaration or the other Condominium Documents, on the other hand, the Master Association Documents will govern and control to the fullest extent permitted by Law.

Section 2.08. Estates Acquired; Interest in Common Elements; Voting; Common Expenses. The Unit Owner of each Unit has such an estate therein as may be acquired by grant, by purchase or by operation of law, including an estate in fee simple, and acquires as an appurtenance thereto an undivided percentage interest in the Common Elements of the Condominium, which is not divisible from the Unit to which it appertains. The percentage interest is allocated to each Unit based on the number of Units held by Unit Owners divided by the total number of Units then in the Condominium. Such percentage interests for each Unit may vary from the percentage interests of other Units in a Parcel. The aforesaid percentage interest appurtenant to each Unit is set forth on Exhibit C-1 attached hereto. The percentage interest that will be appurtenant to each Unit upon the complete expansion of the Condominium and incorporation of all Phases is set forth on Exhibit C-2 attached hereto. The percentage interest for each Unit remains fixed unless and until it is changed by an amendment to this Declaration as provided for in Article XII hereof.

(a) The aforesaid percentage interest is used to allocate the division of proceeds, if any, resulting from any casualty loss, any eminent domain proceedings, any common surplus of the Association, or from any other disposition of any portion of the Property owned by the Association.

(b) At any meeting of Unit Owners, each Unit Owner is entitled to one (1) vote with respect to each Unit owned by such Unit Owner. During such time as Declarant (or any Affiliate of Declarant) owns any portion of the Property or holds unexercised and unexpired Special Declarant Rights or Development Rights, Declarant is permitted to attend meetings of the Unit Owners. The right of Declarant to attend Unit Owner meetings is a reserved Special Declarant Right as that term is used herein.

(c) The right to cast the votes applicable to a particular Unit is established by the record title of such Unit. In the case of a Unit owned by more than one individual, a corporation or a general or limited partnership: (i) if a Unit is owned by more than one individual, the individual entitled to cast the votes for the Unit is designated by a certificate signed by all of the record Unit Owners of the Unit and filed with the Secretary; (ii) if a Unit is owned by a corporation, the individual entitled to cast the votes for the Unit is designated by a certificate of appointment signed by the President or Vice President, under its corporate seal, and attested by the Secretary or Assistant Secretary and filed with the Secretary; (iii) if a Unit is owned by a partnership, the individual entitled to cast the votes for the Unit is designated by a certificate signed by all general partners and filed with the Secretary; and (iv) if a Unit is owned by some other entity, the individual entitled to cast the votes for the Unit is designated by a certificate signed by a duly authorized representative of that entity and filed with the Secretary. Unit Owners are entitled to vote in person or by means as provided for in the Bylaws.

(d) Any such certificate will be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned. A certificate designating the individual entitled to cast the vote of a Unit may be revoked by any Unit Owner of that Unit thereof.

(e) If a Unit is owned by more than one Person and if all of such Persons do not execute a certificate designating the individual to cast the vote for such Unit, or if they are unable to agree as to the manner in which the votes applicable to their Unit will be cast, then the votes applicable to such Unit will not be counted; provided, however, that if only one of them is present at a meeting of the Unit Owners, the Person present may cast the votes applicable to the Unit unless prior thereto the other such Persons who are the Unit Owners of such Unit, by written notice to the Secretary, deny authorization of the Person present to cast such votes.

(f) As provided in Article IV below, Assessments for Common Expenses are apportioned according to each Unit Owner's percentage interest, whether in the Condominium as a whole or in a particular Unit Type.

Section 2.09. Unit Owners' Rights of Enjoyment. Every Unit Owner has a non-exclusive right and easement of use and enjoyment, in common with all other persons entitled thereto, in and to the Common Elements under the terms and conditions of the Condominium Documents and the Project Documents. The Common Elements, however, are not intended to be used as places of public accommodation, as defined in the American with Disabilities Act of 1990, as amended, and the regulations thereunder. A Unit Owner's right and easement to use and enjoy the Common Elements is appurtenant to and passes with the title to every Unit and is subject to the limitations and restrictions contained in the Condominium Documents, including the following rights in favor of the Association:

(a) **Charges and Regulations.** The right of the Association to charge reasonable admission and other fees for the use of the Common Elements and to publish and enforce rules and regulations regarding the use of the Common Elements; the right of the Association to limit the number of persons who use the Common Elements; the right of the Association to limit the number and type of pets that use the Common Elements; and the right of the Association to hold any Unit Owner accountable for the conduct of the Unit Owner's Occupants and pets;

(b) **Suspension of Rights.** The right of the Association to suspend the rights and privileges (but not the right to vote) of any Unit Owner or the Unit Owner's Occupants to the use of certain of the Common Elements (other than those necessary for the occupancy and habitability of the Unit Owner's Unit) if any assessment against that Unit Owner is not paid within fifteen (15) days after its due date or if there exists any uncured non-monetary infraction of the Condominium Documents, subject to compliance with any applicable notice and hearing requirements contained in the Bylaws;

(c) **Dedication Grant.** The right of the Association to dedicate or grant an easement (covering all or any part of the Common Elements) to the County or any provider utility company for the purposes, and subject to the conditions, that may be established by, on the one hand, the County or the provider utility company, and, on the other hand, Declarant during the Period of Declarant Control (as defined in Section 3.02) and, after the Period of Declarant Control, the Board; and

(d) **Declarant Use.** The right of Declarant and its agents and representatives, in addition to their rights established elsewhere in this Declaration and the other Condominium Documents, to the nonexclusive use, without extra charge, of the Common Elements for sales, display, and exhibition purposes both during and after the Period of Declarant Control.

Section 2.10. Other Common Area. As to certain portions of the Common Elements that may be located within the Property:

(a) **Master Common Area.** Maintenance of any Master Common Area within the Property is governed by the Master Declaration.

(b) **Area of Master Association Responsibility.** Pursuant to the Master Declaration, portions of the Common Elements may be maintained, at the sole cost of all Unit Owners within the Property, by the Master Association as an Area of Master Association Responsibility, if accepted by it as an Area of Master Association Responsibility. An area may not become an Area of Master Association Responsibility unless the Master Association's maintenance obligation is (A) established either pursuant to: (i) the Master Declaration, any Supplemental Declaration, the Declaration Plan, or this Declaration; (ii) any written agreement of the Master Association and the Association; or (iii) the SEASHORE VILLAS Community Master Plan, and (B) is accepted by the Master Association as an Area of Master Association Responsibility.

Section 2.11. Condominium Documents. The Condominium Documents for the Property consist of:

(a) this Declaration and any supplemental declarations as may be recorded from time to time to expand the Property or to supplement this Declaration with additional covenants, restrictions, and easements applicable to particular areas within the Property;

(b) the Certificate of Incorporation of the Association;

(c) the Bylaws;

(d) the Association Rules; and

(e) the Declaration Plan;

all as any or all may be amended, modified, altered, supplemented, revised or restated from time to time.

ARTICLE III

ASSOCIATION

Section 3.01. Association Membership. Every Unit Owner is a member of the Association and (i) is bound by the provisions of the applicable Master Association Documents, (ii) is deemed to have personally covenanted and agreed to be bound by all covenants and restrictions contained in the applicable Condominium Documents and Master Association Documents, and (iii) is deemed to have entered into a contract with the Master Association, the Association, and each other Unit Owner within the Project for the performance of the respective covenants and restrictions. The foregoing personal covenant of each Unit Owner is deemed to be in addition to the real covenants and equitable servitudes created by this Declaration, and this personal covenant of each Unit Owner will not limit or restrict the intent that this Declaration benefit and burden, as the case may be, and runs with title to, every portion of the Property.

Section 3.02. Declarant Control. The Period of Declarant Control commences on the date that this Declaration is first recorded in the Recorder's Office and, to the fullest extent permitted by Law, will end no later than the earlier of: (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Unit Owners other than Declarant or any Builder; (ii) two (2) years after Declarant or any applicable Builder has ceased to offer Units for residential purposes for sale in the ordinary course of business; (iii) two (2) years after any right to add new Units to this Declaration was last exercised; or (iv); or the day Declarant, after giving written notice to Unit Owners, records an instrument voluntarily surrendering all rights to control activities of the Association.

Section 3.03. Transfer of Control. When the Period of Declarant Control ends, the Unit Owners will accept control of the Association and full responsibility for the operation of the Association and administration of the Property as provided in the Condominium Documents. Upon the expiration of the Period of Declarant Control, Declarant will assign, and the Association must, absolutely and irrevocably, accept, succeed to, assume and be bound by all rights, privileges, obligations and liabilities, whether past, present or future, of Declarant in and under all easement agreements and other agreements (collectively, the "Property Agreements") which have been entered into by Declarant relating to the Property. Such acceptance and

assumption by the Association will be automatic and will occur and be effective without any notice or instrument of any kind; provided that Declarant may execute one or more instruments confirming the assignment by Declarant of the foregoing rights, privileges, obligations and liabilities. Upon the assignment by Declarant, the Association must indemnify, defend and hold harmless Declarant, its members, employees and agents, from and against any and all claims, actions, losses, liabilities, obligations, costs or expenses (including reasonable attorneys' fees) of any kind or nature, thereafter asserted against or incurred by Declarant, its members, employees and agents, pursuant to, arising out of or in connection with the Property Agreements.

Section 3.04. Board of Association. The business and affairs of the Association will be governed by the Board in accordance with the provisions of the Condominium Documents, as the same be amended, modified, altered, supplemented, revised or restated from time to time. During the Period of Declarant Control the Board will have three (3) Board members who will be appointed, removed or replaced by Declarant from time to time. Any appointed director may, but need not, be a Unit Owner, as Declarant may determine in its sole discretion from time to time. Following the Period of Declarant Control, the Board will have five (5) Board members who will be elected by the members at large in accordance with the provisions of the Bylaws and will serve for such terms as set forth in the Bylaws. After the Period of Declarant Control, and notwithstanding the foregoing, for so long as Declarant remains obligated pursuant to a bond or land development improvement agreement by a governmental entity to perform work at the Condominium, and to the maximum extent permitted by Law, the Board may not, without the prior written consent of Declarant, undertake any action or make any decisions that will impede the satisfactory completion and obligation of Declarant to complete the work that is subject to such bond and/or land development obligations with a governmental entity.

ARTICLE IV

ASSESSMENTS

Section 4.01. Lien and Personal Obligation for Assessments.

(a) **Creation of Lien.** By accepting a deed for a Unit (whether or not expressed in the deed or conveying instrument) or otherwise becoming a Unit Owner of a portion of the Property, each Unit Owner is deemed personally to covenant and agree to be bound by all covenants and restrictions of the Condominium Documents and to pay to the Association: (i) the Assessments described in this Article IV; (ii) without limitation of the generality of the foregoing, any Master Community Assessments (as defined in the Master Declaration) applicable hereunder; (iv) an amount sufficient, on demand, to indemnify and hold harmless the Association for, from, and against all obligations undertaken or incurred by the Association on account of any special request by any Unit Owner and to repay the Association for all expenditures on account of the special services or benefits requested by the applicable Unit Owner; (v) amounts required to be paid by or on behalf of a Unit Owner under the Master Association Documents or, this Declaration or any other Condominium Documents; (vi) the pro rata portion of the amount sufficient to fully fund a repair and replacement reserve account ("**Repair and Replacement Reserve Account**") based on a current Reserve Study and otherwise in accordance with the requirements of DUCIOA, and (vii) all other assessments or other similar charges that may be fixed, established, and collected from time to time as provided in the

Condominium Documents. The amounts described above, together with all accrued interest, court costs, reasonable attorney fees, late fees, penalties, fines, and all other expenses, incurred in connection with the collection of the amounts described above, whether or not a lawsuit or other legal action is initiated, are referred to collectively in the Condominium Documents as an "Assessment" (whether capitalized or not).

(b) **Perfection of Lien.** Subject to the applicable provisions of DUCIOA, the Association, by the recordation of this Declaration, is granted a perfected, consensual, and continuing lien upon those portions of the Property against which an Assessment is made or has been incurred for the payment of all Assessments, and the further recordation of any claim of lien or notice of lien is not required for perfection or enforcement of the Association's lien for the Assessments.

(c) **Personal Obligation.** Each Assessment under the Condominium Documents also will be the personal, joint, and several obligation of each Person who was the Unit Owner at the time the Assessment became due, was incurred, or arose, as applicable. The personal obligation for delinquent Assessments will not pass to any of the applicable Unit Owner's successors in title unless expressly assumed in writing by such successor; however, the personal obligation of the prior Unit Owner that accrued prior to the transfer for the delinquent Assessments will not be deemed released or discharged by reason of any assignment, conveyance, or transfer of title of such Unit. The Association may enforce the personal obligation of a Unit Owner to pay delinquent Assessments in any manner permitted under Law and the Condominium Documents. Notwithstanding the foregoing with respect to personal obligations of a Unit Owner, if there is an assignment, conveyance, or transfer of title to a Unit, applicable Assessments will continue as a lien against such Unit regardless of successive ownership by other Unit Owners.

(d) **Exempt Property.** Notwithstanding anything to the contrary in this Declaration or the Master Declaration, Exempt Property will not be subject to any Assessments of any kind.

Section 4.02. Differing Annual Assessment Levels. As a result of the application of the provisions of this Declaration, the amount of any Assessments may be different among the Unit Owners. Subject to the limitations set forth in this Article IV, assessments for Common Expenses are apportioned according to each Unit Owner's percentage interest, whether in the Condominium as a whole or in a particular Unit Type. Notwithstanding the foregoing, and except as otherwise provided in this Article IV, (i) costs attributed to Townhouse Limited Expenses will be assessed against, and payable by, the Unit Owners of the Townhouse Units.

Section 4.03. Annual Assessments; Repair and Replacement Reserve.

(a) Until the Association commences its Annual Assessments as provided in Section 4.03(c) hereof, to the extent required by applicable Law, Declarant will pay all Common Expenses together with all sums necessary to Fully Fund (as defined herein) the Repair and Replacement Reserve Account (as defined below). After the first Assessment has been made by the Association, the Association must establish from time to time, as provided herein, (i) Common Expense Assessments in an amount at least sufficient to maintain and operate the

Common Elements, to the extent not included in any Master Assessments, on an annual basis and based on a budget adopted at least annually by the Association (hereinafter referred to as "Common Expense Assessments") and (ii) in accordance with applicable Law, a repair and replacement reserve account ("**Repair and Replacement Reserve Account**") solely for the repair and replacement of Common Elements, and for no other purpose (including operating budget shortfalls or other expenditures appropriate to a contingency reserve, although the Annual Assessment may include funds for such other reserves), which must be based on a current Reserve Study and Fully Funded based on the minimum percentage of the annual budget of the Condominium that must be assigned to the Repair and Replacement Reserve Account in accordance with Section 81-315 of DUCIOA. The purpose of the Reserve Study and the Repair and Replacement Reserve Account is to attempt to minimize Assessment shortages, however in the event the Annual Assessment proves to be insufficient, the budget and Assessments may be amended at any time by the Board, in accordance with the requirements of DUCIOA, provided that nothing herein may serve to prohibit or prevent the Board from imposing a lump sum Special Assessment in the case of any emergency. Such duties and responsibilities are hereby irrevocably delegated to the Association together with all other rights, powers or duties of the Association as set forth in the Condominium Documents, or as otherwise provided by Law. The amount of monies for Common Expenses of the Association will be deemed necessary by the Board and the manner of expenditure thereof will be a matter for the sole discretion of the Board. If an Annual Assessment is not made as required, an Annual Assessment will be presumed to have been made in the amount of the previous year's Annual Assessment and any installments of such Annual Assessment will be due upon each installment payment date until changed by an amended Annual Assessment.

(b) No Unit Owner may waive or otherwise avoid liability for Common Expenses by non-use of the Common Elements.

(c) The Board will cause to be prepared a list of the Units and Common Expenses, including Limited Expenses applicable thereto with respect to the Unit Type, and a list of the Unit Owners and their percentage interest in the Common Elements, which list will be kept in the office of the Association and will be open to inspection, upon request, by any Unit Owner. All Units will be allocated a full Annual Assessment no later than sixty (60) days after the first conveyance of a Unit takes place.

(d) Declarant, by creating the Condominium pursuant to this Declaration, and every Unit Owner, by acceptance of a deed or other conveyance for a Unit, whether or not it is so expressed in any such deed or other conveyance, will be deemed to covenant and agree to pay the Association such sums, by way of Annual Assessments, Special Assessments or any other Assessments as more particularly described herein or elsewhere in the Condominium Documents.

(e) Upon the purchase of a Unit, the Unit Owner will pay the pro rata share of that Unit's Assessments for the balance of the then current, applicable assessment period.

Section 4.04. [Reserved]

Section 4.05. Master Assessments Against Association. Even though the payment of the Master Assessments is a personal obligation of each Unit Owner, if Master Assessments are charged to and collected from the Association, the Association, in turn, will be responsible for levying and collecting the amounts necessary to pay the Master Assessments from the Unit Owners. No Unit will be subject to a "blanket" assessment lien securing payment (directly or by way of payment to the Association) of Master Assessments or other amounts by the Unit Owner of any other Unit within the Property, and no Unit Owner of a Unit will be subject to any foreclosure or other enforcement of the Master Assessment lien against that Unit by reason of the failure or refusal of any other Unit Owner to pay to the Master Association (directly or by way of payment to the Association) any Master Assessments or other amounts owed to the Master Association by the other Unit Owner. Even if Master Assessments are charged to and collected from the Association, the Master Association will have lien rights as established in the Master Declaration against all Units owned by Unit Owners that have failed to pay their Master Annual Assessments due under the Master Declaration to the Associations, subject to the provisions of Section 81-316 of DUCIOA.

Section 4.06. Increases in Annual Assessments. The Annual Assessment may not be increased over the Annual Assessment in the previous year by more than the Permitted Percentage Increase (as defined below), unless the additional increase is approved by the Members as provided in the Bylaws. Without the approval of the Members, the Board may increase the maximum Annual Assessments during each fiscal year of the Association by an amount ("**Permitted Percentage Increase**") equal to the lesser of (A) the greater of (i) 10% or (ii) a percentage calculated by dividing the Consumer Price Index in the most recent October (identified by an A in the formula below) by the Consumer Price Index for the October one year prior (identified by a B in the formula below), minus one (i.e., $CPI\ percentage = (A/B) - 1$); and (B) the maximum percentage increase as permitted by DUCIOA or other applicable Law. The term "Consumer Price Index" will refer to the United States Bureau of Labor Statistics, Consumer Price Index, United States and selected areas, all items issued by the U.S. Bureau of Labor Statistics, or its equivalent, revised, or successor index as determined by the Board.

Section 4.07. Special Assessment and Other Assessments.

(a) **Special Assessments.** The Board on behalf of the Association, at any time and from time to time in any Assessment year and in addition to the Annual Assessments authorized in Section 4.03 hereof or any other Assessments authorized elsewhere in this Declaration, may levy a special Assessment against the Unit Owners for the purpose of: (i) collecting, as applicable, the cost of any unexpected or extraordinary expenses incurred by the Association in connection with the maintenance of the Condominium or defraying the cost for any special services rendered by the Association to the Property or its Unit Owners or Occupants; or (ii) the cost of any other unexpected or extraordinary expenses incurred in connection with the maintenance, use, or operation of the Common Elements, the or other activities for which any Annual Assessments may be assessed not otherwise covered by the Repair and Replacement Account, for the purpose of funding the Repair and Replacements Account or for any other lawful purpose, subject to the limitations provided in the Bylaws or applicable Law. The foregoing assessments will be referred to as "**Special Assessments**" (whether capitalized or not). All Special Assessments must be approved pursuant to the same process for approving a Budget under Section 4.08(b), except if the Board determines by

unanimous vote as provided in the Bylaws that the Special Assessment is necessary in order to respond to an emergency, in which case, (i) the Special Assessment becomes effective immediately in accordance with the term of that vote, (ii) notice of the emergency Special Assessment must be promptly provided to all Unit Owners and (iii) the Board must spend the funds paid for the emergency Special Assessment only for the purposes described in that vote.

(b) **Other Assessments.** In addition to the Annual Assessments and Special Assessments described above, the Board may levy other Assessments (collectively called the "Other Assessments," whether the term is capitalized or not) against a particular Unit Owner arising out of: (i) the failure of the Unit Owner to comply with the Condominium Documents; (ii) any negligent, grossly negligent, or intentional act or omission of the Unit Owner or Occupants resulting in injury to any other Unit Owner or any other Person within the Property or damage to any other Unit or any portion of the Property; (iii) those indemnification, reimbursement, or payment obligations described in the Condominium Documents (including the obligation to pay for the attorney fees incurred by the Association in the enforcement of the Condominium Documents); or (iv) to the extent not already covered by the preceding subsections, any of the items described in Section 4.01(a)(iv), (v), (vi) or (vii) above. The imposition of Other Assessments by the Board will not require the vote or approval of the Unit Owners or any other Person so long as the notice and cure periods (if any) or grace periods (if any) contained in the Condominium Documents are satisfied with respect to the declaration of a default, breach, exercise of self-help, or other remedy as to which the Other Assessment is assessed.

Section 4.08. Calculation of Assessments.

(a) **Budget.** The amount of money required for Annual Assessments of the Association must be based on a budget adopted at least annually by the Association. The budget will address the Association's responsibilities for the Repair and Replacement Reserve Account and may include such other reserves as may be thought by the Board to be necessary or appropriate from time to time. During the Period of Declarant Control, the Board appointed by Declarant will adopt the budget from time to time. Following the Period of Declarant Control, the Board, within thirty (30) days after its adoption of the budget, must 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. Simultaneously, the Board must 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 a vote of a majority of the votes of the Unit Owners rejects the proposed budget, the budget will be deemed ratified, whether or not a quorum is present at such meeting. If a proposed periodic budget is rejected, the periodic budget last ratified, or deemed ratified, by the Unit Owners will be continued until such time as the Unit Owners ratify, or are deemed to have ratified, a subsequent budget proposed by the Board.

(b) **Adjustment and Establishment.** Unless otherwise determined by the Board, Annual Assessments, and the budget on which they are based, will be determined, to the fullest extent permitted by Law, on the basis of the Fiscal Year. The first Annual Assessment will be adjusted according to the number of months remaining in the Fiscal Year when it is assessed. The Board will endeavor to fix the amount of each subsequent Annual Assessment at

least thirty (30) days in advance of each Fiscal Year; however, the Annual Assessment will be binding notwithstanding any delay, and all amounts due for Annual Assessments in any Fiscal Year may be collected retroactively for that Fiscal Year upon their determination or approval under the Condominium Documents. Written notice of the Annual Assessment and any Special Assessments must be sent to the Unit Owners as described in the Bylaws. The due dates for Assessments will be established by the Board. Assessments will be payable in the full amount specified by the Assessment notice, and no offsets against this amount will be permitted for any reason whatsoever including, without limitation, a claim that the Association is not properly exercising its duties in maintenance or enforcement, a claim against Declarant or its Affiliates or against the Board, or the non-use or claim of non-use by any Unit Owner of all or any portion of the Common Elements. Assessments may be collected on a monthly or less frequent basis and may be collected in advance or in arrears as the Board may determine in its sole discretion. If an Annual Assessment is not made as required, an Annual Assessment will be presumed to have been made in the amount of the previous year's Annual Assessment and any installments of such Annual Assessment will be due upon each installment payment date until changed by an amended Annual Assessment.

(c) **Verification of Assessments.** The Association, acting through the Board, upon written demand from a Unit Owner or from an Eligible Mortgagee of a Unit and for a reasonable charge determined by the Board, will furnish to such Unit Owner or Eligible Mortgagee a certificate signed by an officer of the Association setting forth the amount of any unpaid Assessments due from the Unit owned by such Unit Owner or on which such Eligible Mortgagee holds a Mortgage, as identified in the written demand. The certificate will be furnished within ten (10) business days after receipt by the Association of the written demand in proper form and in accordance with such rules, including payment of a reasonable charge thereafter. A properly executed certificate of the Association as to the status of the Assessments will be binding on the Association as of the date of issuance of the certificate. The Board is authorized to prescribe specific rules regarding these requests for certificates, including rules regulating the frequency of the requests and establishing a charge for furnishing the certificates. When the authority is delegated to a property management company by the Board, the property management company will have the authority to issue these certificates. Any such certificate constitutes conclusive evidence of the status of the Assessments identified in such certificate for such Unit and is binding on the Association, the Board and every Unit Owner.

(d) **Assessments for Maintenance.** Each Unit Owner must, in a timely manner or as otherwise may be provided in rules promulgated from time to time by the Board, and consistent with the Project-Wide Standards as provided in the Master Declaration, furnish, perform and be responsible for, at the Unit Owner's own expense, all of the maintenance, repairs and replacements for the Unit Owner's Unit and appurtenant Limited Common Elements, provided, however, and subject to the reserved rights in the Master Declaration as referenced in Section 2.04(d) hereof, the Association may enter into a master maintenance agreement or agreements with respect to maintenance of lawns included in the Limited Common Elements, plumbing fixtures and systems, heating and air conditioning systems, electrical systems and receptacles, breaker boxes, antennae, and kitchen appliances and equipment within any Buildings in the Condominium, but any and all expenses incurred thereby will be the responsibility of the Unit Owners of the Units located in that Building and the Association will be authorized to make Assessments with respect to any and all such expenses.

Section 4.09. Effect of Nonpayment of Assessments; Remedies of the Association.

(a) **Late Charge.** Any installment of any Assessment that is not paid within fifteen (15) days after the due date will be subject to a late charge equal to 10% of the unpaid Assessment installment and, additionally, will bear interest from the due date at the minimum rate of 18% per annum or, if higher, the highest rate of interest rate approved by the Board and permitted under the requirements of any applicable Institutional Guarantor and by applicable Laws. All such late charges and interest will be due and payable immediately by the Unit Owner of the applicable Unit as an Assessment of the Association secured by the Association's lien for Assessments.

(b) **Monetary Penalties.** The Board, after satisfaction of the notice and hearing requirements contained in the Bylaws, may impose monetary penalties or fines in a reasonable amount against any Unit Owner for any non-monetary violations of the Condominium Documents. All such monetary penalties and fees will be due and payable immediately by the Unit Owner of the applicable Unit as an Assessment of the Association secured by the Association's lien for Assessments.

(c) **Protective Advances.** The Association may make, but is not obligated to make, payments of the amounts due under any Mortgage or any required payments for taxes, governmental assessments, or other payments on any Unit. All advances made by the Association to cover the required payments will be due and payable immediately by the Unit Owner of the applicable any Unit as an Assessment of the Association secured by the Association's lien for Assessments.

(d) **Collection and Lien Actions.** Each Unit Owner specifically vests in the Association and its agents the right and power to bring all actions against the applicable Unit Owners for the collection of all Assessments due under the Condominium Documents as a debt to the Association and to enforce the lien securing the Assessment by all methods available for the enforcement or foreclosure of liens under the Condominium Documents or applicable Laws. In the case of a failure of the Association to pay any Master Assessments due to the Master Association, the Master Association will have the right to impose a lien on any property owned by the Association in addition to imposing a lien against all Units owned by Unit Owners that have failed to pay the Master Assessments due under the Master Association Documents.

(e) **Remedies.** The Association may foreclose the lien for any Assessments by suits brought in the name of the Association in the same manner as a mortgage on real property may be foreclosed in Delaware by an equitable foreclosure or by any other lawful procedures. The Association may bid in any foreclosure, sheriff's sale, or similar sale (whether or not the foreclosure or other action was initiated by the Association or some other Person) and may acquire, hold, lease, mortgage, and convey the property purchased. The Association may institute suit to recover a money judgment for unpaid Assessments without being required to foreclose its lien on the property owned by each applicable Unit Owner and without waiving the lien that secures the unpaid Assessments. Any foreclosure action of the Association may be instituted without regard to the value of the property, the solvency of any Unit Owner, or the relative size of the default. The Association's Assessment lien and its rights of enforcement under this Declaration are in addition to, and not in substitution of, all other rights and remedies

that the Association may be entitled to exercise under the other Condominium Documents, the Project Documents, or applicable Laws. Notwithstanding any other provision of this Declaration or the other Condominium Documents, the Association may not bring a foreclosure action to collect any Assessment that is exclusively a late charge, interest on delinquent Assessments or a fine or other penalty.

Section 4.10. Subordination of Association Lien. Regardless of whether or not a Notice and Claim of Lien, as defined below, has been recorded by the Association, the Association's lien for the Assessments established in this Declaration is, to the fullest extent permitted by Law, superior to all liens, charges, homestead exemptions, and encumbrances that are imposed on or recorded against any part of the Property (other than the Exempt Property) after the date of recordation of this Declaration. The Association's lien for the Assessments established in this Declaration, however, will be automatically subordinate, to the fullest extent permitted by Law, to: (i) except as provided otherwise in this subsection 4.10, the lien of any Mortgagee holding a first or second security interest on a Residential Unit recorded before the date on which the assessment sought to be enforced became delinquent and (ii) any liens for real estate taxes or other governmental assessments or charges that by Law are prior and superior to the Association's lien for the Assessments. The Association's lien will, to the fullest extent permitted by Law, have priority over the security interests described in clause (i) above for an amount not to exceed the aggregate Assessment against such Residential Unit for six (6) months as determined by the periodic budget adopted by the Association pursuant to Section 4.08(b) above; provided that for the Association's lien to have priority over the security interests described in clause (i) above, the Association must have recorded in the Recorder's Office a document that contains the name of the Association, the address, a contact telephone number, a contact email address and a website address, if any in accordance with, to the extent applicable, the requirements of DUCIOA

Section 4.11. Notice of Lien. Without affecting the priority and perfection of any Assessment that has been perfected as of the date of recordation of this Declaration, the Association may give (but is not obligated to give) notice to any Unit Owner whose Assessment is due and unpaid by mailing to the Unit Owner a copy of a "Notice and Claim of Lien" stating, among other things, the following: (i) the last known name of the delinquent Unit Owner; (ii) the legal description or street address of the Unit against which the claim of lien is made; (iii) the amount claimed to be due and owing from the Unit Owner and assessed against the Unit; (iv) a statement that the claim is made by the Association pursuant to the terms of the Declaration and the other Condominium Documents or Project Documents; and (v) the address, a contact telephone number, a contact e-mail address, and a website address, if any, for the Association. Each default in the payment of any Assessment will constitute a separate basis for a claim of lien, but any number of defaults may be included within a single Notice and Claim of Lien. The Association may record in the Recorder's Office a Notice and Claim of Lien against the delinquent Unit Owner's Unit. The Notice and Claim of Lien may be executed by any officer of the Association, the managing agent for the Association, or legal counsel for the Association, but, in any case, the lien will be that of the Association. Upon payment in full of the amounts due under the Notice and Claim of Lien, the Unit Owner of such Unit will be entitled to a recordable termination of lien for the amount paid. Any lien recorded pursuant to this Section will expire on the first day of the sixtieth (60th) month after recording.

Section 4.12. Initial Working Capital. To provide the Association with funds for working capital, reserves, or extraordinary or unexpected expenses, each initial purchaser of a Unit will pay to the Association, immediately upon becoming the Unit Owner, an amount equal to the greater of (i) \$1,000.00 (allocated as \$100 to reserve and \$900 to operating) or (ii) the amount of three (3) months of the prorated Annual Assessments for the then current fiscal year of the Association. All of these amounts will be non-refundable and will not act as a credit against any Assessment payable by a Unit Owner pursuant to this Declaration. The initial working capital contribution is established to assist with the funding of the initial operation of the Association and will be in addition to other Assessments and will not be considered an advance payment of the Assessments. Notwithstanding anything to the contrary contained herein, the Board has the right to adjust the amount of the initial working capital contribution provided for herein. During the Period of Declarant Control, the Board must obtain the written consent of Declarant prior to adjusting the amount of the initial working capital contribution.

Section 4.13. Excess Reserves. Any amounts accumulated from Annual Assessments for Common Expenses in excess of the amount required for Common Expenses actually incurred will be placed in such reserve accounts as the Board may determine from time to time. Unit Owners will not have access to excess Annual Assessments, the Repair and Replacements Account or any other reserve accounts, except that, in the case of the Repair and Replacements Account only, the Association's accountant may certify that the funds in the Repair and Replacements Account are in excess of the sum required to constitute a Fully Funded Repair and Replacement Reserve Account, in which case the Association must refund or credit, as the Board may reasonably determine, the excess sum to the Unit Owners. In addition, upon the sale of a Unit, the Unit Owner will not be entitled to reimbursement of any portion of the Repair and Replacements Account, the Annual Assessments or any other reserve accounts. Any amounts received from a Special Assessment and not expended for the purposes for which the Special Assessment was made must be refunded or credited, as the Board may reasonably determine, to the Unit Owner of each Unit for which payment of the Special Assessment was made. Subject to the foregoing, no sums of money obtained by the Association from any Assessments will be deemed the property of the Association, or be regarded as its income, but all such sums will be held by the Association for the Unit Owners to be applied in accordance with this Declaration, the Bylaws and DUCIOA. In the event that the Condominium is ever terminated, funds (other than those funds attributed to Assessments due the Master Association) that have not been theretofore disbursed for Common Expenses or are not necessary to be disbursed for expenses identified by the Board that are associated with the termination of the Condominium, must be refunded to the then Unit Owners in proportion to their percentage interest in the Common Elements (or, as to Assessments made for expenses associated with Limited Common Elements, in proportion to their respective liability for such Assessments).

Section 4.14. Use of Assessments. The Assessments levied by the Association must be used exclusively for promoting the health, safety, pleasure and welfare of the members of the Association, including, but not limited to, operation, management, repair and replacement of the Common Elements that the Association is expressly responsible to maintain and repair under this Declaration, and improvements on the Property, insurance premiums, costs of maintenance and repair, costs incurred for lawn care, the payment of all costs and expenses incidental to the operation and administration of the Association, the proper termination of the Condominium or otherwise incurred by the Association in performing its obligations under any requirements of

law applicable to the Common Elements (including, without limitation, the Americans with Disabilities Act of 1990, as amended from time to time) and under any agreement or contract to which it is a party or bound with respect to the Property and such other items as may from time to time be deemed appropriate by the Association. The Association may also provide, by the Association Rules, for ordinary maintenance and minor repairs and replacements to be furnished to Units by Association personnel or representatives and charged as a Common Expense. Nothing contained herein will be construed, however, to require a Unit Owner to pay Assessments for Limited Expenses attributable to any other Unit.

ARTICLE V

MAINTENANCE

Section 5.01. Association Responsibility. Except as provided in Section 5.02 below, the Association will be responsible for the maintenance, repair, and replacement of the Common Elements, and, without any approval of the Unit Owners, the Association may: (i) maintain, reconstruct, repair, replace, and refinish any landscaping or improvement located on or used in connection with the Common Elements; and (ii) do any other acts deemed necessary to use, operate, maintain, preserve, beautify, and protect the Common Elements in accordance with the general purposes specified in the Condominium Documents. So long as the level of maintenance exceeds those minimum standards, if any, imposed by the Town, the Board will be the sole and absolute judge as to the appropriate maintenance of the Common Elements. The Association will have no obligation to perform any maintenance or repair work that is performed by the County or any utility provider that is responsible for the maintenance of any utilities or municipal improvements located within the Property. No Unit Owner will alter, remove, injure, or interfere in any way with any landscaping, lawns, plants, irrigation systems, sprinklers, shrubs, trees, and the like, if any, placed on the Common Elements without the express written consent of the Association on each occasion.

Section 5.02. Unit Owner's Responsibility. Except as otherwise provided in this Declaration, each Unit Owner is responsible for the maintenance, repair and replacement of that Unit Owner's Unit as well as the Limited Common Elements that are appurtenant to that Unit.

Section 5.03. Repairs Necessitated by Unit Owner Responsibility. Each Unit Owner has an obligation (i) to pay any increase in insurance rates for policies maintained by the Association that is occasioned by use, misuse, occupancy or abandonment of the Unit or its appurtenances, including the Common Elements; and (ii) to maintain a minimum temperature of at least fifty degrees Fahrenheit (50° F) in such Unit Owner's Unit and to repair or replace, at such Unit Owner's expense, any damage resulting from such Unit Owner's failure to maintain the aforesaid minimum temperature. If the need for maintenance or repair to any Common Elements is caused through the acts or omissions (including negligent acts or omissions) of a Unit Owner, the Unit Owner's Occupants, or any guest or pet of the Unit Owner or the Unit Owner's Occupants, the Association, in its discretion, may make a direct assessment of the cost of the maintenance or repairs, including the deductible portion of any applicable insurance policy, against the Unit owned by that Unit Owner, without regard to the availability of any insurance proceeds payable to the Association for the cost of such maintenance or repairs.

Section 5.04. Access at Reasonable Hours. For the purpose of performing the maintenance, repairs, or replacements required or elected to be undertaken by the Association, the Association and its agents or employees will have the right, after reasonable notice to a Unit Owner (except in the case of emergency, in which case no notice need be given), to enter onto the Unit Owner's Unit at any reasonable time. Any entry by the Association or its agents will not be considered a trespass.

Section 5.05. Maintenance of Property. As provided in the Project Documents, except for Master Common Areas and those portions of the Property for which the Master Association has agreed to be responsible for repair and maintenance as Areas of Master Association Responsibility, the Association will maintain the Property in a manner consistent with the Project Documents and the Project-Wide Standard. Whether directly or through the Association, as the Board may determine, Unit Owners within the Property will be responsible for the costs of operating, maintaining, and insuring any Common Elements applicable to the Condominium to the extent not maintained as Master Common Areas or as an Area of Master Association Responsibility. Costs with respect to the Common Elements for which the Association is responsible may include, without limitation, the costs of maintaining any entry features, right-of-way, open space, private streets, water features, and approved Project Signage (as defined in the Master Declaration). Pursuant to the Master Declaration, the Master Association may assume responsibility for maintaining and repairing certain of the Common Elements in accordance with the provisions of the Master Declaration, and all related costs of maintenance may be assessed pursuant to the Master Declaration by the Master Association to the Condominium as a Master Community Assessment.

Section 5.06. Unit Owner's Failure to Maintain. If a Unit Owner fails to perform any maintenance and repair required under the terms of this Article V, then, after not less than thirty (30) days' prior written notice to that Unit Owner, the Association will have the right (but not the obligation) to enter upon or into that Unit, and to provide the required maintenance or make the required repairs. Any entry by the Association or its agents will not be considered a trespass. The cost of these maintenance items and repairs will be an Assessment against the applicable Unit, will be paid promptly to the Association by that Unit Owner, and will constitute a lien upon that Unit Owner's Unit. The self-help rights of the Association described above are in addition to any other remedies available to the Association under the Condominium Documents or applicable Laws.

Section 5.07. General Standards. Except as may be otherwise provided in this Declaration or the other Condominium Documents, the Association and each respective Unit Owner will maintain the areas they are respectively responsible for at a level of general maintenance at least equal to the Project-Wide Standard.

Section 5.08. Maintenance Responsibility Chart. Attached hereto as Exhibit E is a maintenance responsibility chart to illustrate the allocation of maintenance responsibilities among the Unit Owner, the Association and the Master Association. The chart is for illustration purposes only. The chart is not a complete list of all elements of the Property to be maintained and is not intended to limit, modify or otherwise change the provisions of this Declaration or the Master Declaration. In the event of any inconsistency, the provisions of this Declaration and the Master Declaration govern and control.

ARTICLE VI

POWERS OF THE ASSOCIATION

Section 6.01. General Duties and Powers. The administration of the Condominium, including the Common Elements and other common facilities, will be conducted by the Association in accordance with the provisions of DUCIOA, the Condominium Documents and the other Project Documents, as the each of the foregoing may be amended, modified, altered, supplemented, revised or restated from time to time, and any other documents, amendments or supplements to the foregoing which may subsequently be required by a bank, mortgage banking institution or other institutional lender designated by Declarant to make mortgage loans on the subject premises, or by any governmental agency having regulatory jurisdiction over the Condominium or by any title insurance company selected by Declarant.

Section 6.02. Environmental Powers. In addition to the powers enumerated in the other Condominium Documents or elsewhere in this Declaration or by applicable Law, the Association, through the sole discretion of the Board, is vested with the following powers and authority:

(a) **Common Elements.** Maintain, repair, replace, and otherwise own, operate, and manage the Common Elements and all other real and personal property that may be acquired by, or come within the control of, the Association, including the right to enter into contracts for the design, installation, or construction of capital improvements or other improvements or the Common Elements;

(b) **Legal and Accounting Services.** Obtain legal, accounting, and other services deemed by the Board, in its discretion, to be necessary or desirable in the operation of the Association;

(c) **Easements.** Subject to the limitations, if any, imposed by the Project Documents or the Condominium Documents, grant easements where necessary for utilities, sewer facilities, telecommunications, CATV, and other services on, under, over, through, upon, or across the Common Elements to serve the Common Elements or any Unit, Additional Property, Withdrawal Property or any other part of the Property;

(d) **Employment of Managers.** Employ affiliated or third-party managers or other persons and contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association;

(e) **Purchase Insurance.** Purchase insurance for the Common Elements for insurable risks with companies and in amounts as the Board determines to be necessary, desirable, or beneficial, subject to the provisions of Section 6.03 below;

(f) **Borrowing.** Borrow money on behalf of the Association when deemed necessary by the Board for any valid purpose of the Association; provided, however, that a majority vote of the Unit Owners at a meeting held for such purpose is be required to borrow any sum in excess of twenty percent (20%) of the total Annual Assessments for the then current Fiscal Year of the Association. The Board, by a two-thirds vote has the right and power to

assign and pledged all revenues to be received by the Association, including but not limited to Annual Assessments, in order to secure the repayment of any sum borrowed by the Association;

(g) **Use of Common Elements.** Contract with Persons who are not Unit Owners, to permit the use by such Persons of Common Elements for recreational and related purposes, upon payment of fees and compliance with other terms as may be required by the Board, in its sole discretion;

(h) **Other.** Perform all other acts that are expressly or impliedly authorized under this Declaration, the other Condominium Documents, the Project Documents, or applicable Laws, including, without limitation, the right to construct improvements anywhere in the Property as deemed by the Board to be necessary or desirable; and

(i) **Enforcement.** Enforce the provisions of the Condominium Documents by all available and proper means, including, without limitation, the expenditure of funds of the Association, the employment of legal counsel, the commencement of actions, and the establishment of a system of fines or penalties for the enforcement of this Declaration and the other Condominium Documents.

(j) **Acquisition.** With the consent of Unit Owners having, in the aggregate, sixty seven percent (67%) or more of the total vote of all Unit Owners and consent of Declarant, purchase, lease or otherwise pay for any land, building or real estate interest. The Association may make capital improvements and acquire personal property not required in the normal course of maintenance, replacement and repair; but no Unit Owner may be assessed therefor in any one year, without consent, an amount that exceeds ten percent (10%) of the average Annual Assessment for Common Expenses levied against the Unit over the preceding five (5) years, or over such shorter time as the Condominium has existed as such. This section of the Declaration may not be amended except by unanimous vote of all Unit Owners.

Section 6.03. Insurance.

(a) **Liability Insurance.** The Association must purchase and maintain commercial general liability insurance (or the comparable equivalent) covering the Common Elements and the activities of the Association. The insurance will be carried with reputable companies authorized and qualified to do business in State of Delaware. To the extent available on a commercially reasonable basis, the minimum amounts of coverage will be \$1,000,000.00 for bodily injury and property damage on a combined single limit basis, or the then comparable equivalent. The policy will be purchased on an occurrence basis, the Association (its directors, officers, employees, and agents acting in the scope of their employment), and Declarant (its directors, officers, partners, employees, members, and agents acting in the scope of their employment). This policy will include, but need not be limited to, insurance against injury or damage occurring in or on the Common Elements. At the request of Master Declarant or the Master Association, such insurance must name as additional insureds Master Declarant, the Master Association and their respective directors, officers, employees, and agents acting in the scope of their employment.

(b) **Hazard and Multi-Peril Insurance Policy Area.** The Association must purchase and maintain a multiperil "master" or "blanket" type policy of insurance on the entire Condominium (Units as well as Common Elements) including standard fixtures and building service equipment, and all other insurable improvements which are a standard part of the Units or Common Elements (and must include any alterations, betterments or improvements installed by a Unit Owner) and also on personal property, equipment and supplies held or acquired by the Association for the common ownership and use of the Unit Owners and occupants, which insurance must provide coverage at least as broad as that afforded under a standard fire, extended coverage, vandalism and malicious mischief insurance policy or package, or alternatively providing all risks or all perils coverage, and such other risks as are customarily covered with respect to property similar in construction, location and use. All coverage must also or further be in the kinds and amounts customarily required by private institutional mortgage investors for other projects similar in construction, location and use to the Condominium. The amount of insurance must equal at least one hundred percent (100%) of the insurable value (based upon current replacement cost to be evidenced by a "guaranteed replacement cost endorsement" or a "replacement cost endorsement") of the real property covered, including individual Units, without deduction for depreciation, but need not include land, foundation, excavation or other items that are usually excluded from insurance coverage, and one hundred percent (100%) of the actual cash value of the personal property of the Association covered. Moreover, if the Condominium or a portion of the Condominium is located in an area which is now or in the future identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a "master" or "blanket" policy of flood insurance on the Condominium may, in the Association's discretion, be obtained and may be maintained in an amount which equals the lesser of (i) one hundred percent (100%) of current replacement cost of all Buildings and other insurable property within any portion of the Condominium (inclusive of all Units and Common Elements), or (ii) the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, or (iii) such other amount or limit as the Association determines. Such policy must be in a form that meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administration. At least annually, the Association must redetermine values for insurance purposes and must, if necessary, increase or decrease the coverage accordingly. All policies of insurance must be endorsed as may be required by any Institutional Guarantor and, to the extent so required, must include an inflation guard endorsement (when it can be obtained), a building ordinance or law endorsement, and a steam boiler and machinery coverage endorsement. If an Institutional Guarantor so requires, the policies will insure full insurable value replacement cost coverage which can be evidenced by either a (i) guaranteed replacement cost endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a coinsurance clause, an agreed amount endorsement; or (ii) a replacement cost endorsement (under which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more) and, if the policy includes a coinsurance clause, an agreed amount endorsement; or (iii) such comparable endorsements as the Institutional Guarantor may approve. The insurance will be carried with reputable companies authorized and qualified to do business in the State of Delaware. Each Unit Owner must in any event obtain public liability insurance and glass replacement insurance in minimum amounts required from time to time by the Association. Any Unit Owner may further insure such Unit Owner's own Unit for such Unit Owner's own benefit, in which event such Unit

Owner must give notice of such other insurance promptly to the Association. In no event will the Association be responsible for insuring the personal property of the Unit Owners.

(c) **Directors and Officers Liability.** The Association must purchase and maintain fidelity insurance for the protection of the Board members and the Association against claims of "wrongful acts." This policy will carry limits of not less than \$1,000,000, and will be written with a reputable insurance company authorized and qualified to do business in Delaware.

(A) **Crime/Fidelity Insurance.** The Association will purchase and maintain employee dishonesty or crime insurance policy or bonds that protects against fraudulent or dishonest acts of the Board, its officers, affiliates or employees, and be written with a reputable insurance carrier authorized and qualified to do business in Delaware. Such fidelity bonds or insurance must be written in an amount that, in the Board's best business judgment, is not less than the estimated maximum of funds, including reserve funds, in the custody of the Association, the Board, or its management agent, as the case may be, at any given time during the term of each bond, and may in no event be less than a sum equal to one (1) year's aggregate Annual Assessments on all Units plus the Association's reserve funds. An appropriate endorsement to the bond or policy of insurance covering any persons who serve without compensation may be added if the policy would not otherwise cover volunteers, or waiving all defenses by the bond issuers based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. If an independent contractor is engaged to provide management services, such contractor must provide certification of its own fidelity insurance meeting the above requirements.

(d) **Other Insurance.** The Association may purchase (but is not obligated to purchase) additional insurance that the Board determines to be advisable or necessary, including, but not limited to, worker's compensation insurance, boiler explosion insurance, demolition insurance, flood insurance, fidelity bonds, director and officer liability insurance, errors and omissions insurance, and insurance on personal property owned by the Association. The Association may assess the Unit Owners in advance for the estimated cost of all types of insurance required or elected to be maintained hereunder.

(e) **General Provisions on Insurance.** All policies of insurance or bonds obtained by the Association as hereinabove directed must, to the extent obtainable, be subject to the following provisions and limitations:

(i) The named insured under any such policies must be the "The Ocean View Beach Condominium Home Owners Association, Inc. for the use and benefit of the individual Unit Owners of the Units" (designated by name if required by Law). Each such policy, except fidelity and liability, must, moreover, contain the standard mortgagee clause (without contribution) which must be endorsed to provide that any proceeds must be paid to the Association, or any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor thereto, for the use and benefit of each Unit Owner and each such Mortgagee, as their interests may appear. The mortgagee clause must also name any Institutional Guarantor that holds one or more Mortgages on Units. All policies of insurance must be issued using only generally accepted insurance carriers. The Association should refer

to guidelines of any Institutional Guarantor for specific requirements regarding the qualifications of insurance carriers.

(ii) All such policies will be primary, and in no event will the insurance coverage obtained and maintained pursuant hereto be brought into contribution with insurance purchased by the Unit Owners or their Mortgagees.

(iii) Such policies must provide that coverage may not be prejudiced by (A) any act or omission of the Unit Owners when such act or omission is not within the control of the Association, or (B) any failure of the Association to comply with any warranty or condition with regard to any portion of the Condominium over which the Association has no direct (or indirect) control.

(iv) To the extent possible on commercially reasonable terms, all policies must provide that coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' (or such lesser period as may be obtained on commercially reasonable terms) prior written notice to any and all insureds named thereon and to any Mortgagees, any Insurance Trustee, the Association, and the Board, and, if applicable, to any Institutional Guarantor or its servicer, if any of them hold any Mortgage, and to any insurer or guarantor of any Mortgage. All policies must recognize any Insurance Trust Agreement that has been entered into by the Association.

(v) All such policies must contain a waiver of subrogation by the insurer as to any and all claims against the Board, the Association, the Unit Owner and/or their respective agents, employees or tenants, and of any defenses based upon the existence of other insurance or upon invalidity arising from acts or omissions of the insured.

(vi) All policies of property insurance must provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option may not be exercisable without the prior written approval of the Association or when in conflict with any requirement of Law.

(vii) No policy may be obtained with a carrier where (A) under the terms of the insurance carrier's charter, by-laws, or policy, contributions or assessments may be made against the Association, Unit Owners, an Institutional Guarantor, the designee of an Institutional Guarantor, or other Mortgagees; (B) by the terms of the carrier's charter, by-laws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (C) the policy includes any limiting clauses (other than insurance conditions) that could prevent an Institutional Guarantor, other Mortgagees, or the Unit Owners from collecting insurance proceeds.

(viii) The premiums on all insurance policies and bonds required or otherwise maintained herein will be paid by the Association as a Common Expense.

(ix) Certificates of Insurance must be issued to each Unit Owner and Eligible Mortgagee upon request thereof.

(f) The Board is granted the authority to negotiate loss settlements with the appropriate insurance carriers covering insurance purchased and obtained by the Association. Any policy of insurance obtained by the Association may contain a reasonable deductible no higher than that permitted by any Institutional Guarantor having jurisdiction. The deductible will be paid by the party who would be responsible for the repair in the absence of insurance, as determined by the Board. Notwithstanding the foregoing, any insurance policies obtained by the Association with respect to the Property must comply with the requirements of DUCIOA.

(g) Insurance Trustee. Notwithstanding any of the foregoing provisions, there may be named as an insured, on behalf of the Association, an authorized representative of the Association, including any trustee with whom such Association may enter into any insurance trust agreement ("Insurance Trust Agreement") or any successor to such trustee (each of whom is referred to herein as the "Insurance Trustee"), who will have exclusive authority to negotiate losses under any policy providing such property or liability insurance. If no such Insurance Trustee is named, the Board will have all of the rights, powers, authorization and privileges herein created or recognized on the part of the Insurance Trustee.

Each Unit Owner hereby appoints the Association, or any Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining insurance as required above, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association, or any Insurance Trustee, will hold or otherwise properly dispose of any proceeds of insurance in trust for Unit Owners and their Mortgagees, as their interests may appear.

The Insurance Trustee or Association, as applicable, must promptly deliver to each Unit Owner the insurance proceeds attributable to that Unit, and, thereafter, such Unit Owner must promptly and with due diligence restore that Unit in accordance with the Condominium Documents and the Master Declaration.

(h) No Liability. Notwithstanding the requirement of the Association to obtain insurance coverage as stated in this Declaration, neither Declarant (nor its officers, directors, partners, or employees) nor the Association (nor its directors, officers, or agents) will, to the fullest extent permitted by Law, be liable to any Unit Owner or any other Person if any risks or hazards are not covered by the insurance to be maintained by the Association or if the amount of insurance is not adequate, and it will be the responsibility of each Unit Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for any additional insurance coverage and protection that the Unit Owner may desire. Except to the extent that valid and collectible insurance coverage exists with respect to the Person sought to be held liable, no Unit Owner, Occupant, Board member, agent or employee of the Association will be liable to each other or to anyone else for any condition of the Common Elements which he or she has not actively and intentionally caused, unless such condition is the result of gross negligence or willful misconduct of such Person. This provision does not create a right of action on any Person who would not otherwise have such right nor does it limit any action brought to abate a nuisance or to enforce an easement, restriction, or the performance of a duty created by this Declaration or the Bylaws.

(i) **Governmental Requirements.** The Association will maintain any other forms or types of insurance applicable to the ownership and operation of the Common Elements as may be required from time to time by any applicable guidelines issued by any Institutional Guarantor having jurisdiction over the Property. Additionally, all insurance maintained by the Association must meet the rating requirements of any Institutional Guarantor having jurisdiction.

(j) **Evidence of Insurance for Master Association.** Upon the request of the Master Declarant or the Master Association, the Board must promptly deliver satisfactory evidence of the existence of all insurance required to be carried by the Association pursuant to this Section 6.03.

Section 6.04. Damage and Destruction; Reconstruction.

(a) If the Common Elements are damaged or destroyed, the Board will obtain bids and contract for repair or reconstruction of those improvements. If the proceeds of any insurance policies payable as a result of the damage or destruction, together with the amounts paid by a responsible Unit Owner under Section 5.03 of this Declaration, are insufficient to complete the repair or reconstruction, the deficiency will be the subject of a Special Assessment against, in the case of the General Common Elements, the entire Property and, in the case of the Limited Common Elements, the applicable Unit.

(b) In the event that a Unit is damaged or destroyed, in whole or in part, the Unit Owner of such Unit must repair or reconstruct in accordance with the Declaration within four (4) months, or such longer time as is permitted in writing by the Board, unless written approval to do otherwise is obtained from the Board. All such repairs and reconstruction remain subject to the provisions of the Master Declaration, including the right of the Master Association to effect repairs and reconstruction that a Unit Owner has failed to perform and to levy the costs of such work as an Assessment on the applicable Unit. If a Unit Owner fails to repair or reconstruct to a condition satisfactory to the Board and compatible with the Master Declaration and this Declaration, as applicable, then, after not less than thirty (30) days' prior written notice to that Unit Owner, the Association will have the right (but not the obligation) to enter upon or into that Unit and to repair or reconstruct. Any entry by the Association or its agents will not be considered a trespass. The cost of these repairs or reconstruction will be an Assessment against the applicable Unit, will be paid promptly to the Association by that Unit Owner, and will constitute a lien upon that Unit Owner's Unit. The self-help rights of the Association described above are in addition to any other remedies available to the Association under the Condominium Documents or applicable Laws.

(c) If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair, as determined by the Board, to be undertaken by the Association or if at any time during the reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, Assessments may be made against the Unit Owners to provide payment of such costs.

(d) Any such reconstruction or repair must be substantially in accordance with the plans and specifications under which the Property was originally constructed, subject to the architectural review requirements of the Master Declaration.

(e) Encroachments upon or in favor of Units resulting from any such reconstruction or repair will 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 will be allowed to continue in existence for so long as the Property improvements, as reconstructed or repaired, stand.

(f) If there is substantial damage to or destruction of the Property and if seventy-five per cent (75%) of the Unit Owners duly resolve, at a meeting called within ninety (90) days after the occurrence of such substantial damage or destruction, not to repair or restore such damage, the salvage value of the substantially damaged or destroyed Property will be subject to a suit for partition by any Unit Owner; and the net proceeds of such sale, together with the proceeds of insurance policies maintained by the Board will be considered as one fund and will be divided among the Unit Owners in proportion to their respective percentage interests after discharging out of the respective share of each Unit Owner (to the extent sufficient for such purposes), in order of their priority, all liens against the respective Units of such Unit Owners.

(g) Each Unit Owner specifically acknowledges and agrees by becoming a Unit Owner that:

(i) Each Building and each Unit therein is an integral part of the Property;

(ii) In order for any Unit Owner to receive and enjoy the full benefits of ownership, it is necessary to repair and maintain each Unit and each Building in a condition of good and proper order;

(iii) The Property will be deemed to have been substantially damaged or destroyed if it is projected that it will take greater than six (6) months to restore or repair such damage to the Property; and

(iv) Substantial or total destruction of a Building or any one or more Units will be deemed directly to affect all of the Unit Owners.

Section 6.05. Condemnation of Common Elements.

(a) Subject to the provisions of applicable Law, if a portion of the Common Elements is taken by eminent domain, the award will be paid to the Association, and the Association will cause the award to be utilized for the purpose of repairing and restoring the Common Elements, including, if the Board deems it necessary or desirable, the replacement of any improvements. Any portion of the award not used for any restoration or repair of the Common Elements will be added to a reserve account of the Association, as the Board determines. Subject to the provisions herein, in the event that all or any portion of the Condominium is threatened by exercise of the power of eminent domain or becomes the subject of condemnation proceedings, each Unit Owner whose Unit, exclusive of such Unit Owner's percentage interest in the Common Elements, is directly threatened will have the right to demand and receive compensation for such Unit Owner's Unit, including such Unit Owner's percentage interest in the Common Elements in accordance with the provisions of DUCIOA, whether or not any Common Elements are acquired. No Unit Owner whose percentage interest in only the

Common Elements is threatened will have a similar right, but the Association alone with respect to such Common Elements will demand and receive compensation, which must be applied or divided in accordance with the provisions of Section 81-107 of DUCIOA. Any portion of an award attributable to the acquisition of Limited Common Elements by the condemning Governmental Authority must be equally divided among the Unit Owners of the Units to which such Limited Common Elements were allocated at the time of acquisition.

(b) The Association will represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning Governmental Authority for acquisition of the Common Elements or any part thereof. Each Unit Owner, by acceptance and recordation of the deed to such Unit Owner's Unit, will be thereby deemed to have irrevocably appointed the Association as such Unit Owner's attorney-in-fact for such purposes.

(c) Any restoration or repair of the Condominium by the Association after a partial condemnation, must be performed substantially in accordance with the Declaration and the original plans and specifications within four (4) months, or such longer time as is permitted in writing by the Master Association, unless written approval to do otherwise is obtained from the Master Association. All such repairs and reconstruction remain subject to the provisions of Article VII of the Master Declaration.

(d) Each Eligible Mortgagee must be given timely written notice of any condemnation that affects either a material portion of the Condominium or the Unit securing its Mortgage.

Section 6.06. Other Duties and Powers. The Association, acting through the Board, may exercise any other right or privilege given to it by the Condominium Documents and every other right or privilege implied from the existence of the Condominium Documents.

Section 6.07. Liability of Board Members. To limit the liability of the Unit Owners and the members of the Board or its designee(s), the Board will endeavor to include the following provision in any contract or other commitment made by the Board, or a designee on its behalf: "The Board, its members, managing agent, manager or other designee(s), as the case may be, in executing this instrument, is acting only as agent for the Unit Owners, and the members of the Board, its managing agent, manager, or other designee(s) will have no personal liability on any contract or commitment (except as Unit Owners), and the liability of any Unit Owner on any such contract or commitment will be limited to such proportionate share of the total liability as the percentage interest of each Unit Owner bears to the aggregate percentage interests of all Unit Owners." The Board and its members will have no liability to the Unit Owners for any error of judgment or otherwise, except for willful misconduct or bad faith.

Section 6.08. Association Rules. By a majority vote of the Board, the Association, from time to time and subject to the provisions of this Declaration, may adopt, amend, and repeal Association Rules for the Condominium, all in accordance with DUCIOA. These Association Rules may restrict and govern the use of the Property and, additionally, may establish a system of fines and charges for violations of the Condominium Documents. If adopted, a copy of the Association Rules will be available for inspection by the Unit Owners at

reasonable times. The initial Association Rules are attached hereto as **Exhibit D**. The Association Rules will be interpreted in a manner consistent with this Declaration or the other Condominium Documents, and, upon adoption, the Association Rules will have the same force and effect as if they were established in full within and were a part of this Declaration. The Association, the Board, and the officers of the Association will have no liability to any Unit Owner or any other Person for the failure to enforce (or any delay in the enforcement of) the Association Rules.

ARTICLE VII

DESIGN REVIEW AND ARCHITECTURAL CONTROL

Section 7.01. Architectural Control. The Property is subject to the Master Declaration, which provides for design review and architectural control by Master Declarant and others, as provided therein. Unless and until the requirements of the Master Declaration have been fulfilled, no construction or development activities, including, without limitation, staking, clearing, landscaping, excavation, grading, or other site work, may be commenced or maintained on any Unit or the Common Elements; no building, structure, or other improvement of any kind, including, without limitation, fences, walls, mailboxes, decks, porches, gazebos, pools, hot tubs, and tennis courts, may be commenced, erected, or maintained within the Property; and no exterior addition, change, or alteration of any nature to the Units or other existing improvements within the Property, including, without limitation, changes in color, changes or additions to driveway or walkway surfaces, and landscaping modifications (all of the foregoing being individually and collectively referred to as "**Improvements**"). Master Declarant has reserved rights of architectural review, approval, or control over all or any portion of the Property pursuant to any contract, deed, covenant, or other agreement, then the provisions of such other contract, deed, covenant, or other agreement will control and supersede any other matter otherwise within the scope of this Article, and the approval by Master Declarant pursuant to such other contract, deed, covenant, or other agreement of any other matter otherwise within the scope of this Article will be deemed full and complete compliance with this Article. To the extent Master Declarant has expressly assigned in writing any or all of its reserved rights pursuant to the Master Declaration to the Architectural Review Committee, then any such assigned rights will be exercisable by the Architectural Review Committee, as set forth herein.

Section 7.02. Design Review by Master Declarant. Each Unit Owner, by a deed or other instrument conveying an interest in any portion of the Project, acknowledges that, as the developer and initial owner of the Project, Master Declarant has a significant and substantial interest in ensuring that the Improvements within the Project enhance the community and do not adversely impact the ability of Master Declarant to market, sell, or lease any portion of the Project. Each Unit Owner, by acceptance of a deed or other instrument conveying an interest in any portion of the Project, agrees that no Improvements may be commenced within or upon a Unit unless and until Master Declarant has given its prior written approval for such Improvements as provided in the Master Declaration. In reviewing and acting upon any request for an approval, Master Declarant may be acting in its own interest and will owe no duty to any other Person, including, without limitation, the Master Association or any of its Members.

The rights reserved to Master Declarant pursuant to this Article will be applicable for the

duration of Period of Master Declarant Control, unless earlier assigned or terminated by a written instrument executed by Master Declarant.

Section 7.03. Improvements by Master Declarant; Amendment. This Article does not apply to any Improvements to the Project made by Master Declarant, Declarant or, at Declarant's election, any Builder or on behalf of the Master Association or, during the Period of Declarant Control, the Association. This Article VII may not be amended without Master Declarant's prior written consent so long as Master Declarant owns any portion of the Project or the Additional Property.

Section 7.04. Master Declarant Control. In the event of any inconsistency between any part of Article VII hereof and Article VII of the Master Declaration, the Master Declaration will govern and control. In the event of any modifications hereafter to Article VII of the Master Declaration, Declarant, during the Period of Declarant Control, and the Board thereafter may amend this Declaration, without the consent of any Unit Owner or any other Person, to conform to such modifications of the Master Declaration; but, whether or not this Declaration is so amended, the amendment of the Master Declaration will govern and control.

ARTICLE VIII

COMMUNITY RESTRICTIONS, DEVELOPMENT RIGHTS AND SPECIAL MASTER DECLARANT RIGHTS

Section 8.01. Overall Structure. The Community/ Project is intended to be a community with specifically designed covenants and restrictions applicable to the uses permitted within the Residential Community. The Master Association has been formed in part to facilitate the development, operation, and maintenance of the improvements that will be used in common by the Owners and Occupants (as each such term is used in the Master Declaration) of the Community. The Master Association may undertake operational and maintenance duties with respect to portions of the Project as Areas of Master Association Responsibility that are not for the common use of all Owners and Occupants (as each such term is used in the Master Declaration) within the Project but, rather, are limited to use by only those Owners and Occupants (as each such term is used in the Master Declaration) of the Community or one or more specific Units or Parcels in the Community (as each such term is used in the Master Declaration).

Section 8.02. Community Restrictions. The Property is subject to this Declaration, which constitutes Community Restrictions under the terms of the Master Declaration, the primary administration and enforcement of which will rest with the Association (except to the extent provided in the Master Declaration and herein).

Section 8.03. Right of Enforcement. While it will not be the duty, obligation, or requirement of the Master Association to monitor or enforce this Declaration, pursuant to the Master Declaration and hereunder the Master Association reserves the right to enforce, on behalf of the Association, this Declaration when the Association fails or refuses to enforce the Declaration. The Master Association may exercise this right of enforcement after written notice

to the Association, identifying a reasonable time period (not more than thirty (30) days) within which enforcement measures may be commenced and diligently pursued to resolution.

Section 8.04. Conflicts Among Restrictions. To the fullest extent permitted by Law, the Master Association Documents will control over the this Declaration and the Condominium Documents.

Section 8.05. Application of Master Documents. The Master Association Documents will apply to all Unit Owners and Occupants within the Property.

Section 8.06. Recordation of Community Declaration. To ensure conformity and compliance with the SEASHORE VILLAS Community Record Plan, the approval by Master Declarant, during the Period of Master Declarant Control, and the Master Association, after the Period of Master Declarant Control, must be obtained in writing as to the form and content of the Condominium Community Declaration, i.e. this Declaration, and all amendments thereto, prior to their recordation in the Recorder's Office or any other land records office. Any attempted recordation of any Condominium Community Declarations, or amendments thereto, without the prior written approval of Master Declarant or Master Association, as applicable, will be void and of no force or effect.

Section 8.07. Project-Wide Standard. The Master Association, through its Board (as that term is used in the Master Declaration), will be the sole and final judge as to what constitutes the Project-Wide Standard and whether a particular activity, course of conduct, or set of circumstances satisfies the Project-Wide Standard.

Section 8.08. Rights to Develop. The Master Declarant and the Master Association will have an unrestricted right of access over the entire Project to install, construct, maintain, and repair the Master Common Areas or, to the extent applicable, any Areas of Master Association Responsibility. By becoming a Unit Owner or Occupant in the Property, each Unit Owner and Occupant (excluding Declarant) specifically: (i) acknowledges that the Project is a master planned community, the development of which is likely to extend over many years; and (ii) except to the extent permitted by Law through any public hearing process held by the County for zoning or development, agrees not to protest, challenge, or otherwise object to any changes in use or density to property outside of the respective Community in which the Unit Owner or Occupant works, resides, or holds an interest.

Section 8.09. Declarant Development Rights. The following Section 8.09 is included in this Declaration in accordance with the requirements of DUCIOA. In addition to all other Development Rights set forth in this Declaration, Declarant hereby reserves the following Development Rights:

(a) **Expansion of the Condominium.** In accordance with Article XII hereof, Declarant may add the Exception Parcels and Phases to expand the number of Units and the Common Elements of the Condominium.

(b) **To Add the Additional Property.** Declarant hereby reserves the Development Right to add to the Property the Additional Property, as described on Exhibit A-2, together with the right to add to, improve, and connect to the Common Elements, including any right-of-ways

and the SWM Facilities and any other public utilities as may be necessary for the development of the Additional Property. This Development Right must be exercised not later than thirty (30) years from the date that this Declaration is recorded in the Recorder's Office.

(c) **To Withdraw Real Estate from the Project.** Declarant hereby reserves the Development Right to withdraw from the Property any or all of the Withdrawal Property, as described on Exhibit A-3, or any portion of the Property provided that such property has not yet been conveyed to any Unit Owners and such withdrawal does not have an actual substantial and material adverse impact on the remaining portion of the Property. This Development Right must be exercised within one (1) year from the expiration of the last date on which the right to add the Additional Property expires pursuant to subsection (b) above.

Section 8.10. Special Declarant Rights. The following Special Declarant Rights are reserved to Declarant in this Declaration and may be exercised by Declarant, to the fullest extent permitted by applicable Law, without the consent of any Unit Owner or any other Person, and if not exercised prior to the thirtieth (30th) anniversary of the recording of this Declaration in the Recorder's Office, these Special Declarant Rights will terminate:

(a) to complete the improvements within the Property that are the subject of and are consistent with this Declaration or the Approved Plan or described in any public offering statement, if any such is required to be delivered by Declarant pursuant to DUCIOA;

(b) to amend the Approved Plan;

(c) to maintain and utilize anywhere within the Property and perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of Units and improvements, including, without limitation, sales offices, management offices, rental offices, storage areas, construction yards, signs, displays and models in any part of the Property and to remove any of the foregoing located within the Property;

(d) to maintain advertising signs anywhere within the Property;

(e) to use easements through the Property for the purposes of making improvements within the Property for the benefit of the Property, the Additional Property or the Withdrawal Property;

(f) to use, grant, and reserve easements and rights of way through, under, over, and across the Property for the benefit of the Property, the Additional Property or the Withdrawal Property for the installation, maintenance, inspection, repair, and replacement of lines and appurtenances for public or private sewer, water, drainage, gas, electricity, telephone, and other utilities such as, but not limited to, a master television communications system, cable television system, a security system, or the like;

(g) to merge or consolidate the Association with another common interest community;

(h) to appoint or remove any officer of the Association or any member of the Board during the Period of Declarant Control;

(i) to the extent delegated by Master Declarant or the Master Declaration, to control any construction, design review, or aesthetic standards committee or process as set forth in Article VII hereof;

(j) to attend meetings of the all Unit Owners of the Property and, except during an executive session after the Period of Declarant Control, the Board of the Association;

(k) to have access to the records of the Association to the same extent as any Unit Owner hereunder;

(l) to amend the Condominium Documents to comply with applicable Law or correct any error or inconsistency in the Condominium Documents;

(m) to amend the Condominium Documents to conform with the requirements of (i) DUCIOA, (ii) any rules or guidelines of any Institutional Guarantor, or (iii) the requirements of any governmental or quasi-governmental agency having regulatory jurisdiction over the Property;

(n) to exercise all other rights of Declarant to amend, modify, supplement, alter or restate this Declaration in accordance with this Declaration;

(o) to alter any boundaries of any portions of the Property, other than a Unit owned by a Unit Owner (other than Declarant) except with the consent of that Unit Owner;

(p) to assign all or part of its rights under this Declaration;

(q) to exercise all easements granted to Declarant pursuant to the Master Declaration or this Declaration;

(r) to exercise all Development Rights reserved to Declarant pursuant to this Declaration;

(s) to enter any portion of the Property for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Property or the improvements thereon;

(t) to take such actions that, to the fullest extent permitted by Law, are necessary or desirable to continue to subject the Property to the Master Declaration; and

(u) to exercise any other Special Declarant Rights identified in this Declaration.

Section 8.11. Power of Attorney.

(a) Each and every Unit Owner by accepting and recording the deed to a Unit, and each Mortgagee or other lienholder or Person having a legal or equitable interest in any Unit does automatically and irrevocably name, constitute, appoint and confirm Declarant and/or the Association, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

(b) No such agreement, document, amendment, supplement or other instrument that adversely affects the value of a Unit, or substantially increases the financial obligations of a Unit Owner, or reserves any additional or special privileges for the Master Declarant not previously reserved, may be made without the prior written consent of the affected Unit Owners and all Eligible Mortgagees of any Mortgages encumbering the Units owned by the affected Unit Owners. Any such agreement, document, amendment, supplement or instrument that adversely affects the validity of any Mortgage that encumbers any Unit may not be made without the prior written consent of the Mortgagees of all such Mortgages.

(c) The power of attorney established by this Section 8.11 is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same will run with the title to any and all Units and the Property and will not be affected by subsequent disability or incapacity of the Unit Owner, a Mortgagee or other lienholder or Person having a legal or equitable interest in any Unit or the Property, and such power of attorney will be binding upon such Person, and such Person's heirs, executors, administrators, personal representatives, successors and assigns (including, without limitation, all Mortgagees). Said power of attorney will be vested in Declarant, its successors, transferees and assigns, until the expiration of all of Declarant's Special Declarant Rights and Development Rights or until such time as Declarant no longer owns any portion of the Property or Additional Property, whichever occurs later. Thereafter, said power of attorney will automatically vest in the Association to be exercised by its Board.

Section 8.12. Transfer of Special Master Declarant Rights. Declarant may unilaterally transfer (without the approval or joinder of the Association or any Unit Owner or Mortgagee) Special Declarant Rights created or reserved under the Condominium Documents to (i) any Person acquiring any portion of the Property owned by Declarant or its Affiliates or (ii) any lender holding a Mortgage on any portion of the Property owned by Declarant. Such transfer must be evidenced by an instrument recorded in the Recorder's Office. The instrument is not effective unless signed by the transferor and transferee; provided, however, that a Person may unilaterally sign and record an instrument to acquire some or all of the Special Declarant Rights with respect to the portion of the Property acquired if such Person acquires any or all of the Property owned by Declarant pursuant to a mortgage or deed of trust by foreclosure or deed in lieu of foreclosure. Such instrument must be recorded within a reasonable time after acquisition of any such portion of the Property.

A successor to Special Declarant Rights held by a transferor who succeeded to those rights pursuant to a mortgage or a foreclosure or a deed in lieu of foreclosure may declare the intention in an instrument recorded in the Recorder's Office to hold those rights solely for transfer to another Person. Thereafter, until transferring the Special Declarant Rights to a Person acquiring title to any portion of the Property owned by such successor, or until such

successor records an instrument assuming the right to exercise the Special Declarant Rights, that successor may not exercise any of the Special Declarant Rights other than to approve or disapprove: (A) amendments to the Condominium Documents, (B) dissolution of the Association, or (C) termination of the Declaration. So long as a successor does not exercise Special Declarant Rights (except the rights described above) under this subsection, such successor is not subject to any liability or obligation as a declarant.

A partial transfer of Special Declarant Rights does not prevent the transferor Declarant from continuing to exercise Special Declarant Rights with respect to any portion of the Property retained by such Person. The instrument providing for a partial transfer of Special Declarant Rights must allocate voting rights between the transferor and the transferee as such Persons agree among themselves or based on the relative square footages of the portion of the Property owned by each declarant if not otherwise provided. Each Person having Special Declarant Rights under the Condominium Documents has the right to transfer such rights unilaterally with respect to any portion of the Property owned by such Person except to the extent provided otherwise in an instrument assigning the Special Declarant Rights to such Person. If at any time Declarant ceases to exist and has not made an assignment of the Special Declarant Rights, a successor may be appointed by an amendment to the Declaration made by the Board or, in the event the Board fails to do, by the Master Declarant during the Period of Master Declarant Control and, thereafter, the Master Association.

ARTICLE IX

MASTER ASSOCIATION

Section 9.01. Community. This Declaration is a Community Declaration (as defined in the Master Declaration) and the Association is a Community Association (as defined in the Master Declaration). The documents that govern or establish the Association, and any amendments thereto, must be submitted to the Master Association for its approval. Without limitation of any other provision of this Declaration or of the Master Declaration, the Master Declaration provides for, among other things, the following:

(a) the annual budget of the Association must include the payment of an amount sufficient to cover the pro rata portion of the Master Assessments due from the Association (or the Unit Owners) under the Master Declaration;

(b) the Master Association has the right (but not the obligation) to take temporary control of the Association if the Section Association fails to collect assessments in an amount sufficient to pay and satisfy the Master Assessments due the Master Association by the Association;

(c) the Master Association, as a third-party beneficiary, has the right (but not the obligation) to enforce the Association's rights and remedies under this Declaration, if the Association refuses or neglects to enforce the rights and remedies after reasonable written notice from the Master Association (not more than thirty (30) days); and

(d) for purposes of the Master Association and the Master Declaration, the Association has the ability to exercise any voting rights (if any) of the Unit Owners.

Section 9.02. Delivery of Information. The Association must provide the Master Association with full and complete copies of all governing documents applicable to the Association, including this Declaration and all amendments that may be enacted from time to time. All such information must be promptly provided to the Master Association and, in all cases, no later than thirty (30) days after written request from the Master Association.

Section 9.03. Management and Control. Except to the extent the Master Association elects to take temporary control over the Association or elects to enforce this Declaration under Sections 8.03, 9.01(b), or 9.01(c) hereof, respectively, all administrative and management services provided under this Declaration will be provided solely by the Association and not the Master Association or any other Community Association.

Section 9.04. Master Assessments Specifically. If the Master Association exercises its rights under the Master Declaration and this Declaration to take control of the Association for any period of time that may be necessary to bring about collection of the Master Assessments, control may be accomplished through the removal and substitution of officers and members of the Board of the Association at the Master Association's sole determination and action and without regard to any removal or election procedures provided by the Condominium Documents, to the fullest extent permitted under applicable Laws, or by any other manner permitted under applicable Laws. Without limitation of any other remedies available to the Master Association, the Master Association also will have the right to file a lien against the Unit of any delinquent Unit Owner in an amount equal to:

- (a) all amounts owed by the delinquent Unit Owner for Master Assessments or otherwise;
- (b) all costs of collection (including legal fees); and
- (c) all applicable late charges and interest.

To enforce and collect these amounts, the Master Association may enforce an assessment lien against the applicable portion of the Property or may exercise any other remedy available to the Master Association under the Master Association Documents or this Declaration.

Section 9.05. Enforcement Under this Declaration. To the fullest extent permitted under applicable Laws, the Master Association will not be involved or joined in any disputes solely between or among Unit Owners, unless the Master Association otherwise elects to be involved.

Section 9.06. Association Meetings. If requested by the Master Association, the Association will provide notice to the Master Association of all regular or special meetings of the Unit Owners or Board, including providing all agendas and all other relevant information and materials for such meetings. A representative of the Master Association may attend these meetings, at the discretion of the Master Association, including any that are held in executive session.

Section 9.07. Remedies of Master Association. Without limiting the remedies of the Master Association outlined above, the Master Association will have all rights and remedies available under applicable Laws to enforce this Master Declaration or this Declaration, including the right to commence an action in contract against any Unit Owner and/or the Association.

ARTICLE X

CREATION OF EASEMENTS

Section 10.01. Master Declarant Easements. The Property is subject to the easements granted to the Master Declarant pursuant to and in accordance with provisions of the Master Declaration.

Section 10.02. Unit Owner Easements. Every Unit Owner has the following perpetual easements appurtenant to that Unit Owner's Unit with respect to the Property:

(a) a non exclusive easement in, upon, over, under, across and through the Common Elements, subject to the exclusive rights of other Unit Owners to their appurtenant Limited Common Elements, to keep, maintain, use, operate, repair and replace the Unit in its original condition and in every subsequent position to which it changes by reason of the gradual forces of nature and the elements; and

(b) an exclusive easement for the existence and continuance of any encroachment by the Unit upon any adjoining Unit or Building or upon any Common Elements, now existing or which may come into existence hereafter as a result of the addition of Phases, as a result of construction, repair, shifting, settlement, movement of any portion of the Buildings or a Unit or as a result of condemnation or eminent domain proceedings, so that any such encroachment may remain undisturbed so long as the encroachment remains;; and

(c) an exclusive easement for the existence and continuance, or replacement, of any encroachment by the footings of a Unit upon any adjoining Unit or Common Elements as originally constructed, and replacements or reconstruction thereof; and

(d) an exclusive easement to use and enjoy the surfaces of the walls (including any windows, doors or chimneys), the balcony, if any, the stoops, if any, the patio, if any, the ceilings and the floors contained within or appurtenant to the Unit to the extent not a part of the Unit, and an exclusive easement to place and maintain landscaping in the front, rear or yards of the Unit to the extent not a part of such Unit and subject to the landscaping requirements and rights under the Master Declaration; and

(e) an easement in association with others entitled thereto through portions of the Property for structural support for all Units, Common Elements and other portions of the Property; and

(f) an easement in common with the Unit Owners of other Units to use all pipes, wires, ducts, cables, conduits, public utility lines, cable and master antenna television, if

any, and other Common Elements servicing the Unit to the extent any of the foregoing is not a part of the Unit; and

(g) for those Units that are shown on the Declaration Plan as sharing a driveway, a perpetual, non-exclusive easement shared with the adjoining Unit that shares the shared driveway serving the two Units, as shown on the Declaration Plan, for the proper, reasonable and unobstructed use of the shared driveway for ingress, egress and regress to and from that Unit Owner's Unit.

Section 10.03. Public Utility Easements. Declarant may grant and create a perpetual and non-exclusive easement upon, across, over, and under the Common Elements and all other areas that may be depicted and described on any Approved Plan as a public utility easement for the installation and maintenance of utilities, including electricity, telephone, water, gas, cable television, telecommunications, drainage facilities, sanitary sewer, or other utility lines servicing the Property, the Additional Property, any Withdrawal Property, or any other real property. All of these public utility easements may be used by the utility provider or the County without the necessity of any additional recorded easement instrument. These public utility easements will not affect the validity of any other recorded easements affecting the Project. All utilities and utility lines will be placed underground except for those that by their operational nature must be aboveground and if approved by Declarant. No provision of this Declaration, however, will act to prohibit the use of aboveground and temporary power or telephone structures incident to the construction of buildings or structures as needed by Declarant. Public or private sidewalks may be located in the public utility easements. The public utility easements described above will be perpetual unless and until abandoned by the utility provider or by resolution of the Town, as applicable.

Section 10.04. Declarant Easements. Without limiting the generality of any other provision of this Declaration, Declarant, its successors and assigns (including Builders to whom Declarant may assign in whole or in part), has the following easements with respect to the Property, which rights constitute Special Declarant Rights:

(i) all applicable easements and rights granted to Master Declarant with respect to the Property under the terms of the Master Declaration;

(ii) a comprehensive, non-exclusive easement in, upon, through, under and across the Common Elements for the purpose of construction, installation, maintenance and repair of any improvements to the Units or Common Elements, and for construction and development of the Exception Parcels for incorporation into the Condominium and for ingress and egress, for the use of all roadways, parking areas and existing and future model units for sales promotion and exhibition, until the expiration of six (6) years from the date of issuance of the certificate of occupancy for the last Unit in the Condominium (as the same exists after the incorporation of the Exception Parcels) or such longer period to the extent necessary for performance of any work required under applicable warranties. In addition, Declarant hereby reserves the irrevocable right to enter into, upon, over, or under any Building or Unit for such purposes as may be reasonably necessary for Declarant or its agents to service or maintain any Unit therein, provided that the request for entry is at a reasonably convenient time to the Unit Owner after reasonable notice to the Unit Owner. In case of emergency, such right of entry may

be immediate whether the Unit Owner is present at the time or not. In utilizing this construction easement, Declarant will, to the fullest extent permitted by Law, not be liable or responsible for any damage to any landscaping or improvements located within the temporary construction easement; however, Declarant will use (and cause its agents, employees, and independent contractors to use) reasonable care to avoid material and unreasonable damage to any landscaping or improvements;

(iii) a perpetual, comprehensive and non-exclusive easement in, upon, over, under, across and through the Common Elements for surface water runoff and drainage caused by natural forces and elements, grading, and/or the improvements located upon the Property. No individual Unit Owner may directly or indirectly interfere with or alter the drainage and water runoff patterns and systems within the Condominium;

(iv) an exclusive easement for the existence and continuance of any encroachment by the Common Elements, now existing or that may come into existence hereafter as a result of construction, repair, shifting, settlement, movement of any portion of the improvements, a valid easement for the encroachment and for the maintenance of the same may exist so long as the encroachment exists; and

(v) such other easements through the Property as may, in Declarant's determination, be necessary for its exercise of Special Declarant Rights or any other rights or obligations of Declarant under this Declaration.

Section 10.05. Easements for Ingress and Egress. A perpetual and non-exclusive easement for pedestrian ingress and egress is created and reserved by Declarant for the benefit of Declarant and all Unit Owners over, through, and across all sidewalks, paths, recreation trails, walks, and lanes that may be constructed within the Property. Additionally, a perpetual and non-exclusive easement for vehicular and pedestrian ingress and egress is created and reserved by Declarant for the benefit of all Unit Owners over and across any Common Elements and all sidewalks or public or private easements that separate the Unit from any adjacent public or private street. The right of access described above is and will remain at all times an unrestricted right of ingress and egress.

Section 10.06. Water Easement. Without limiting the grants made by Master Declarant pursuant to the Master Declaration, Declarant grants to Artesian Water, its successors and assigns, a non-exclusive and blanket easement on, under, and across the Property for the purpose of installing, maintaining, repairing, reading, and replacing water meter boxes. This permanent easement will not be deemed to affect any portion of the Property upon which a permanent structure is located. This easement will be perpetual unless and until abandoned by Artesian Water, its successors and assigns, but subject to the Association Rules.

Section 10.07. Sewer Easement. Without limiting the grants made by Master Declarant pursuant to the Master Declaration, Declarant grants to Sussex County, Delaware, and its successors and assigns, a non-exclusive and blanket easement on, under, and across the Property for the purpose of installing, repairing, maintaining and replacing sewer lines. This permanent easement will not be deemed to affect any portion of the Property upon which a permanent

structure is located. This easement will be perpetual unless and until abandoned by the Sussex County, Delaware, its successors and assigns.

Section 10.08. Additional Easements. To the extent not established as part of this Declaration, Declarant may establish through grant or reservation various easements over those portions of the Property that have not been sold to a Unit Owner as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any property in accordance with the SEASHORE VILLAS Community Master Plan or the Record Plan. Additionally, after the conveyance of all or part of a Unit to a Unit Owner, Declarant may require, as part of any approvals required under the Condominium Documents or any conveyance or development documents, that the Unit Owner of the respective Unit create, grant, or reserve various easements (either in a plan or separate recorded instrument) that may be necessary for the orderly and efficient development of any property within the SEASHORE VILLAS Community Master Plan or the Record Plan (including utility, access, drainage, open space, encroachment, trail, or other easements) or any portion of the Additional Property, any Withdrawal Property, any other portion of the Property or other real property owned by Declarant or its Affiliates, whether or not such other real property is added to the Condominium. Any of the easements described above in this Section 10.09 may be of a blanket or specific nature and may be permanent, temporary, or for a fixed period of time. If located within a Unit or Limited Common Element appurtenant to such Unit, the location of these easements will be subject to the written approval of the Unit Owner of such Unit, whose approval will not unreasonably be withheld, delayed, or conditioned. These easements may be established under an Approved Plan or separate recorded instrument. All work associated with the exercise of any rights granted under these easements will be performed in a manner so as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement right will restore the affected property, to the extent reasonably possible, to substantially its condition prior to the commencement of the work. The exercise of these easements will not extend to permitting entry into any structures in or near the easement area, nor, except in an emergency, will the exercise unreasonably interfere with the use of any Unit and, except in an emergency, entry will be made only after reasonable notice to the Unit Owner or Occupant. The foregoing is a Special Declarant Right.

Section 10.09. Easements for Maintenance, Emergency, and Enforcement. Declarant and each Unit Owner grants to the Association a non-exclusive easement over those portions of the Property that are necessary to enable the Association to fulfill its maintenance responsibilities. The Association also will have the right, but not the obligation, to enter upon any Unit to exercise any self-help remedies reserved by the Association or for emergency, security, and safety reasons. This right may be exercised by any member of the Board and its duly authorized agents and assignees, and by all emergency personnel in the performance of their duties. Except in an emergency situation, entry will only be during reasonable hours and after reasonable notice to the Unit Owner or Occupant. The Property is also subject to a perpetual and non exclusive easement of unobstructed ingress and egress in, upon, over, across and through the Common Elements in favor of the County and any other Governmental Authority, their respective officers, agents, and employees (but not the public in general) and all police, fire and ambulance personnel in the proper performance of their respective duties

(including, but not limited to, emergency or other necessary repairs to a Unit which the Unit Owner has failed to perform).

Section 10.10. No Easement for View. Each Unit Owner acknowledges that neither Declarant, nor any Builder, nor any Person acting on behalf of Declarant or any Builder, has made or is authorized to make any representation or commitment that any views or any vistas will be preserved, protected, or remain unobstructed, and there are no express or implied easements for view purposes appurtenant to any portion of the Property.

Section 10.11. Assignment of Responsibilities. Within the Project, there may be various types of property such as wetlands, drainage areas, conservation areas, open spaces, and buffers upon which restrictions, monitoring requirements, or other obligations may be imposed by the County or other Governmental Authorities. Master Declarant may deed, convey, transfer or assign, from time to time and at any time, any or all of the foregoing areas or responsibilities to the Association. After conveyance, the Association will accept, own, maintain and preserve these areas in accordance with the applicable requirements of the County or other Governmental Authorities. All of the foregoing areas that are conveyed to the Association will become part of the Common Elements, and the ownership, operation and maintenance of these areas will be a Common Expense of all Unit Owners. Alternatively, Master Declarant may deed, convey, transfer, or assign any or all of the foregoing areas or responsibilities to an improvement district, the Master Association, another Community Association, a foundation, or similar type entity which will own, operate, and maintain these areas for the benefit of some or all of the Owners (as defined in the Master Declaration) within the Project.

Section 10.12. Surface Water Management System.

(a) No Unit Owner may erect any structure, construct any improvements or otherwise change, alter, impede, revise, or interfere with in any material way the flow and the volume of water in any tax ditches, canals, channels, ponds, lakes, retention areas, bodies of water, waterways, drainage ways, or other areas designed and constructed for the disposal or accumulation of runoff waters, as reflected in any permits, the SEASHORE VILLAS Community Master Plan, or any plan or other instrument of record, without the specific written permission of the Master Association and, during the Period of Master Declarant Control, Master Declarant.

(b) No Unit Owner may deny or prevent access by Master Declarant or the Master Association to establish or repair these drainage areas for purposes that any appropriate Governmental Authority or quasi-governmental agency may reasonably require.

(c) No Unit will be increased in size by filling in any water retention or drainage areas on which it abuts. Unit Owners will not fill, dike, rip-rap, block, divert, or change the established drainage ways within the Project without the prior written consent of the Master Association or, Master Declarant as provided in the Master Declaration.

(d) The use of pesticides and herbicides in any lake or wetland is prohibited, except only any use of pesticides or herbicides by the Master Association and, during the Period of Master Declarant Control, Master Declarant.

(e) No wells may be drilled, dug, or installed within the Project except by Master Declarant or, during the Period of Master Declarant Control, with Master Declarant's written consent.

(f) As between the foregoing restrictions and the comparable restrictions in the Master Declaration, the more restrictive shall govern and control.

Section 10.13. Withdrawal Property. Any and all of the easement rights granted or reserved hereunder as set forth in this Article X run to and benefit the Withdrawal Property, except as may otherwise be expressly modified, limited, qualified, conditioned or eliminated by Declarant.

Section 10.14. Survival of Easements. Any and all of the easement rights granted or reserved hereunder will survive the termination of the Condominium and/or this Declaration to the extent the same may remain applicable.

ARTICLE XI

USE RESTRICTIONS

Section 11.01. Use Restrictions. The Property is subject to all covenants, restrictions and easements of record, including, without limitation, those contained in the Master Declaration, the following restrictions, and such other rules of conduct as may from time to time be adopted by Declarant, the Association or the Master Association, as applicable, all of which are binding upon, as applicable, all Unit Owners, Occupants, licensees and invitees of the Property; provided, however that in the event of any conflict between the restrictions herein or later adopted by Declarant or the Association and those in the Master Declaration, the most restrictive governs and applies:

(a) No Unit, except for any Units owned by Declarant and used by it as sales offices, administrative offices or models, may be used for any purpose other than as a private single family residence.

(b) No Unit Owner or Occupant may build, plant or maintain any matter or thing upon, in, over or under the Common Elements without the prior consent of the Association.

(c) No Unit Owner or Occupant may burn, chop or cut anything on, over, under or above the Common Elements.

(d) Unit Owners may not have any right to paint or otherwise decorate or change the appearance of any portion of the exterior of any Improvement, except as permitted under the Master Declaration.

(e) No animals, livestock or poultry of any kind may be raised, bred or kept in any dwelling or on any part of the Property except that dogs, cats or other common domesticated household pets may be kept inside the dwelling provided that they are not kept, bred or

maintained for any commercial purpose and provided that no more than two such pets in the aggregate may be kept with respect to each dwelling.

(f) No sign or other object may be displayed on any wall or rooftop without Declarant's written approval. No sign of any kind may be displayed to public view on any dwelling, Unit, or Common Elements except: (a) a post office street number sign being uniform in appearance and placement, such appearance and placement to be determined by the Association; (b) temporary signs not more than five (5) square feet advertising the sale of the property on which the sign is located, such signs to be removed promptly after settlement; and (c) such signs as the Association may deem necessary, in its sole discretion, to fulfill its purposes. Garbage, rubbish or any other material of any nature to be abandoned or disposed of may not be placed or allowed to remain on any Unit nor may it be placed, left or allowed to fall upon any of the Common Elements, but may be placed at street side on the day of collection if required by the collecting agency.

(g) No trailer, travel trailer, mobile home, tent, shack, shed, garage or other outbuilding, temporary or semipermanent or permanent structure or shelter of any kind other than the dwelling house maybe erected, maybe placed or maybe utilized as a residence, either temporarily or permanently, on any Unit or Common Elements.

(h) No unusual vehicles, including trucks (except "pick-up" trucks), boats, aircraft, trailers of any kind including boat, hauling or travel trailers, mobile homes, commercial vans, mowers, rototillers, tractors, buses or vehicles immobilized for any reason, maybe permitted by any Person to remain on the Property, including lawns, Common Elements, the public streets or rights of way. All motor vehicles owned and operated by Unit Owners or Occupants of the Property must be parked over-night in their garage or driveways. No such vehicle may be parked elsewhere on any Unit, or on the streets, except for temporary parking. For purposes of this paragraph, "temporary parking" means the parking of such motor vehicles on an intermittent and nonrecurring basis during the period between dawn and the following midnight.

(i) Laundry lines and poles outside houses are prohibited.

(j) All lawns and shrubs must be maintained in a neat and presentable condition.

(k) No satellite antenna, "dish," or other device used to receive direct broadcast satellite ("DBS") services which is one meter or greater in diameter maybe erected or placed on any Unit or Common Elements or be attached to the exterior of any structure. Satellite antennae, "dishes," or other devices used to receive DBS services which are smaller than one meter in diameter, and antennae or other devices used to receive television broadcast services ("TBS") and multipoint distribution services ("MMDS") are specifically permitted, but must be erected, placed, or attached so that the satellite antenna, "dish," or device is not visible from the front of the Unit; however, if such placement impairs clear reception, Unit Owner will be granted an exemption upon submitting a statement of such impairment and a plan for placement of the device in accordance with Article VII. No radio, television or communications tower, aerial, "dish" or other reception or signal sending device used to receive service other than DBS, TBS,

or MMDS maybe erected or placed on any Unit or Common Elements or be attached to the exterior or any structure. No other device, apparatus or decoration maybe permanently or temporarily attached to the exterior of the structure without prior written approval in accordance with Article VII. Holiday lights are specifically permitted but must be removed no later than January 15th of any year. No solar panels maybe erected or maintained on any structure except to the extent that applicable Laws invalidate or limit such restriction.

(l) No vegetable or similar nonflower gardens may be maintained in front, side or rear yards of Units. Statues, bird feeders, fountains, mailbox pillars, and all other lawn decorative devices are prohibited. Aboveground swimming pools are prohibited. Inground swimming pools are permitted only upon written approval in accordance with Article VII and provided they are installed and maintained in accordance with applicable law. No fence maybe erected on any Unit closer to the front line than the rear face of the dwelling on said Unit. No fences maybe of a height more than four (4) feet; all such fences may be constructed of wood, aluminum or other materials (as approved in accordance with Article VII), except as required by law around inground swimming pools; and fences may only be constructed with written approval in accordance with Article VII. No hedges or other bulk landscaping screens (in contrast with isolated trees or shrubberies) maybe planted forward of the building setback line for any Unit. Only DelDOT regulation 4" x 8" post is permitted for mailbox.

(m) No change in the elevation, grade or surface composition of any Unit as properly established by Declarant when each dwelling thereon was constructed must be made which adversely affects surface water drainage to or from any other Units or Common Elements.

(n) All outdoor lighting located on any Unit must be shaded, screened, shielded or directed in such a manner so as not to cast substantial light on any other Unit or Common Elements.

Section 11.02. Leases. All leases of a Unit must be in writing and expressly subject in all respects to the Condominium Documents so that failure to comply therewith constitutes a default under the lease; provided, however, that the failure to make any lease expressly subject to the Condominium Documents does not affect either the enforceability of such lease or the enforceability of the Condominium Documents hereto. Any rules presently existing or hereinafter adopted from time to time by the Association must be given to all tenants and may be directly enforced against such tenants by the Association. Leasing may otherwise be governed by the terms of the Master Declaration. Each Unit Owner must cause all Occupants of the Unit to comply with the Condominium Documents and the Master Declaration.

ARTICLE XII

EXPANSION

Section 12.01. Expansion. Notwithstanding any other provision contained herein or in the Condominium Documents, and notwithstanding any law, custom or usage to the contrary, or objection by any Unit Owner, Mortgagee or other Person or entity, Declarant has the absolute right, power and authority to increase the number of presently existing Units to a

maximum of eighty-seven (87) Residential Units, and Common Elements appurtenant thereto, by developing the Exception Parcels and/or other portions of the Land into additional Units and Common Elements. Declarant's right to expand, as so described herein, is limited to the earlier of: (i) the completion of all of the Total Units or (ii), subject to force majeure delays, December 31, 2035.

(a) As additional Phases are completed, Declarant has the absolute right, power and authority to amend this Declaration and any other Condominium Documents or other applicable documents or approvals by filing with the Recorder's Office, such amendments, instruments and plans in substance and form as necessary or appropriate to expand the Condominium from time to time through the submission of additional Units and Common Elements to DUCIOA as part of the Condominium and by applying for and obtaining any further governmental approval, executing and delivering all applications, record plans and other documents in connection therewith. Upon the filing of such amendments, instruments and plans amending this Declaration and the Declaration Plan, the additional Phases will automatically be deemed incorporated into and a part of the Condominium. Concurrent with the completion of each additional Phase, the percentage interest in the Common Elements for purposes of ownership and assessment will be automatically readjusted according to the formula provided in Section 2.08 hereof. For example, if 5 Townhouse Units have been constructed, then the number of Townhouse Units must be divided by 100 for purposes of the percentage share of the increased number of Townhouse Units in the Common Elements. Such automatic readjustments will become effective as of the date of substantial completion of the Building and improvements (not specific Units) of each additional Phase and will be reflected, from time to time, in the amendments to be recorded by Declarant.

(b) Subject to the Master Declaration and any Design Guidelines, the interior and exterior appearance and design of the additional Units and Common Elements, the manner of construction and the number of such Units and Common Elements, will be determined in the sole and absolute discretion of Declarant; provided, however, that any additional Units and Common Elements must be designed and constructed in a manner harmonious and compatible with (but not necessarily identical to or with) the design and quality of construction utilized in the existing Units which constitute the Condominium as initially submitted to DUCIOA by this Declaration.

(c) **WITHOUT LIMITING OR DETRACTING FROM THE EFFECTIVENESS AND SUFFICIENCY OF THE FOREGOING PROVISIONS, EACH UNIT OWNER WILL BE DEEMED, ABSOLUTELY AND IRREVOCABLY, FOR ITSELF, ITS HEIRS, ITS PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, INCLUDING MORTGAGEES, TO HAVE GRANTED AND TRANSFERRED TO DECLARANT, TO DECLARANT'S NOMINEE, AND TO ANY SUBSTITUTE OR AGENT DESIGNATED FROM TIME BY DECLARANT OR SUCH NOMINEE, AN UNCONDITIONAL POWER OF ATTORNEY COUPLED WITH AN INTEREST, FOR THE PURPOSE OF EXECUTING, SEALING, ACKNOWLEDGING AND RECORDING ANY INSTRUMENT OR DOCUMENT NECESSARY OR DESIRABLE TO ACCOMPLISH, EVIDENCE OR PERFECT THE EXERCISE OF DECLARANT'S RIGHTS AS CREATED, RESERVED AND REFLECTED ABOVE.**

The foregoing power of attorney is in addition to (and is intended to complement) the power of attorney ("Sale Agreement Power of Attorney") executed by the original purchaser of each Unit, in favor of Declarant, pursuant to such purchaser's purchase and sale agreement for each Unit Owner's respective Unit(s). The Sale Agreement Power of Attorney will be binding upon the purchaser signing the same and each and every successor Unit Owner of the corresponding Unit, and their respective heirs, personal representatives, successors and assigns.

All rights and powers herein reserved by or granted to Declarant are covenants running with the land which are binding upon all Unit Owners of all or part of the Condominium and their successors in title and interest; and such rights may be assigned to and will inure to the benefit of and be enforceable by Declarant's successors and assigns.

ARTICLE XIII

MORTGAGEE NOTICES, CONSENTS AND APPROVALS

The following provisions are for the benefit of holders, insurers and guarantors of Mortgages on Units.

Section 13.01. Rights of Eligible Mortgagees. Eligible Mortgagees will be entitled to timely written notice of the following to the extent actually known by the Association:

- (a) Any property loss, condemnation or eminent domain proceeding affecting a material portion of the Property;
- (b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Mortgagee, where such delinquency has continued for a period of sixty (60) calendar days, or any other violation of the Condominium Documents relating to such Unit, or the Unit Owner or Occupant thereof, that is not cured within sixty (60) calendar days;
- (c) Any termination, cancellation, lapse, or material modification of any insurance policy required to be maintained by the Association;
- (d) Any proposed amendment that requires the consent of a specified percentage of Mortgagees pursuant to Section 14.06 (e);
- (e) Any proposed termination of the legal status of the Condominium pursuant to Section 14.05;
- (f) At least thirty (30) calendar days prior notice of any proposal to terminate this Declaration or dissolve the Association before such action is taken; and
- (g) Such other notices as are expressly required by this Declaration or applicable Laws to be given to Mortgagees.

Section 13.02. No Priority. No provision of this Declaration gives or will be construed as giving any Unit Owner or other Person priority over any rights of the Mortgagee of any Unit in

the case of distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of the Property.

Section 13.03. Notice to Association. Upon request, each Unit Owner must furnish to the Association the name and address of the holder of any Mortgage encumbering such Unit Owner's Unit.

Section 13.04. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Association or Declarant to respond to or consent to any action will be deemed to have approved such action (i) if such Mortgagee is not an Eligible Mortgagee or, (ii) if an Eligible Mortgagee, if the Association or Declarant, as applicable, does not receive a written response from the Eligible Mortgagee within sixty (60) calendar days of the date of the request for approval, provided such request for approval is delivered to the Eligible Mortgagee by certified or registered mail, return receipt requested

ARTICLE XIV

GENERAL PROVISIONS

Section 14.01. Enforcement.

(a) **Rights to Enforce.** The Association, in the first instance, or any Unit Owner, if the Association fails to act within a reasonable time, will have the right to enforce by any available legal means all covenants and restrictions now or in the future imposed by the provisions of the Condominium Documents. Subject to the limitations established in any Condominium Documents or applicable Project Documents with respect to the negotiation, mediation, or arbitration of any disputes, the right to enforce all covenants and restrictions includes the right to bring an action at law, in equity, or both.

(b) **Failure to Enforce.** Failure of the Association, or any Unit Owner to enforce any covenant and restriction in this Declaration or any of the matters detailed in the other Condominium Documents will not be deemed a waiver of the right of the Association or any Unit Owner to enforce the covenants and restrictions in the future for the same or similar violation. Failure of the Association or any Unit Owner to enforce any covenant or restriction in this Declaration or any of the matters detailed in the other Condominium Documents will not subject the Association or any Unit Owner to liability for its actions or inactions.

(c) **Binding Covenants.** Deeds of conveyance of all or any part of the Property may incorporate the covenants and restrictions by reference to this Declaration; however, each and every covenant and restriction will be valid and binding upon the respective grantees whether or not any specific or general reference is made to this Declaration in the deed or conveying instrument.

(d) **Remedies for Violation.** Without limiting the preceding portions of this Section or any other provisions of this Declaration or the other Condominium Documents, violators of any one or more of the covenants and restrictions in the Condominium Documents may be restrained by any court of competent jurisdiction and damages may be awarded against the violators. The remedies established in this Declaration may be exercised jointly, severally,

cumulatively, successively, and in any order. A suit to recover a money judgment for unpaid Assessments, obtain specific performance, or obtain injunctive relief may be maintained without extinguishing, waiving, releasing, or satisfying the Association's liens under this Declaration.

Section 14.02. Approval of Litigation.

(a) **Limits on Initiation of Litigation.** The Association will not incur any expenses (including, without limitation, attorney fees and costs) to initiate legal proceedings or to join as a plaintiff in legal proceedings without the prior approval of the Unit Owners as provided in subsection (b) below, except for any legal proceedings initiated or joined by the Association:

(i) to enforce this Declaration or the other Condominium Documents or Project Documents against any Unit Owner other than Declarant through injunctive relief or otherwise;

(ii) to enforce any rules or regulations of the Association through injunctive relief or otherwise;

(iii) to collect any unpaid Assessments, enforce or foreclose any lien in favor of the Association, or determine the priority of any lien for Assessments; or

(iv) to claim a breach of fiduciary duty by any one or more of the members of the Board or officers of the Association.

(b) **Member Approval of Association Litigation.** Where Unit Owners' approval is required pursuant to Section 11.02(a) hereof, the Unit Owners' approval to initiate legal proceedings or join as a plaintiff in legal proceedings may be given by voting in accordance with the provisions of the Bylaws by more than 75% of the total number of eligible votes of the Unit Owners.

(c) **Prior Approval Disclosures.** Prior to any vote of the Unit Owners to initiate legal proceedings or join as a plaintiff in legal proceedings, as described above, the Association will provide full disclosure to the Unit Owners of: (i) the nature of the claim; (ii) the name and professional background of the attorney proposed to be retained by the Association to pursue the matter; (iii) a description of the relationship (if any) between the attorney and the Board (or any member of the Board) or the property management company; (iv) a description of the fee arrangement with the attorney; (v) an estimate of the fees and costs (including those for attorneys and experts) necessary to pursue the claim; and (vi) the estimated time necessary to complete the proceedings.

(d) **Litigation Fund.** The costs of any legal proceedings initiated or joined by the Association that are not included in Sections 11.02(a)(i) through (iv) above must be financed by the Association with monies that are specifically collected for that purpose, and the Association will not borrow money, use reserve funds, use general funds, or use monies collected for other Association obligations to initiate or join any legal proceeding.

(e) **Exceptions for Certain Board Actions.** These limitations on the commencement of litigation do not preclude the Board from incurring expenses for legal advice in the normal course of operating the Association, including, among other things: (i) to enforce the Condominium Documents, including the imposition of fines; (ii) to comply with the Condominium Documents or any Laws related to the operation of the Association, or Common Elements; (iii) to amend the Condominium Documents as provided in this Declaration or otherwise; (iv) to grant easements or convey Common Elements as provided in this Declaration; or (v) otherwise to perform the obligations of the Association as provided in this Declaration.

(f) **Legal Proceedings.** As used above, the term "legal proceedings" includes administration, arbitration, and judicial actions and including any matters covered by the alternative dispute resolution procedures described in any of the Condominium Documents or applicable Project Documents.

(g) Notwithstanding any other provision of this Agreement to the contrary, any litigation pursuant to this Article XI is subject to Section 81-321 of DUCIOA.

Section 14.03. Applicability of Condominium Documents. This Declaration, the Declaration Plan and the Bylaws, as the same may be amended, modified, altered, supplemented, revised or restated from time to time, will run with the land and be binding upon all present or future Unit Owners, Occupants, holders of any interest in a Unit, their respective heirs, administrators, executors, successors, assigns, employees, agents, guests or any other Person or entity using the facilities of the Condominium in any manner. Except as otherwise provided in Section 8.12 hereof, any Person holding a Mortgage granted by Declarant against its title to or interest in all or any portion of the Condominium will automatically, upon foreclosure of such Mortgage or upon a deed or assignment in lieu of foreclosure, have all of the rights, powers and privileges of Declarant. Notwithstanding the foregoing, no provision herein gives any Unit Occupant, lessee, tenant invitee, trespasser or other third party upon the Condominium any rights or causes of action which it would not otherwise have under the express terms of its lease, separate contract or at law absent these provisions

Section 14.04. Severability. Invalidity of any provision of this Declaration by judgment or court order will not affect the validity of any other provisions of this Declaration or any other Condominium Documents, and all other provisions of this Declaration and other Condominium Documents will remain in full force and effect.

Section 14.05. Term and Termination. Except as otherwise provided in Section 6.04 hereof, the covenants and restrictions of this Declaration will run with and bind the land in perpetuity unless terminated by an affirmative vote of 100% of the total number of eligible votes of the Unit Owners. Notwithstanding any other provision of this Declaration to the contrary but subject to the Master Declaration, this Declaration, the Declaration Plan and the Bylaws will terminate, and DUCIOA will cease to apply to the Property, only if a revocation expressing the intention to remove the Property from the provisions of DUCIOA is duly executed by all Unit Owners, as well as by the holders of all Mortgages, judgments or other liens against the Units, and is recorded in the Recorder's Office, or comparable land records office or as otherwise provided for in DUCIOA. Moreover, when Unit Owners are considering termination of the legal status of the Condominium any reason including substantial destruction or condemnation

of the Condominium, the Eligible Mortgagees representing at least fifty-one percent (51%) of the votes of the Units subject to Mortgages held by such Eligible Mortgagees must agree.

Upon the effectiveness of any termination pursuant to this Section and the removal of the Property from the provisions of DUCIOA, the former Unit Owners will become tenants in common of the Property with undivided interests therein equal to the proportionate interests owned immediately prior to the said termination with continuing rights to occupy their Units.

Any termination pursuant to this Section will neither destroy nor impair any property right, tangible or intangible, including but not limited to any right of action of Declarant or the Association, except as herein specifically provided, and following such termination, Declarant and the Association will, notwithstanding the happening of such termination, have all powers appropriate or necessary to wind up the affairs of the Association and the Condominium.

Section 14.06. Amendment. This Declaration may be amended as provided herein and in the Master Declaration. Amendments will be made only by a recorded instrument executed on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the President of the Association. Any amendment will be deemed adopted if approved at a duly called regular or special meeting by the affirmative vote in Person in accordance with the Bylaws of 65% or more of the votes eligible to be cast by Unit Owners. During the Period of Declarant Control no amendment to this Declaration will be effective without the consent of Declarant. No amendment altering this Declaration in any manner that would render it contrary to or inconsistent with any mandatory requirements of DUCIOA applicable to the Property will be valid.

(a) **Declarant's Rights To Amend.** So long as Declarant holds title to one or more Units that are being offered for sale, Declarant reserves the absolute right, power and authority to change the interior design and arrangement of, or alter the boundaries between, Units owned by Declarant at any time and from time to time after this Declaration or any amendment thereto is filed; for the accomplishment of which, Declarant has the right to amend the Declaration, Declaration Plan and other documents so as to reflect such change, without previously or subsequently obtaining the consent, approval, signature or other action or nonaction of any Unit Owner, Mortgagee or Occupant. Notwithstanding any provisions contained in this Declaration, the Bylaws or the Declaration Plan, and notwithstanding any Law, custom or usage to the contrary, but subject to the consent of Master Declarant, Declarant also has the absolute right, power and authority to amend this Declaration, the Bylaws and the Declaration Plan, or to cause same to be amended, by filing with the Recorder's Office, amendments, instruments and plans as permitted in Article XII hereof, for the purpose of expanding the Condominium to add the Phases as provided therein. An Eligible Mortgagee, upon written request to the Association stating the name and address of the Eligible Mortgagee and the Unit number, will be entitled to timely written notice of: (i) the boundaries of such Unit or the exclusive easement rights appertaining thereto, (ii) the interest in the Common Elements appertaining to such Unit or the liability for the Common Expenses appertaining thereto, (iii) the number of votes in the Association appertaining to such Unit or, (iv) the purposes to which any Unit or the Common Elements are restricted. Notwithstanding anything in this Section to the contrary, the Master Declarant has the right to approve or veto any and all amendments to this Declaration or the other Condominium Documents in its sole discretion.

(b) Unit Owners' Rights To Amend. Except with respect to matters requiring a greater vote as expressly provided herein, this Declaration may be amended upon the affirmative vote of sixty-seven percent (67%) or more of the total vote of all the Unit Owners. The Bylaws may be amended as therein provided and in accordance with DUCIOA, provided that, to the fullest extent permitted by Law, any such amendment requires the written consent of Declarant so long as Declarant is the owner of any portion of the Property.

(c) Declarant's and Board's Right to Amend. Notwithstanding any other provision of this Declaration to the contrary, the Declarant or the Board (after the period of Declarant control) may amend this Declaration in its sole and absolute discretion and without the approval of any other Person, including any Owner or Builder, at any time and from time to time if such amendment is:

(i) necessary to bring any provisions hereof into compliance with any applicable Laws or judicial determination;

(ii) necessary to enable any reputable title insurance company to issue title insurance coverage on a Unit;

(iii) required by an institutional lender or a government mortgage agency or purchaser of mortgage loans, to enable the same to make, insure or purchase mortgage loans on a Unit;

(iv) necessary to enable any governmental agency, including, for example FHA, VA, the Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, or reputable private insurance company to make, purchase, insure or guarantee mortgage loans on a Unit subject to this Declaration

(v) necessary to correct any stenographic, scrivener's error or any error of a like nature; provided, however, any such amendment shall not adversely affect the title to a Unit unless the Owner thereof shall consent thereto in writing;

(vi) necessary to satisfy the requirements of any governmental or quasi-governmental agency;

(vii) necessary for any other purpose reasonably related to the completion of the Project in accordance with the Record Plan; or

(viii) pursuant to the rights granted under Section 8.10(m) of this Declaration.

(d) In the event that Declarant, or the Board (after the period of Declarant control), in its sole discretion, determines that it no longer intends to comply with provisions and amendments to the Declaration, Declaration Plan and Bylaws that were included for the purposes identified above in this subsections (c)(iii) or (c)(iv), amendments may be made by Declarant or the Board without the consent, signature or other action of any Unit Owner or any other Person to remove or unwind any provisions enacted or inserted for the purposes identified in subsections (c)(iii) and (c)(iv) above (provided that any amendment desired to be made by the Association

pursuant to this subsection (d) requires the written consent of Declarant so long as Declarant is the owner of any portion of the Property).

(e) Power of Attorney. To implement the foregoing rights, each Unit Owner by accepting and recording the deed to the Unit irrevocably appoints Declarant and/or the Association, as the case may be, as attorney-in-fact to execute, acknowledge, deliver and record any such amendments or other documents, with full powers of substitution, with each successive officer of Declarant or the Association being regarded as the valid substitute for and successor to the said attorney-in-fact, and such power of attorney will not be affected by subsequent disability or incapacity of the Unit Owner, and such power of attorney will be binding upon the Unit Owner, and such Unit Owner's heirs, executors, administrators, personal representatives, successors and assigns (including, without limitation, all Mortgagees).

(f) Limitations on Amendments. Except for amendments pursuant to subparagraphs (a), (c), and (d) above, no material amendments (as identified below) to the Declaration, Declaration Plan or Bylaw may be made without the prior written consent of Eligible Mortgagees on Units representing at least fifty-one percent (51%) of the total votes of all Units having Mortgages held by Eligible Mortgagees. Furthermore, no amendment may be made (except pursuant to subparagraphs (a), (c), and (d) above) which, by design or happenstance, adversely and materially affects the value or use of one or more Units without equally, insofar as practicable, affecting all other Units of the same Unit Type, except with the consent of all those who are disproportionately adversely and materially affected. Without limiting the generality or scope of the foregoing:

(i) Amendments materially changing the provisions related to any of the following constitute material amendments to the Declaration or other Condominium Documents:

- (A) voting rights;
- (B) increases in Annual Assessments that raise the previously assessed amount by more than twenty-five percent (25%), Assessment liens or changes to the priority of an Annual Assessment liens;
- (C) the Repair and Replacement Reserve Account;
- (D) responsibility for maintenance and repairs of Units or Common Elements;
- (E) reallocation of percentage interests in the Common Elements, or rights to their use, except as necessary pursuant to Article XII hereof or the exercise of any Special Declarant Rights or Development Rights;
- (F) boundaries of any Unit;
- (G) exclusive easement rights of any Unit;
- (H) convertibility of Units into Common Elements or vice-versa;

(I) expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium, except as provided in Article XII hereof or for the exercise of any Special Rights or Development Rights;

(J) requirements for insurance or fidelity bonds;

(K) rights to use the Common Elements (subject to any Association Rules);

(L) leasing of Units by Unit Owners;

(M) imposition of any restrictions on a Unit Owner's right to sell or transfer the Unit Owner's Unit;

(N) a decision by the Association to establish self-management when professional management had been required previously by an Institutional Guarantor;

(O) restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;

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

(Q) any provisions that expressly benefit Mortgagees.

(ii) No amendment will be considered material if it is for the purpose of correcting technical errors, or for clarification only, or affects only the interior configuration of a Unit and has the written consent of the Unit Owner and any Mortgagee of such Unit, and any such amendment may be made by Declarant.

(iii) Any Unit Owner or Eligible Mortgagee who receives a written request to approve amendments, and who does not deliver or post to the requesting party a response within thirty (30) days, will be conclusively deemed to have approved such request.

Section 14.07. Construction. This Declaration will be liberally construed (i) to effectuate its purpose and (ii) to render it consistent with any mandatory requirements of applicable laws to the fullest extent possible. Section and Article headings have been inserted for convenience only and will not be considered or referred to in resolving questions of interpretation or construction. Any charts, tables, or diagrams included in or attached to this Declaration are intended to be illustrative only and may not be used in the interpretation or construction of this Declaration. All terms and words used in this Declaration (including any defined terms), regardless of the number (singular or plural) and gender in which they are used, will be deemed and construed to include any other number and any other gender as the context or sense of this Declaration may require, with the same effect as if the number and words had been fully and properly written in the required number and gender. Whenever the words and symbol "and/or" are used in this Declaration, it is intended, if consistent with the context, that this Declaration be interpreted and the sentence, phrase, or other part be constituted in both its conjunctive and disjunctive sense, and as having been written twice, once with the word "and"

inserted, and once with the word "or" inserted, in the place of words and symbol "and/or". Any reference to this Declaration will automatically be deemed to include all amendments to this Declaration.

Section 14.08. Notices. Unless an alternative method for notification or the delivery of notices is otherwise expressly provided in the Condominium Documents, any notice that is permitted or required under the Condominium Documents must be delivered either by personal delivery or recognized next-business-day delivery service. Notices delivered personally will be effective on the day so delivered, and notices sent by next-business-day delivery service will be effective on the earlier of the second business day after timely deposit with the courier or the day of actual delivery by the courier. For the purpose of notice for the Association or the Board, notice must be sent to the principal office of the Association and the registered agent for the Association as specified in the Certificate of Incorporation. For the purpose of notice to any Unit Owner, notice must be sent to a street or mailing address within the Property for the Unit Owner as provided in the Bylaws. The place for delivery of any notice to a Unit Owner, or the Association may be changed from time to time by written notice specifying the new notice address.

Section 14.09. Mechanics' Liens. Any mechanics' liens arising as a result of repairs to or improvements of a Unit by a Unit Owner will be liens only against such Unit (including that Unit's appurtenant interests in the Common Elements) and not against any other Unit, or other portions of the Property. Any mechanics' liens arising as a result of repairs to or improvements of the Common Elements (but not to any Unit), if authorized in writing pursuant to a duly adopted resolution of the Board, will be paid by the Board as a Common Expense and, until so paid, will be liens against each Unit in a percentage equal to the percentage interest in the Common Elements appurtenant to such Unit.

Section 14.10. Management Agreements. Any property management agreement entered into by the Association or Declarant may be made with an Affiliate of Declarant or a third-party manager, but in all cases following the Period of Declarant Control will be terminable by the Association with or without cause and without penalty upon ninety (90) days' written notice. The term of any management agreement entered into by the Association or Declarant may be for a term of up to three (3) years and may be renewable only by affirmative agreement of the parties for successive periods of three (3) years or less. Any property manager for the Property or the Association will be deemed to have accepted these limitations, and no contrary provision of any management agreement will be enforceable. The property manager will be delegated those powers and duties of the Board or the Association that the Board determines as necessary or appropriate.

Section 14.11. Master Declarant's Right to Use Similar Name. The Master Association has consented to the use by any other Person (including the Association) of a name that is the same or similar to the name of the Master Association, so long as one or more words are added to the name to make the name of the Master Association distinguishable from the name of the other Person. Within five days after being requested to do so by Master Declarant, the Association will sign all letters, documents, or other writings as may be required by the Secretary of State of the State of Delaware (or any other Governmental Authority) in order for any other Person formed or incorporated by Master Declarant (or an Affiliate) to use a name

that is the same or similar to the name of the Master Association. Other than the foregoing, no Person may use the words "SEASHORE VILLAS" or any derivative thereof in any printed or promotional material without the prior written consent of Master Declarant, except that any Unit Owner may use the term "SEASHORE VILLAS" in printed or electronic promotional material for the Unit Owner's Unit where such term is used solely to specify that the Unit Owner's own property is located within the Property.

Section 14.12. Survival of Liability. The termination of membership in the Association will not relieve or release any former Unit Owner from any liability or obligation incurred under or in any way connected with the Association during the period of membership or impair any rights or remedies that the Association may have against the former Unit Owner arising out of or in any way connected with the membership and the covenants and obligations incident to the membership.

Section 14.13. Waiver and Approvals. The waiver of, or failure to enforce, any breach or violation of the Condominium Documents will not be deemed a waiver or abandonment of any provision of the Condominium Documents or a waiver of the right to enforce any subsequent breach or violation of the Condominium Documents. The foregoing will apply regardless of whether any Person affected by the Condominium Documents (or having the right to enforce the Documents) has or had knowledge of the breach or violation. Whenever the approval or consent of Declarant, the Association, Master Declarant, the Master Association, the Board or the Unit Owners is required under the Condominium Documents, the approval or consent may be given or withheld in the sole discretion of the approving Person or Persons, unless the Condominium Documents otherwise specify a different standard for approval.

Section 14.14. Legal Fees. Without limiting the power and authority of the Association to incur (and assess against a Unit Owner as a Special Assessment) attorney fees and other legal fees and costs as part of the creation or enforcement of any Assessment, if an action is instituted to enforce any of the provisions contained in the Condominium Documents, the party prevailing in any action will be entitled to recover from the other party all attorney fees and court costs in a reasonable amount. If the Association is the prevailing party in the action, the amount of legal fees and court costs may be included as part of a Special Assessment against the Unit Owner involved in the action and that Unit Owner's Unit.

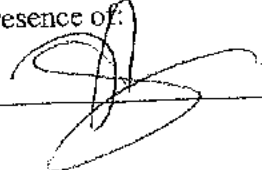
Section 14.15. No Partition. Except as is permitted in this Declaration or any amendments hereto, there may be no judicial partition of the Common Elements or any part thereof, nor may any Person acquiring any interest in the Property or any part thereof seek any judicial partition, and each Unit Owner is deemed to have waived any and all rights of partition, unless the applicable portion of the Property has been removed from the provisions of this Declaration. This Article will not be construed to prohibit the Association from acquiring and disposing of tangible personal property, nor from acquiring title to real property which may or may not be subject to this Declaration.

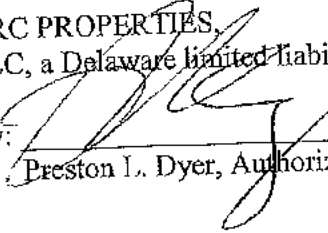
Section 14.16. Consent of Master Declarant. Master Declarant has signed this Declaration in order to acknowledge its consent hereto as required in the Master Declaration and for no other purpose. By signing this Declaration, Master Declarant has no obligations, liabilities or rights hereunder.

**NOTICE - THIS DECLARATION CONTAINS A GRANT OF AN UNCONDITIONAL
POWER OF ATTORNEY TO DECLARANT PROVIDED IN ARTICLE XII.**

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed,
under seal, as of the date and year first above written.

Signed, sealed and delivered:
in the presence of:

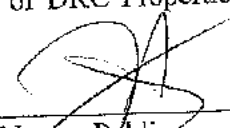


DRC PROPERTIES,
LLC, a Delaware limited liability company
By:  (SEAL)
Preston L. Dyer, Authorized Signatory

STATE OF DE)
COUNTY OF Sussex) SS

The foregoing instrument was acknowledged before me this 9th day of March,
2018, by Preston L. Dyer as Authorized Signatory of DRC Properties, LLC, on behalf of the
limited liability company.

HEIDI J. A. GILMORE
ATTORNEY AT LAW WITH
POWER TO ACT AS NOTARY PUBLIC
PER 29 DEL. C SEC 4323 (A) 3
[Notary Seal]



Notary Public
Name: _____
My Commission Expires: MA

APPENDIX A

"Additional Property" means any portion of the Project other than the Property and otherwise subject to Declarant's Development Rights as set forth in Section 8.09 hereof.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Agency" means any one or more of the U.S. Department of Housing and Urban Development, the U.S. Department of Veteran's Affairs, the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Association ("FHLMC").

"Annual Assessments" has have the meaning set forth in Section 8.

"Approved Plan" means that plan approved by applicable Governmental Authorities for the development and use of the Property, as such plan may be thereafter amended, modified, altered, supplemented, revised or restated from time to time.

"Architectural Review Committee" has the meaning set forth in the Master Declaration.

"Assessment" (whether capitalized or not) means all of the various assessments described and defined in Article IV of this Declaration that are made by the Association.

"Association" means The SEASHORE VILLAS Condominium Association Inc., a Delaware corporation formed in accordance with 25 Del. C. § 81-301 as an association of Unit Owners to administer, manage and operate the common affairs of the Unit Owners of the Condominium and to maintain, repair and replace the Common Elements of the Condominium (to the extent not the obligation of the Master Declarant or Master Association under the Master Declaration) and perform such other functions as provided in the Condominium Documents, which is a Community Association for purposes of the Master Declaration.

"Association Rules" means any rules and regulations adopted by the Association, as the rules and regulations may be amended from time to time.

"Board" means the board of directors of the Association designated or elected as provided in the Condominium Documents.

"Board member" or **"member of the Board"** means the member of the Board designated or elected as provided in the Condominium Documents.

"Builder" means any Person, other than Declarant, defined as a "Builder" pursuant to the Master Declaration or that: (i) owns a Unit or more other portions of the Property; (ii) is engaged in the business of developing, constructing, leasing, and selling Units or portions of the Property (with

or without houses); and (iii) is designated by Declarant as a "Builder" by a written instrument executed only by Declarant and the Builder. One or more Builders may be designated for the Property. Subsequent Persons other than the originally designated Builder or Builders for a Unit may be designated by Declarant upon written request made by such Person so long as new and subsequent Persons otherwise satisfies the criteria for being a Builder, as established above.

"Building" means any building containing a Unit(s) and/or any other enclosed structure constructed or hereafter constructed upon the Land.

"Bylaws" means the recorded bylaws of the Association (and any recorded amendments thereto) that contains the procedures for conduct of the affairs of the Association in accordance with applicable Law.

"Certificate of Incorporation" means the Certificate of Incorporation of the Association that has been or will be filed in the office of the Secretary of State of the State of Delaware, as may be amended or restated from time to time in the manner established in the Certificate of Incorporation.

"Common Elements" has the meaning as provided in Section 2.05 hereof, and includes General Common Elements and Limited Common Elements, as applicable.

"Common Expenses" means expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves, related to Common Elements, other Units or other real estate described herein as anticipated by 25 Del. C. § 81-103(9), the Limited Expenses and as otherwise provided in Section 2.08 hereof, in addition to all expenses incurred by the Association or its respective trustees, officers, agents or employees in the lawful performance of their respective duties, and in addition to, and to the extent not included in, Community Assessments under the Master Declaration. By way of illustration, but not limitation, Common Expenses includes all premiums for insurance covering the Common Elements.

"Common Expense Assessments" has the meaning set forth in Section 8.

"Community" has the meaning set forth in the Master Declaration.

"Community Declaration" has the meaning set forth in the Master Declaration.

"Community Association" has the meaning set forth in the Master Declaration.

"Condominium" refers to the common interest community being formed hereunder in accordance with DUCIOA and means (i) all the Land described in Exhibit A, excepting the Exception Parcels, as the same may be amended, modified, altered, supplemented, revised or restated from time to time; (ii) all improvements now or hereafter constructed in, upon, over or through the Land, whether or not shown on any exhibit hereto; and (iii) all rights, roads, appurtenances thereto belonging or appertaining; and (iv) the entity created by the execution and recording of this Declaration.

"Condominium Documents" has the meaning set forth in Section 2.11.

"Declarant" means DRC Properties, LLC, a Delaware limited liability company, its successors and assigns.

"Declarant Units" means the number of proposed, but not yet created, Units that results from subtracting (A) the number of actual Units that have been created and established as part of the Condominium from (B) the Eighty Seven (87) proposed condominium units that have been or will be created as part of the Condominium for independent use as residential dwellings or commercial use, each as more particularly described and designated on the Master Plan as planned condominium units, regardless of whether or not such units have been created and submitted to the Condominium at the time of such calculation.

"Declaration" means this Declaration, as may be amended, modified, altered, supplemented, revised or restated from time to time as provided herein.

"Development Rights" means those rights of Declarant reserved in this Declaration as Development Rights in accordance with the requirements of applicable Laws.

"DUCIOA" means the Delaware Uniform Common Interest Ownership Act, 25 Del. C. § 81-101 et seq., as the same may be amended from time to time.

"Eligible Mortgagees" means those Mortgagees who have requested, by written notice to the Association duly given, that the Association notify them of any proposed action that requires Eligible Mortgagees' consent as herein required.

"Exception Parcels" means all portions of the Property not included in the Condominium at any given point in time, being more specifically identified as the Exception Parcels on the Declaration Plan and shown on the Declaration Plan as intended to be a Unit, together with appurtenant Limited Common Elements, that has not yet been incorporated into the Condominium as a Unit pursuant to the terms hereof by recording an amendment to the Declaration Plan for that purpose.

"Exempt Property" means the real property owned by Declarant or a Builder that has not yet been declared as a Unit and other portions of the Property not otherwise subject to this Declaration.

"First Mortgage" means a Mortgage that is the first and most senior of all Mortgages placed upon an applicable Unit.

"First Mortgagee" means a Mortgagee that is the holder of a first Mortgage.

"Fiscal Year" means each twelve month period commencing on June 1 and ending on May 31, or as the Board may otherwise determine from time to time.

"Fully Funded" (whether capitalized or not) or any variation thereof with respect to the Repair and Replacement Reserve, means, except as provided hereinafter, a Repair and Replacement Reserve Account that contains a balance of funds that (i) when supplemented by a fixed, budgeted annual addition, will meet fully, without supplementation by borrowed funds or Special Assessments, the cost of each projected repair and replacement noted in the Reserve Study no

later than the date when each such repair or replacement is projected to be required by the Reserve Study and (ii) with all budgeted contributions and expenditures for repairs and replacements projected out no less than twenty (20) years, will never fall below a positive balance. The foregoing definition is based on DUCIOA as of the date of this Declaration. In the event that the definition of "fully funded" in DUCIOA changes, the foregoing definition will be deemed amended accordingly.

"General Common Elements" means those Common Elements that are not Limited Common Elements.

"Governmental Authorities" means the County and any other applicable county, state, or federal agency, Board, commission, department, board, or similar authority having jurisdiction over the Property.

"Improvements" means all of the improvements described and defined in Section 7.01 of this Declaration.

"Institutional Guarantor" means, if applicable to the Property, a governmental insurer, guarantor or secondary market mortgage purchaser such as the Federal Housing Administration (FHA), the Veterans Administration (VA), the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Master Association (FNMA) that insures, guarantees, or purchases any note or similar debt instrument secured by a First Mortgage.

"Insurance Trustee" has the meaning set forth in Section 17(e).

"Insurance Trust Agreement" has the meaning set forth in Section 17 (e).

"Limited Common Elements" means those Common Elements as shown on the Declaration Plan, described herein or created by operation of § 81-202(b) or (d) of DUCIOA that are for the use of one or more specified Units to the exclusion of other Units, subject to the provisions of Article II hereof.

"Limited Expenses" means the Townhouse Limited Expenses, the Multifamily Limited Expenses and the Single Family Limited Expenses.

"Master Association" means The SEASHORE VILLAS Master Community Association, Inc., its successors and assigns.

"Master Association Documents" has the meaning set forth in the Master Declaration.

"Master Community Assessment" has the meaning set forth in the Master Declaration.

"Master Common Area" has the meaning set forth in the Master Declaration.

"Master Declarant" means DRC Properties, LLC, a Delaware limited liability company, its successors and assigns.

"Master Declaration" means that certain Master Declaration for the Project made by Master Declarant and dated March 9, 2018, as the same may be amended, modified, altered, supplemented, revised or restated from time to time.

"Master Plan" has the meaning set forth in the recitals.

"Mortgage" (whether capitalized or not) means the consensual conveyance or assignment of any Unit or the creation of a consensual lien on any Unit to secure the performance of an obligation. The term "Mortgage" includes a deed of trust, mortgage, assignment, or any other agreement for the purpose of creating a lien to secure an obligation, and also includes the instrument evidencing the obligation.

"Mortgagee" means the holder, insurer or guarantor of a Mortgage.

"Multifamily Limited Common Elements" means those portions of the Property indicated on the Declaration Plan as Multifamily Limited Common Elements, all of which will be allocated and appurtenant exclusively to the Multifamily Units, subject to the provisions of Paragraph 6 hereof.

"Multifamily Limited Expenses" means those Common Expenses attributable solely to those Multifamily Limited Common Elements that the Association is expressly responsible to maintain and repair under this Declaration and are assessed entirely against, and payable by, the Unit Owners of Multifamily Units.

"Multifamily Unit" has the meaning set forth in Section 2.02.

"Notice and Claim of Lien" means all of the notice of lien for Assessments as described and defined in Section 4.08 of this Declaration.

"Occupant" means any Person other than an Owner that (where the context requires) resides on a full or part time basis within the Property, including family members of an Owner, and all of the Owner's guests, tenants, licensees, invitees, occupants, and agents.

"Other Assessments" (whether capitalized or not) means all of the assessments described and defined in Section 4.04(b) of this Declaration.

"Outdoor Living Area" means any unheated area that is part of the Unit and is visible to the public that individuals can use for temporary living, including, but not limited to, patios, decks, balconies and porches.

"Person" (whether capitalized or not) means a natural Person, a corporation, a partnership, limited liability company, a trust, or other legal entity.

"Period of Declarant Control" means the period of time during which Declarant, or persons designated by Declarant, may appoint and remove the officers and members of the Board as more fully set forth in Section 3.03 hereof.

"Period of Master Declarant Control" has the meaning set forth in the Master Declaration.

"Permitted Percentage Increase" means the amount that assessments may be increased by as described and defined in Section 4.03(c) of this Declaration.

"Phase" means each phase of the expandable Condominium consisting of one or more Exception Parcels.

"President", "Vice President", "Secretary", "Assistant Secretary", "Treasurer" or "Assistant Treasurer" refer to the duly elected officers of the Board holding the applicable title.

"Project Documents" has the meaning set forth in the Master Declaration.

"Project-Wide Standard" has the meaning set forth in the Master Declaration.

"Property" means the Buildings, the Land and the Units described in Exhibit A (Land only), and subject to the exclusion of the Exception Parcel, and depicted on the Declaration Plan (from time to time) and all improvements now or hereafter constructed in, upon, over or through such Land, Buildings and Units.

"Recorder's Office" means the Office of the Recorder of Deeds in and for Sussex County, State of Delaware, its successors and assigns.

"Repair and Replacement Reserve Account" has the meaning set forth in Section 8.

"Reserve Study" means an analysis, conducted by one or more independent engineering, architectural, or construction contractors or other qualified persons, performed or updated within the last five years, of the remaining useful life and the estimated cost to replace each separate system and component of the Common Elements, the purpose of which analysis by one or more independent engineering, architectural, or construction contractors or other qualified persons, is to inform the Council and the Association of the Condominium of the amount which should be maintained from year to year in a Fully Funded repair and replacement reserve to minimize the need for special assessments.

"Residential Unit" has the meaning set forth in the Master Declaration.

"Special Assessment" (whether capitalized or not) means all of the assessments described and defined in Section 4.04(a) of this Declaration.

"Special Declarant Rights" means those rights identified herein as Special Declarant Rights and, without limiting the generality of foregoing, includes such rights reserved for the benefit of a Declarant: (i) to complete improvements indicated on the Declaration Plan; (ii) to use easements through the Common Elements for the purpose of making improvements within the Condominium as described herein; (iii) to include the Condominium in the Master Association; and (iv) to exercise any other right defined as a Special Declarant Rights by DUCIOA.

"Special Declarant Rights" means those rights of Declarant reserved in this Master Declaration as Special Declarant Rights in accordance with the requirements of applicable Laws.

"SWM Facilities" has the meaning set forth in the Master Declaration.

"Town" means the Town of Ocean View, Sussex County, Delaware and all applicable Boards, boards, commissions, departments, authorities, and agencies of the municipality.

"Total Units" has the meaning set forth in Recital B.

"Townhouse Limited Common Elements" means those portions of the Property indicated on the Declaration Plan as Townhouse Limited Common Elements, all of which must be allocated and appurtenant exclusively to the Townhouse Units, subject to the provisions of Paragraph 6 hereof.

"Townhouse Limited Expenses" means those Common Expenses attributable solely to those Townhouse Limited Common Elements that the Association is expressly responsible to maintain and repair under this Declaration and are assessed entirely against, and payable by, the Unit Owners of Townhouse Units.

"Townhouse Unit" has the meaning set forth in Section 2.02.

"Unit" means a part of the Condominium designated and intended for independent use, as more specifically described in Article II hereof. The word "Unit" when used in this Declaration, is deemed to refer to each Unit of the Total Units herein described and now or hereafter shown on the Declaration Plan, whether or not such Unit is constructed at the time of the recording of this Declaration, but subject to the terms and conditions hereof governing Units and the time as of which a Unit exists.

"Unit Owner" means and refer to the record owner, whether one or more persons, firms, associations, corporations or other legal entities of the fee simple title to any Unit situated within the Condominium, and their respective heirs, successors and assigns; however, notwithstanding any applicable theory of mortgage, the terms do not mean or refer to Mortgagees of Unit(s), unless and until such Mortgagees have acquired title pursuant to foreclosure proceedings or any other proceeding in lieu of foreclosure. The term "Unit Owner" does not mean or refer to any occupant or other lessee or tenant of a Unit Owner.

"Unit Type" means the type of any Unit relative to the number and configuration of similar Units in a single Building and may be any one of the following: Townhouse Unit.

"Withdrawal Property" means any portion of the Property and otherwise subject to Declarant's Development Rights as set forth in Section 8.09 hereof.

For purposes of construing and enforcing this Declaration, terms defined in this Declaration that are also defined in the Master Declaration have their meaning as set forth therein.

EXHIBIT A-1

PROPERTY

TAX MAP 5-33-12, PARCELS 76.05

All that certain piece, parcel and tract of land lying and being situate in the Baltimore Hundred of Sussex County, Delaware and being more particularly described as follows:

BEGINNING, at a point, said point lying North 14 degrees, 01 minute, 02 seconds West, 273.36 feet, then North 57 degrees, 58 minutes, 57 seconds East, 33.17 feet from the northerly right-of-way of Delaware Route 54 (a.k.a. Lighthouse Road, said road of varying widths), 40 feet from the centerline thereof, said point being a corner for this Parcel and a point on the line of the lands now or formerly of Swann Cove West, LLC., thence from the Point of Beginning, by and with the common boundary between this Parcel and Parcel "B": 1) South 57 degrees, 58 minutes, 55 seconds West, 646.38 feet to a point, said point being a common boundary corner between this Parcel and Parcel "B", thence by and with the line of Parcel "B", 2) South 32 degrees, 01 minutes, 05 seconds East, 218.71 feet to a point on the northerly right of way of Delaware Route 54, 40 feet from the centerline thereof, thence by and with northerly right of way of Delaware Route 54, South 55 degrees, 35 minutes, 39 seconds West, 50.04 feet to a point, point being a corner for this Parcel and a point on the line of lands now or formerly of The State Of Delaware, thence leaving the right of way of Delaware Route 54 by and with the boundary line of lands now or formerly of The State Of Delaware, North 32 degrees, 01 minutes, 05 seconds West, 220.79 feet, to a point, said point being a common boundary corner for this Parcel and lands now or formerly of The State Of Delaware, thence by and with the line of The State Of Delaware the following two (2) courses and distances, 1) South 57 degrees, 58 minutes, 55 seconds west, 23.80 to a point, 2) thence South 72 degrees, 24 minutes, 50 seconds West, 403.99 feet to a point on the easterly right of way of Sussex County Road 381 (S.C.R. 381), 60 foot wide right-of-way and a common boundary corner for this Parcel and lands now or formerly of Sussex County, thence by the easterly right of way of S.C.R. 381, North 18 degrees, 00 minutes, 51 seconds West, 50.00 feet, to a point, said point being a common boundary corner between this Parcel and the lands now or formerly of Leonard and Maria Rodriquez; thence by and with the line of the lands of Rodriquez the following three (3) courses and distances: 1) North 72 degrees, 24 minutes, 50 seconds East, 210.86 feet to a found iron pipe; 2) thence, North 19 degrees, 03 minutes, 07 seconds West, 203.62 feet to a found iron pipe; 3) thence, South 72 degrees, 05 minutes, 29 seconds West, 79.98 feet to a found iron pipe marking the common corner for this Parcel, the lands of Rodriquez and the lands now or formerly of Benjamin and Minnie Singletary; thence by and with the line of Singletary, North 17 degrees, 51 minutes, 32 seconds West, 181.94 feet to a found concrete monument at the common corner for this Parcel, the lands of Singletary and the lands now or formerly of Delaware Electric Cooperative, Inc.; thence by and with the line of the lands of Delaware Electric Cooperative, Inc., North 35 degrees, 26 minutes, 02seconds East, passing a found concrete monument at 610.97 feet and a found 'T' Bar

at 814.34 feet, 828.11 feet to a point, said point being a common corner for this Parcel, the lands of Delaware Electric Cooperative, Inc. and the lands now or formerly of Swann Cove West, LLC; thence by and with the line of the lands of Swann Cove West, LLC, South 40 degrees, 17 minutes, 55 seconds East, 817.07 feet to a point, said point being the Point of Beginning for this description.

Be it noted that this Parcel is encumbered by a 50 foot wide public cross access easement that benefits Parcel "A" and Parcel "B" as shown on the plat referenced below.

This Parcel contains 565,669 square feet, or 12.99 acres of land, more or less, as shown on a plat prepared by Pennoni Associates INC., dated 2/18/2018 and recorded in Plot Book 263 Page 23.

EXHIBIT A-2
ADDITIONAL PROPERTY

None

EXHIBIT B

BYLAWS

Tax Parcel Nos:

Prepared by and Return to:
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958

**BYLAWS
OF
SEASHORE VILLAS CONDOMINIUM COMMUNITY ASSOCIATION, INC.**

GENERAL PROVISIONS

Section 1.1. Name. The name of the association is the SEASHORE VILLAS CONDOMINIUM Community Association, Inc. (the "Association").

Section 1.2. Bylaws. The following provisions constitute the bylaws governing the Association, established pursuant to the Declaration of SEASHORE VILLAS Condominium Community (the "Declaration") and the SEASHORE VILLAS Condominium Community Plan (as defined in the Declaration), both as recorded, or to be recorded, as the case may be, in the Office of the Recorder of Deeds in and for Sussex County, Delaware.

Section 1.3. Definitions. The words used in these Bylaws have the same meaning as set forth in the Declaration and in the Declaration Plan, unless the context clearly states otherwise herein. As used herein, "members" means Unit Owners (as defined in the Declaration).

Section 1.4. References to DUCIOA. Any reference herein to Chapter 81, Title 25 of the Delaware Code, such chapter also being known as the Delaware Uniform Common Interest Ownership Act ("DUCIOA"), or any specified section thereof are deemed to include any applicable amendments thereto made hereafter from time to time.

Section 1.5. Membership. Each of the Unit Owners must be a member of the Association pursuant to the terms of the Declaration.

Section 1.6. Declarant Control. The Period of Declarant Control commences on the date that the Declaration is first recorded in the Recorder's Office and, to the fullest extent permitted by law, will end no later than the earlier of: (i) sixty (60) days after conveyance of

seventy-five percent (75%) of the Units to Owners other than Declarant or any Builder; (ii) two (2) years after Declarant or any applicable Builder has ceased to offer Units for residential purposes for sale in the ordinary course of business; (iii) two (2) years after any right to add new Units to this Declaration was last exercised; or (iv) or the day Declarant, after giving written notice to Unit Owners, records an instrument voluntarily surrendering all rights to control activities of the Association.

ARTICLE II **MEETINGS**

Section 2.1. Place of Meetings. Meetings of the Unit Owners of the Association will be held at the principal office of the Association or at such other suitable place convenient to the Unit Owners as may be designated by the Board of the Association (the "Board"). Meetings are open to all Unit Owners.

Section 2.2. Annual Meetings. An annual meeting of the Unit Owners must be held each calendar year. The annual meeting of the Unit Owners will be held at a date and time as set by the Board.

Section 2.3. Special Meetings. The President may call special meetings of the Unit Owners of the Association. In addition, it is the duty of the President to call a special meeting of the Unit Owners of the Association if so directed by resolution of a majority of the Board or upon a petition signed by Unit Owners having at least twenty (20) percent of the total votes of the Unit Owners.

Section 2.4. Notice of Meetings. It is the duty of the Secretary to mail or to cause to be delivered to each Unit Owner a notice of each annual or special meeting of the Unit Owners stating the purpose of the special meeting, as well as the time and place where it is to be held. The mailing or delivering of a notice of meeting in the manner provided in this Section will be considered service of notice. Except in cases of emergency meetings, notices must be served not less than ten (10) nor more than sixty (60) days before a meeting. The notice of any meeting must contain: (i) a statement of the general nature of any proposed amendment to the Declaration or Bylaws; (ii) a statement that in the absence of objection from any member present at the meeting and holding at least twenty (20%) percent of the total votes of the Unit Owners, the President may add items to the agenda; (iii) any budget changes; (iv) any proposal to remove an officer or member of the Board; (v) either (A) the agenda for the meeting agenda or (B) the website address where the agenda is located; and (vi) any other information that may be required under Section 81-308 of DUCIOA. Notice of meetings may be served by any means described in Section 6.5 hereof. No business may be transacted at a special meeting except for the business described in the notice of such Special Meeting.

Section 2.5. Adjournment of Meetings. If any meetings of the Unit Owners of the Association cannot be held because a quorum is not present, a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the

adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting will be given to Unit Owners of the Association in the manner prescribed for regular meetings.

To the fullest extent permitted by Laws, the Unit Owners of the Association present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Unit Owners to leave less than a quorum, provided that any action taken must be approved by at least a majority of the Unit Owners of the Association required to constitute a quorum.

Section 2.6. Voting. The voting rights of the Unit Owners are as set forth in the Declaration and in these Bylaws. Nothing in these Bylaws must be construed as providing any voting rights to persons not given such voting rights by the Declaration. To the extent that any voting provisions of the Declaration call for voting by more than a majority of votes, such provision controls over these Bylaws with respect to that vote.

Section 2.7. Proxies and Ballots. At all meetings of Unit Owners of the Association, each Unit Owner of the Association may vote in person, by proxy or by ballot. All proxies or ballots must be in writing and filed with the Secretary before the appointed time of each meeting. A form of proxy or written ballot may provide an opportunity to specify approval or disapproval with respect to any proposal.

Section 2.8. Majority. As used in these Bylaws, the term majority means those votes, members, or other group, as the context may indicate, totaling more than fifty (50%) percent of the total number.

Section 2.9. Quorum. Except as otherwise provided in these Bylaws, during the Period of Declarant Control, the presence in person, by proxy or by ballot of Unit Owners entitled to cast at least twenty percent (20%) of the votes of the Unit Owners constitutes a quorum at all meetings of the Unit Owners of the Association. After the Period of Declarant Control, the presence in person, by proxy or by ballot of Unit Owners entitled to cast at least twenty-five (25%) percent of the votes of the Unit Owners of the Association not affiliated with Declarant, constitutes a quorum at all meetings of the Unit Owners of the Association. In addition, ballots solicited in accordance with Section 81-310(f) of DUCIOA and the provisions therein must be delivered to the Secretary of the Association in a timely manner by persons who, together with those persons present in person or by proxy or ballot at the beginning of the meeting, would comprise a quorum for that meeting.

Section 2.10. Conduct of Meetings. The President will preside over all meetings of the Unit Owners of the Association, and the Secretary will keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. The minutes will be made available to all Unit Owners.

Section 2.11. Action without a Meeting. Any action which may be taken by the vote of Unit Owners at a regular or special meeting, except the election of directors, may be taken

without a meeting, whether by ballot or otherwise, as and to the extent permitted by Law. Action may be taken by ballot without a meeting only as follows:

(1) Any action that the Association may take at any meeting of Unit Owners may be taken without a meeting of the Unit Owners if the Association delivers a written or electronic ballot to every Unit Owner entitled to vote on the matter. A ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(2) All solicitations for votes by ballot must: (A) indicate the number of responses needed to meet the quorum requirements; (B) state the percentage of approvals necessary to approve each matter other than election of directors; (C) specify the time by which a ballot must be delivered to the Association in order to be counted, which time may not be less than 3 days after the date that the Association delivers the ballot; and (D) describe procedures (including time and size and manner) by when Unit Owners wishing to deliver information to all Unit Owners regarding the subject of the vote may do so.

(3) Approval by the ballot is valid only if: (A) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing action; and (B) the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes by ballot.

ARTICLE III **BOARD OF DIRECTORS**

Section 3.1. Governing Body; Composition. The affairs of the Association are governed by the Board, as defined in the Declaration. During the Period of Declarant Control, the Board will have three (3) directors who may all be appointed by Declarant.

a. Following the Period of Declarant Control, members of the Board must be increased from three (3) to five (5) directors, each of whom must be elected in accordance with this Article III and the Declaration.

b. Except as otherwise provided in Section 3.1(a) above, following the Period of Declarant Control, a majority of the directors must be Unit Owners or natural Persons who are trustees, managers, members, directors, officers or general partners of Unit Owners that are not natural Persons.

c. Each director of the Board has one (1) vote.

Notwithstanding the foregoing, during the Period of Declarant Control, (A) not later than 60 days after conveyance of 25% of the Units that may be created to Unit Owners other than Declarant or any Builder, at least one director and not less than 25% of the directors of the Board must be elected by the Unit Owners other than Declarant, and (B) not later than 60 days after conveyance of 50% of the Units that may be created to Unit Owners other than Declarant or any Builder, at least one director and not less than 33 1/3 % of the directors of the Board must be elected by the Unit Owners other than Declarant.

Section 3.2. Nomination of Directors. During the Period of Declarant Control the directors of the Board may be appointed by Declarant. To the extent Members are entitled to elect a director of the Board during the Period of Declarant Control, such election must occur pursuant to a written action under Section 2.11 of these Bylaws. Except as otherwise provided in these Bylaws, at the first annual meeting of Members following the Period of Declarant Control and at each annual meeting thereafter, the Members will elect the directors of the Board (including any additional or replacement directors) who are eligible for election that year and each of whom will hold office for their applicable term or until his or her successor is duly elected and qualified, subject to such director's earlier death, resignation, disqualification or removal. At such election, Members may cast as many votes as they are entitled to exercise under the provisions of the Declaration and these Bylaws for the election of such number of directors as the Members are entitled to elect at such meeting. The persons receiving the largest number of votes for each vacancy will be elected. Voting for directors may be by written ballot.

Section 3.3. Election and Term of Office. The term for those elected to serve in accordance with the Declaration and these Bylaws is [one (1) year]. Any director may resign at any time upon notice to the Association.

Section 3.4. Removal of Board Members. Notwithstanding any other provision of the Declaration or these Bylaws, a director who has been appointed by Declarant pursuant to the Declaration or these Bylaws may only be removed by Declarant, in its sole discretion. Subject in all respects to the provisions of Section 3.05 of the Declaration, following the Period of Declarant Control, at any regular or special meeting of the Members duly called, any one or more of the directors, other than those directors who are appointed by Declarant pursuant to the Declaration or these Bylaws, may be removed, with or without cause, by a vote of two thirds (2/3) of the total votes of all Members, and a successor may then and there be elected by majority vote of the Unite Owners present at the meeting, to fill the vacancy thus created. A director whose removal has been proposed must be given at least fourteen (14) days notice of the calling of the meeting and the purpose thereof and must be given an opportunity to be heard at the meeting. Additionally, any director who has three (3) consecutive unexcused absences from Board meetings may be removed by a majority vote of the directors at a meeting of the Board without a quorum being present. Any director who is delinquent in the payment of an assessment for more than twenty (20) days or has otherwise breached any other financial covenant under the Declaration which has not been cured in accordance with any applicable cure period set forth in the Declaration will be deemed automatically removed from the Board without further action by the Board or the Unit Owners. Notwithstanding the foregoing, the process of removal of elected (but not appointed) directors must be as provided in Section 81-323 of DUCIOA, as the same may be amended.

Section 3.5. Vacancies. During the Period of Declarant Control, vacancies in the Board may be filled by appointment by Declarant. Following the Period of Declarant Control, vacancies in the Board caused by any reason, excluding the removal of a director of the Board by vote of the Members of the Association, may be filled by a vote of the majority of the remaining directors of the Board, even though less than a quorum, at any meeting of the Board. Each Person so elected will serve the unexpired portion of the vacated term.

Section 3.6. Organizational Meetings. The first meeting of the Board following each annual meeting of the Members will be held within twenty (20) days thereafter at such time and place as may be fixed by the Board.

Section 3.7. Regular Meetings. Regular meetings of the Board may be held at such time and place as may be determined from time to time by a majority of the Board, but at least four (4) such meetings must be held during each Fiscal Year with at least one (1) per quarter. Notice of the time and place of the meeting must be posted at a prominent place and must be communicated to directors not less than fourteen (14) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. The notice of any meeting must contain an agenda for that meeting. The Board may meet in a telephonic or video conference call or interactive electronic communication process provided that: (i) the meeting notice must indicate that the meeting is to be a telephonic, video or other conference call and, if not a meeting in executive session, provide information as to how directors may participate in the conference call directly or by meeting at a central location or conference connection; and (ii) the process must provide all directors the opportunity to hear the discussion and offer comments to the extent required by applicable Laws.

Section 3.8. Special Meetings. Special meetings of the Board may be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) directors. The notice must specify the time and place of the meeting and the nature of any special business to be considered. The notice must be given to each director by any means described in Section 6.5 hereof or by telephone communication, either directly to the director or to a Person at the director's office who would reasonably be expected to communicate such notice promptly to the director. All such notices must be given or sent to the director's address or telephone number as shown on the records of the Association. Notices must be given at least fourteen (14) days before the time set for the meeting, except in the event of emergency. In case of emergency, notices given by personal delivery, telephone, or e-mail must be delivered, telephoned, or e-mailed at least twenty-four (24) hours before the time set for the meeting and a notice of that meeting must be posted at a prominent place not less than twenty-four (24) hours prior to the scheduled time of the meeting.

Section 3.9. Notice to Members. After the Period of Declarant Control, except when a schedule of meetings has been distributed to Members of the Association that identifies the board meeting in question or in cases of emergency meetings or executive sessions that may be held without prior notice, the Secretary will cause notice of any regular or special meeting of the Board to be delivered to each Member in accordance with Section 6.5 hereof 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 the directors). The notice must state the time and place of the meeting and the items on the agenda, including to the fullest extent required by applicable Laws, an opportunity for Members to offer comments to the Board regarding any matter affecting the Association. In the event such meeting is held via a telephonic or video conference call or interactive electronic communication process, the notice to Members 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 Members may participate in the conference directly or by meeting at a central location or conference connection. If any materials are distributed to the

Board before the meeting, the Association must at the same time make copies of those materials reasonably available to Members of the Association, except that the Association need not distribute copies of unapproved minutes or materials that are to be considered in executive session.

Section 3.10. Waiver of Notice. The transactions of any meeting of the Board however called and noticed or wherever held, will be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting will also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.11. Quorum of Board. At all meetings of the Board, a majority of the directors constitute a quorum for the transaction of business, and, except as otherwise provided in the Declaration or these Bylaws, the votes of a majority of the directors present at a meeting at which quorum is present constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.12. Compensation. No director may receive any compensation from the Association for acting as such.

Section 3.13. Conduct of Meetings. The President will preside over all meetings of the Board, and the Secretary will keep a minute book of the Board, recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The minutes must be made available to all members of the Association.

Section 3.14. Open Meetings. During the Period of Declarant Control, the Members do not have any rights to attend any meetings of the Board or receive notice thereof except as required by DUCIOA. Following the Period of Declarant Control, except as otherwise provided in the Declaration, these Bylaws or as permitted by Delaware law, all meetings of the Board are open to all Unit Owners, but Unit Owners that are not also serving as directors may not participate in any discussion or deliberation unless expressly so authorized by the Board or as otherwise required by applicable Law.

Section 3.15. Executive Session. The Board may, with approval of a majority of the directors of the Board, convene, or adjourn and reconvene, a meeting in executive session for purposes of (i) consulting with the Association's lawyer regarding, or Board discussion of, litigation, mediation, arbitration or administrative proceedings or any contract matters; (ii) labor or personnel matters; (iii) discussing matters relating 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 (iv) discussion of any complaint from or alleged violation by a Member, when the Board determines that public knowledge would violate the privacy of such Unit Owner.

Section 3.16. Action without a Formal Meeting. Subject in all respects to the provisions of the Declaration and these Bylaws, any action that may be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all the directors of the Board. Notwithstanding anything in the Declaration or Bylaws to the contrary, after termination of the Period of Declarant Control, the Board may not take the following actions without a formal meeting: (i) adopt an Association Rule, the Assessments budget or any Assessment, (ii) impose a fine or take action to enforce the Declaration, Bylaws or rules, (iii) buy or sell real property, (iv) borrow money, (v) contract for any sum greater than one (1%) percent of the Association's annual budget, or (vi) any other action so prohibited under Section 81-308A(f) of DUCIOA.

Section 3.17. Powers. The Board is responsible for the affairs of the Association and has all the powers and duties set forth in the Condominium Documents (as defined in the Declaration) or otherwise necessary or appropriate for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Condominium Documents directed to be done and exercised exclusively by the members.

In addition to the powers granted and duties imposed by any resolution of the Board of the Association that may be hereafter adopted, the Board has the power to and be responsible for the following, in way of explanation, but not limitation:

- a. after the Period of Declarant Control, preparation and adoption of an annual budget in accordance with the requirements of applicable Law and of the Declaration;
- b. levying Annual Assessments, as defined in the Declaration and for purposes set forth in the Declaration; establishing the means and methods of collecting such Assessments; establishing any grace periods for payment without penalty and establishing any lesser periods of installment payments of the Annual Assessments (unless otherwise determined by the Board, the Annual Assessments may be payable in one annual payment to be due and payable in advance on January 1 of each year); determining the amount of the Annual Assessment, provided that that any increase in the amount of such assessment by more than the Permitted Percentage Increase (as defined in the Declaration) must first be approved by a majority vote of the members subject to such increase;
- c. levying Special Assessments, as defined in the Declaration and for purposes set forth in the Declaration, provided that such Assessments have been approved by a majority vote of the members subject to such Assessments; establishing the means and methods of collecting such assessments; establishing any grace periods for payment without penalty and establishing any lesser periods of installment payments of such Assessments;
- d. providing for the operation, care, upkeep, and maintenance of the Common Elements and entering into contracts therefor;
- e. designating, hiring, and dismissing the personnel necessary for the administration, operation, maintenance, repair, and replacement of the Association, its property, and the Common Elements, and, where appropriate, providing for the compensation of such

personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

f. collecting the Assessments, depositing the proceeds thereof in a bank depository which the Board has approved, and using the proceeds to administer the Association in accordance with the Declaration;

g. making and amending Association Rules and Regulations governing the use and operation of the Property and the Common Elements in accordance with the Condominium Documents;

h. opening of bank accounts on behalf of the Association and designating the signatories required;

i. making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Elements, in accordance with the other provisions of the Declaration and these Bylaws, after damage or destruction by fire or other casualty;

j. enforcing by legal means the provisions of the Condominium Documents and bringing any proceedings which may be instituted on behalf of or against the members concerning the Association or the Property;

k. obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

l. paying the cost of all services rendered to the Association or the members and not chargeable to members;

m. keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred, the said books and vouchers accrediting the entries thereupon to be made available for examination by the members and Mortgagees, their duly authorized agents, accountants or attorneys, during general business hours on working days at the time and in a manner that is set and announced by the Board for the general knowledge of the Unit Owners and all books and records to be kept in accordance with generally accepted accounting practices;

n. making available to any prospective purchaser of a portion of the Property, any member, any Eligible Mortgagee, and the holders, insurers, and guarantors of a Mortgage on any portion of the Property, current copies of any applicable Condominium Documents related to the Property, and all other books, records, and financial statements of the Association;

o. permitting utility suppliers to use portions of the Common Elements reasonably necessary to the ongoing development or operation of the Property;

p. entering into financings and other borrowing pursuant to Section 3.19 of these Bylaws; and

Section 3.18. Management Agent.

a. As provided in Section 6.01(d) of the Declaration, the Board may employ for the Association a professional management agent or manager at a compensation established by the Board to perform such duties and services as the Board may authorize from time to time. The Board may delegate to the managing agent or manager, subject to the Board's supervision, all the powers granted to the Board by these Bylaws, other than the powers set forth in subsections (a), (b), (c), (g), (h) and (j) of Section 3.17 of this Article III. Declarant, or an Affiliate of Declarant, may be employed as managing agent or manager.

b. No management contract may have a term in excess of three (3) years and must permit termination by either party without cause and without termination fee on ninety (90) days or less written notice.

c. The Board must delegate to a committee of the Board or a member of the Board the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

Section 3.19. Borrowing. The Board has the power to borrow money for the purpose of repair or restoration of the Common Elements all without the approval of the members of the Association; provided, however, the Board must obtain approval of the majority vote of the Members of the Association in the event that the proposed borrowing exceeds or would exceed twenty (20%) percent of the Annual Assessment of the Association for the then-current Fiscal Year. The Board, by a two-thirds vote in accordance with the Bylaws, has the right and power to assign and pledge all revenues to be received by the Association, including, but not limited to, Annual Assessments, in order to secure the repayment of any sum borrowed by the Association.

Section 3.20. Hearing Procedure. Except as specifically permitted by the Declaration and by applicable Laws, the Board may not impose a fine, charge, or monetary penalty, or infringe upon any other rights of a Unit Owner or other Occupant for violations of the Declaration or promulgated Association Rules, unless and until the following procedure is followed:

a. Written demand to cease and desist from an alleged violation must be served upon the alleged violator specifying:

- (1) the alleged violation;
- (2) the action required to abate the violation; and
- (3) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

b. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the

same rule is subsequently violated, the Board or its delegate may serve the violator with written notice of a hearing to be held by the Board or the Covenants Committee (defined below) in executive session. The notice must contain:

- (1) the nature of the alleged violation;
- (2) the time and place of the hearing, which time may not be less than ten (10) days from the giving of the notice;
- (3) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and
- (4) the proposed sanction to be imposed.

c. The hearing must be held in executive session by the Covenants Committee (as defined hereinafter), or the Board acting as Covenant Committee, pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard must be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent of the Association (which may include a member of the Covenants Committee or the managing agent or manager appointed by the Board) who delivered such notice. The notice requirement will be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting must contain a written statement of the results of the hearing and the sanction, if any, imposed.

d. Following a hearing before the Covenants Committee, the violator hasve the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the President or Secretary of the Association, or by the managing agent or manager appointed by the Board, within thirty (30) days after the date the minutes of such hearing, as required in Section 3.20(c) hereof, are sent to the alleged violator pursuant to Section 6.5 hereof.

ARTICLE IV **OFFICERS**

Section 4.1. Officers. The officers of the Association will be a President, Vice President, Secretary, and Treasurer. The Board may elect such other officers, including one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers, as it may deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two or more offices may be held by the same Person, excepting the offices of President and Secretary. The President and Treasurer must be elected from among the Board. The initial officers of the Association are:

Preston L. Dyer
Gary McCrea
Mason T. Dyer

President
Vice President
Treasurer and Secretary

Section 4.2. Election: Term of Office and Vacancies. Notwithstanding any other provision of the Bylaws to the contrary, during the Period of Declarant Control, the officers of the Association may be appointed, removed and replaced by Declarant. After the Period of Declarant Control, the officers of the Association must be elected annually by the Board at the first meeting of the Board following each annual meeting of the Unit Owners, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 4.3. Removal. Any officer may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby.

Section 4.4. Powers and Duties. The officers of the Association will each have such powers and duties as generally pertain to their respective offices under applicable Law, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board. The President is the chief executive officer of the Association. The Treasurer has primary responsibility for the preparation of the budget and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both. The President or any Vice President or any Secretary or Assistant Secretary each has the authority to prepare, execute, certify, and record any amendments to the Declaration or other Project Documents made by or on behalf of the Association.

Section 4.5. Resignation. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation is not necessary to make it effective.

Section 4.6. Agreements, Contracts, Deeds, Leases, Checks. All agreements, contracts, deeds, leases, checks, and other instruments of the Association must be executed by the President or any other officer or by such other Person or persons, including the management agent or manager, as may be designated by resolution of the Board.

ARTICLE V **COMMITTEES**

Section 5.1. Committees. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Board present at a meeting at which a quorum is present are hereby authorized, including by way of example and not by limitation, a finance committee, a grounds committee and a covenants committee. Such committees perform such duties and have such powers as may be provided in the resolution. Each committee will be composed as required by law and will operate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board. The Board may, to the fullest extent permitted by Laws, delegate any power and authority of the Board to one or more committees duly established by the Board.

Section 5.2. Covenants Committee. The Board may appoint a covenants committee consisting of at least three (3) and no more than five (5) members (the "Covenants Committee"). Acting in accordance with the provisions of the Declaration, these Bylaws, and rules or

resolutions the Board may adopt, the Covenants Committee is the hearing tribunal of the Association. In the absence of a Covenants Committee, the Board may act in such role for purposes of being the hearing tribunal of the Association.

ARTICLE VI MISCELLANEOUS

Section 6.1. Fiscal Year. The initial fiscal year of the Association must be the [calendar year] unless otherwise amended by resolution of the Board.

Section 6.2. Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (then current edition) govern the conduct of Association proceedings when not in conflict with Delaware Law, the Declaration, or these Bylaws.

Section 6.3. Conflicts. If there are conflicts or inconsistencies between the provisions of Delaware Law, the Declaration, and these Bylaws, the provisions of Delaware Law, the Declaration, and these Bylaws (in that order) prevail.

Section 6.4. Books and Records.

a. The membership register, books of account, and minutes of meetings of the Unit Owners, the Board, and committees of the Board and other records required to be maintained by the Association pursuant to Section 81-318(a) of DUCIOA must be made available for inspection and copying by any member of the Association or by his or her duly authorized agent during reasonable business hours and for a purpose requested in good faith and reasonably related to his or her interest as a Unit Owner at the office of the Association or at such other place as the Board may prescribe. Any such request is to be made by at least five (5) days prior written notice to the Secretary reasonably identifying the purpose of the request and the specific records of the Association so requested.

b. The Board may establish reasonable rules with respect to:

- (1) notice to be given to the custodian of the records by the Unit Owner desiring to make the inspection;
- (2) hours and days of the week when such an inspection may be made; and
- (3) payment of the cost of reproducing copies of documents requested by a Unit Owner.

c. 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 Declaration, these Bylaws or Association Rules;
- (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 Laws;
- (7) Meeting minutes or other confidential records of an executive session of the Board;
- (8) Individual Unit Owner files other than those of the requesting Unit Owner.

An attorney's files and records relating to the Association are not records of the Association and are not subject to inspection or to production in a legal proceeding for examination by Unit Owners.

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

Section 6.5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws must be in writing and will be deemed to have been duly given if delivered by hand or if sent by prepaid United States mail or if sent by registered or certified mail, return receipt requested, first class postage prepaid or if by electronic means (if the addressee has given the Association prior written authorization to use such means together with the addressee's electronic address):

a. if to a Unit Owner, at the address which the Owner has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Units, as applicable, of such Unit Owner; or

b. if to the Association, the Board, or a managing agent or manager, at the principal office of the Association or the managing agent or manager, if any, or at such other address as is designated by a notice in writing to the Unit Owners pursuant to this Section.

Section 6.6. Amendment. The Unit Owners may amend these Bylaws by majority vote. During the Period of Declarant Control, Declarant may amend these Bylaws without the consent of any other Person, in its sole discretion. No amendment to the Bylaws that would

render the Bylaws contrary to or inconsistent with any mandatory requirements of DUCIOA is valid.

Section 6.7. Indemnification. The Association will indemnify every officer and Board director against any and all expenses, including counsel fees, reasonably incurred by, or imposed upon, any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding if approved by the then Board) to which he or she may be a party by reason of being or having been an officer or Board director. The officers and Board directors will not be liable for any mistake of judgment, negligent or malfeasance, misconduct, or bad faith. The officers and directors will have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association will indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein will not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. This obligation of the Association is a common expense and, to the extent necessary, will be funded by Special Assessment, which will be exempt from the approval requirement of Section 4.04(a) of the Declaration.

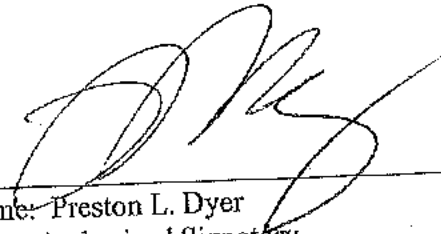
[Signature Page Follows]

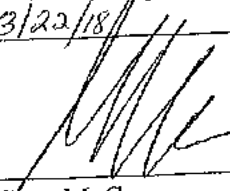
We, the undersigned, being all the directors of the Board of the SEASHORE VILLAS Condominium Community Association, Inc., we do hereby certify:

That we are entitled to exercise all the voting power of the Board on behalf of the Association; and

That we hereby assent to these Bylaws and hereby adopt the same as the Bylaws of the Association.

Made this 22nd day of March, 2018.


Name: Preston L. Dyer
Title: Authorized Signatory
Dated: 3/22/18


Name: Gary McCrea
Title: Authorized Signatory
Dated: 3/22/18


See attached
Name: Mason T. Dyer
Title: Authorized Signatory
Dated: _____

We, the undersigned, being all the directors of the Board of the SEASHORE VILLAS Condominium Community Association, Inc., we do hereby certify:


That we are entitled to exercise all the voting power of the Board on behalf of the Association; and

That we hereby assent to these Bylaws and hereby adopt the same as the Bylaws of the Association.

Made this 22nd day of March, 2018.


Name: Preston L. Dyer
Title: Authorized Signatory
Dated: _____

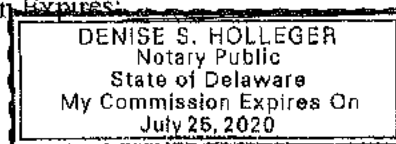
See attached
Name: Gary McCrea
Title: Authorized Signatory
Dated: _____


Name: Mason T. Dyer
Title: Authorized Signatory
Dated: 3/22/18

STATE OF Delaware)
)ss
COUNTY OF Sussex)

The foregoing instrument was acknowledged before me this 22nd day of March, 2018,
by Preston L. Dyer, Authorized Signatory.

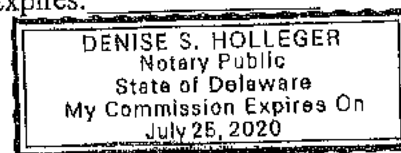
Denise S. Holleger
Notary Public
Name: _____
My Commission Expires: _____



STATE OF Delaware)
)ss
COUNTY OF Sussex)

The foregoing instrument was acknowledged before me this 22nd day of March, 2018,
by Gary McCrea, Authorized Signatory.

Denise S. Holleger
Notary Public
Name: _____
My Commission Expires: _____



STATE OF Delaware)
)ss
COUNTY OF Sussex)

The foregoing instrument was acknowledged before me this 22nd day of March, 2018,
by Mason T. Dyer, Authorized Signatory.

Denise S. Holleger
Notary Public
Name: _____
My Commission Expires: _____

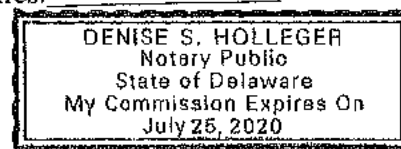


EXHIBIT C-1
PERCENTAGE INTERESTS

<u>Unit Designation</u>	<u>Percentage</u>
-------------------------	-------------------

Unit 4	33.33%
--------	--------

Unit 5	33.33%
--------	--------

Unit 6	33.34%
--------	--------

Total Units: 3

Total Percentage Interest: 100%

EXHIBIT C-2

PROPOSED PERCENTAGE INTERESTS OF ALL UNITS

Units	Percentage Interest
1-87	1.1494% to 1.15%

EXHIBIT D

**SEASHORE VILLAS CONDOMINIUM COMMUNITY
SAMPLE
ASSOCIATION RULES**

The Board of SEASHORE VILLAS Condominium Community (the "Condominium"), pursuant to the powers granted to the Board under that certain Declaration of Condominium for the Condominium, dated March 9, 2018 made by DRC Properties, LLC, a Delaware limited liability company, and the Bylaws adopted by the Board on March 9, 2018, as recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware, as Instrument Nos. TBD, does hereby adopt the following Association Rules governing the conduct of all Unit Owners.

1. Vehicles.

(a) Automobiles and any other permitted vehicles may be parked only within a designated parking area and within the painted lines of a designated parking space. No vehicle may park, stop or stand along the side or in the middle of any entrance or exit driveway or within a parking area so as to impede or prevent ready access to and from any other vehicle or parking space. No inoperable or unlicensed vehicle may be parked within the condominium project for more than forty-eight (48) hours. The Board has the right to cause any vehicle not conforming with these regulations to be relocated or removed, as necessary, at the offending owner's expense and without liability for damage caused to such vehicle.

(b) No camper, trailer, truck, boat, snowmobile, mechanical toboggan, machinery or other type of vehicle, other than a private passenger automobile, van, station wagon, or pickup truck, may be parked anywhere on the Property.

(c) All parking regulations posted or promulgated by the Board from time to time for the safety, comfort and convenience of the Unit Owners must be strictly obeyed.

(d) No Unit Owner or Occupant may cause or permit the blowing of any horn or screeching of any tires from any vehicle in which the family, tenants, employees, guests or invitees of such Unit Owner or Occupant are be passengers or drivers, approaching or upon any of the driveways or parking areas serving the Condominium, except as may be required for the safe operation of such vehicle.

(e) No vehicle may be repaired, tuned or otherwise mechanically serviced or attended (except for changing a flat tire), washed, polished, waxed, vacuumed or otherwise cleaned (except for removal of snow and the clearing of ice, snow and dirt from the windshields) on the Property.

2. Grounds and Walks.

(a) No Unit Owner or Occupant may till, seed, plant, cultivate, roll, cut, trim, edge, water, fertilize or otherwise treat the Land or plantings thereon, or cause or permit same to be done, except in accordance with the instructions issued from time to time by the Board or,

in the absence of applicable instructions, except with the Board's permission. Nor may any Unit Owner or Occupant cause or permit any walks to be salted, wetted, obstructed or used other than for ingress and egress except as may be otherwise permitted or directed by instructions of the Board. Each Unit Owner and Occupant, and their respective employees and guests must refrain from littering the Common Elements.

(b) No signs, lamp posts, fences, birdbaths, tents, trailers or other improvements may be created or placed upon the Property except pursuant to the Board's unanimous written permission or an otherwise expressly authorized by applicable law. No fences or enclosures, walks or curbs which are part of the Condominium may be painted, written or drawn upon, used to mount a sign, removed, marked or otherwise defaced. Lawn chairs, tables, barbecues, game equipment, toys and such other items may be placed upon the grounds only at such times and places as the Board may from time to time prescribe and must be removed from the grounds when not in use unless otherwise permitted, in writing, by the Board. No unenclosed Common Elements, whether General Common Element or Limited Common Element, may be used for the storage of bicycles, sleds, baby carriages, baby pens, lawn furniture, ladders, tools, toys or any other articles of whatever nature without the prior written permission of the Board.

(c) No fires may be caused or permitted on the Condominium grounds. No activity may be carried on upon the Condominium grounds that is likely to cause unreasonable wear and tear to the grounds or damage to the landscaping.

(d) Children are not be permitted to loiter or play in hallways, lobbies, entrances, stairways, elevators, roof or in the parking areas or drives.

(e) All garbage and other refuse must be kept out of sight in tightly-covered waterproof containers. Each Unit Owner or Occupant must take all reasonable steps to prevent such containers and the contents thereof from omitting odors that annoy any other Unit Owner or occupant. Garbage and other refuse from within each Unit must be deposited with care in the garbage chute or receptacles intended for such purposes only at such items and in such manners as Board directs Disposal of garbage and other refuse from within each Unit must be done no less frequently than weekly and in accordance with such procedures as the Board from time to time specifies

3. Pets. Pets must be held on a leash or carried in Common Elements; they must be taken only on the service elevator (unless it is out of use); they must enter and exit only through the basement or rear exit off the service elevator area; pets are not permitted in the lobby area. No pets of more than twenty (20) pounds are permitted on the Property. A maximum of two (2) pets are permitted to reside in a Unit.

4. Unit Exteriors.

(a) Except as otherwise expressly authorized by applicable law, no Unit Owner or Occupant may cause or permit any sign to be displayed on or from, or any rug, laundry, aerial, fan, air conditioner, wire or other object to hang or protrude from, any window, door or balcony. All draperies must be lined with a white or off-white liner and placed a

minimum of three inches from any electrical heater and one inch from any floor covering. All screens or screening not installed by Declarant are subject to the Board's prior written approval as to appearance, design, material and manner of installation. No shades, awnings, window guards or any enclosure may be used except with the Board's prior written approval. Except as otherwise expressly authorized by applicable law, or as otherwise permitted under the Declaration, no sign or other object may be displayed on any wall or rooftop without the Board's prior written approval. The foregoing does not prohibit the display of customary holiday decorations, subject to such specific limitations on type, manner of display and duration as the Board may from time to time fix and determine.

(b) No rugs may be beaten on patios, balconies or outdoor living areas, nor may dust, rubbish or litter be shaken, swept or thrown from any window, door, patio, balcony or outdoor living area. No laundry may be aired from any balcony or on any Common Element.

(c) No bicycles, toys, barbeque sets, tires, tools, ladders or any other items may be stored or left on any balcony or unenclosed patio without the Board's prior written permission, except outdoor tables and chairs may remain set up on such balconies and unenclosed patios for such time as they are actively and actually in use, subject to such regulation as the Board may from time to time issue.

(d) Except as otherwise permitted under the Declaration, no balcony or patio may be enclosed or covered in any manner whatsoever, including without limitation by installation of awnings or otherwise, without the prior written consent of Board.

(e) No barbequing or other form of cooking is permitted on any balcony or patio on the second story of a Building or higher, or on any portion of the Common Elements.

(f) Notwithstanding the foregoing limitations, the right is expressly reserved and retained by Declarant or its agents to place "For Sale" or "For Rent" signs on any unsold or unoccupied Units or at suitable places in the Common Elements, including, but not limited to, the sales office, and the right is hereby given to any Mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such Mortgagee.

5. Unit Interiors.

(a) No Unit Owner or Occupant may place such Unit Owner or Occupant's name or any sign, add or notice in any common area or in any Common Element or on any door except as provided on a mailbox furnished for use by such Unit Owner or Occupant. No Unit Owner may paint, decorate or adorn any interior Common Element except pursuant to rules of the Board governing holiday decorations. All entrances and exits, foyers, corridors, stairwells and landings must be kept free of all objects whatsoever except such furnishings as may belong to all Unit Owners in common and have been placed in the Building by Declarant or Board as an accessory thereto.

(b) No refuse may be carried though, over or across any Common Element area except in a water-tight bag or other container adequate to keep the refuse from offending the sensibilities of other Unit Owners, occupants and guests and from soiling the common area. No dust or dirt may be shaken, swept or otherwise dropped or deposited in any common area. Any

and all damage to the Common Element areas and all extraordinary cleaning required as a result of any activity undertaken by a Unit Owner or others acting on behalf of a Unit Owner or an occupant of such Unit Owner, must be paid by the Unit Owner or occupant responsible for causing same.

(c) No Unit Owner, Occupant or guest may loiter about or play in any hall, corridor, lobby, foyer, stairwell, landing, elevator, or other interior Common Element area. No pet is allowed in any interior Common Element area except close-leashed or carried. No pet or child is permitted to soil the interior Common Element areas, and all accidental soiling must immediately be cleaned by the Unit Owner or occupant responsible therefor and reported to the Board.

(d) No Unit Owner or Occupant may cause or permit the moving of furniture or equipment through the Building without having first arranged for such moving with the Board or its duly authorized agent. Such move must be in accordance with the regulations and directions, if any, of the Board,

(e) Without the prior permission of the Board, no contractor or workman employed by a Unit Owner is permitted to do any work in any Unit (except for emergency repairs) between the hours of 4:00 p.m. and 9:00 a.m., or on Saturday, Sunday or legal holidays if such work is likely to disturb other Unit Owners. All contractors and vendors are to be licensed and insured. Certificates are to be presented to the management office, prior to commencement of any work. No major renovation, structural, plumbing, or electrical work may be performed in a Unit, prior to submitting a written description, and if applicable, an architectural-plan to the management office for approval.

(f) No unlawful use may be made of a Unit or any other portion of the Property and all valid laws, zoning ordinances and regulations of all governing bodies having jurisdiction thereof must be observed.

6. Noise. No Unit Owner or Occupant may play or be allowed to play any musical instrument, radio, television, phonograph, sound movie projector, tape recorded or like device, or practice singing or vocal exercises, or use any tool or engage in any noisy activity earlier in the morning than eight o'clock (8:00 a.m.), Monday through Saturday inclusive, and eleven o'clock (11:00 a.m.) Sunday, or later in the evening than eleven o'clock (11:00 p.m.) Sunday through Thursday, and twelve o'clock midnight (12:00 a.m.) Friday and Saturday, or for longer (except for television, radio or phonograph) than three hours in any given day, if the same is likely to annoy any Unit Owner or Occupant of any other Unit. No Unit Owner may engage in any altercation at any time or otherwise shout, yell or disturb the peace if the same is likely to annoy any Unit Owner or the Occupant of any other Unit. Television, radio and other electrical devices subject to volume control may not be played above moderate levels if any Unit Owner or Occupant objects.

7. Cleanliness. All Unit Owners and Occupants are responsible for the cleanliness of their respective Units. The cost of exterminating any rodent or insect infestations resulting from the uncleanness of any Unit will be charged to the Unit Owner of that Unit.

8. Water and Plumbing.

(a) Water may not be left running any unreasonable or unnecessary length of time in any Unit. Use of water for any purpose other than necessary human consumption is subject to regulations and limitation by the Board.

(b) Toilets and drains may be used for no other purpose than that for which they were designed. No sweepings, rubbish, rags, papers, ashes or other substances may be deposited therein. Any repairs necessitated by the misuse of such facilities will be charged to the Unit Owner of the offending Unit.

(c) No Unit Owner or Occupant may cause or permit any tampering with, alteration to or new connection into any water or sewer pipe without the prior written consent of Board.

9. Equipment and Installation. No Unit Owner or Occupant may tamper or interfere with or attempt to repair, alter or make a connection with any electrical or other cable, line, pipe, apparatus or equipment without the prior written consent of Board. Before installing and operating any machinery, refrigerating or heating device, washing machine, dryer, air conditioning or other equipment not installed by Declarant and before using any illumination other than electric light or decorative candles, each Unit Owner and Occupant intending to install or operate the same, in each and every instance, obtain the prior written consent of the Board. All appliances and electrical equipment of any kind and all appliances of every kind, however powered, installed or used in a Unit must comply with all rules, requirements, regulations and recommendations of all public authorities and boards of fire underwriters having jurisdiction.

10. Explosives and Inflammables. No explosive or highly inflammable material may be brought into any portion of the Condominium except under the supervision of the Board.

11. Keys to Units. The Board is entitled to possession of one key to each Unit for use during emergencies. No Unit Owner or Occupant may change any lock or install any additional lock to the entrance to such Unit Owner's Unit without the Board's prior written permission and without delivering a key for such changed or additional lock to the Board.

12. Sales. No garage sale or form of auction sale may be held on the Property.

13. Increased Risk. No Unit Owner may do, or permit to be done in such Unit Owner's Unit, or bring or keep, or permit to be brought or kept, anything therein that are likely in any way to increase the risk of fire to the Condominium or the rate of fire insurance assessed to the Board or any Unit Owner with reference to the Condominium, or obstruct or interfere with rights of other Unit Owners, or in any way injure them, or conflict with the laws relating to fire or with the regulations of the Fire Department or with any insurance policy carried by the Board or conflict with any of the rules and ordinances of the Board of Health or with any statute or municipal by-law.

14. Swimming Pool. Use of the swimming pool or other recreational facilities is regulated in accordance with rules and regulations of the Board posted in such areas.

15. Flooring. Any Unit floor area not covered by carpets that be covered by the Unit Owner at the Unit Owner's expense by the installation of a noise reduction system approved by the Board. Such system must be substantially similar to the original construction and installation and must be of first class quality.

16. Nuisance. No use, practice or condition which, in the judgment of the Board, constitutes a nuisance or unreasonably interferes with the peaceful use and enjoyment of the Condominium by Unit Owners or Occupants, or their guests or invitees may be introduced or maintained (or permitted to be introduced or maintained) by any Unit Owner or Occupant within any Unit or on any other portion of the Condominium. By way of illustration, and not by way of limitation: (i) a nuisance use includes any use that is unlawful and any use that results in unreasonable or untimely noise or vibration, objectionable odor, pest infestation, a threat to the health or safety of persons, or an unreasonable risk of damage to property; (ii) a nuisance practice includes any activity or omission that presents an unreasonable risk of the defined results hereinabove ascribed to a nuisance use, or results in a nuisance condition; and (iii) a nuisance condition includes any condition that presents an unreasonable risk of the defined results hereinabove ascribed to a nuisance use, and, by way of further illustration, would include a significant or unreasonable accumulation of garbage or refuse, human or animal waste or bodily fluids, caustic or explosive substances, poisons, fungus or mold. In the event that any Unit Owner or Occupancy does not promptly abate a violation of this rule, the Board is entitled to take any or all actions described in the Bylaws or the Declaration.

17. Miscellaneous.

(a) No employee of the Board or manager will be requested or required by any Unit Owner to perform any personal service for any Unit Owner not in the line with the duties prescribed for such employees by the Board or the manager.

(b) Should the Board be required to make any expenditure for the repair or replacement of any portion of the Common Elements because of any damage, destruction, or injury thereto (other than ordinary wear and tear) caused by one or more Unit Owners or Occupants, or the family members residing in a Unit, the Unit Owners of the Unit responsible for such damage, destruction, or injury, will to the extent that the Board is not required to maintain insurance to cover the particular damage, destruction or injury, pay the Board for such expenditure.

(c) Each Unit Owner will be held accountable for any violation of these rules by the Occupants family members, guests, tenants, agents, or employees of the Unit Owner.

(d) Unit Owners, Occupants family members, guests and tenants are permitted to use the recreational facilities pursuant to recreation facility regulations which that may be promulgated from time to time by Board and be posted at each facility. The Board may provide a fee for use of the recreational facilities by guests.

(e) Complaints regarding the management of the Property or regarding actions of other Unit Owners must be made in writing to the Board.

(f) Any consent or approval required of the Board by these Association Rules

must be in writing to be effective and is revocable at any time.

(g) Leasing is at the discretion of the Board and can be denied. A minimum term of any lease approved by the Board may be established by the Board from time to time and at any time. Subleasing is not permitted.

(h) Any request for information or services that are outside the normal duties of the office must be submitted in writing to the Board for consideration and response.

18. Declarant's Privileges. To the extent reasonably necessary or convenient for completion of development and construction of the Condominium and sale or rental of Units standing in Declarant's name, or for its exercise of any Special Declarant Rights or Development Rights, Declarant, its successors and assigns, is not bound to observe the Association Rules.

EXHIBIT E**MAINTENANCE RESPONSIBILITY CHART**
FOR TOWNHOUSE UNITS

COMPONENT OF PROPERTY	ASSOCIATION RESPONSIBILITY	UNIT OWNER RESPONSIBILITY	MASTER ASSOCIATION RESPONSIBILITY¹
Grounds of the Property.	None.	None.	All aspects. ²
Fences, screening walls, and retaining walls in and around the Property.	None.	None.	All aspects.
Sidewalks and driveways.	None.	None.	All aspects.
Mailboxes, exterior street addresses, unit numbers.	All aspects.	None.	None.
Trash receptacles (dumpsters).	All aspects.	As instructed by Association.	None.
Building exteriors, not including roofs and foundations.	None.	All aspects.	None.
Building roofs and foundations	All aspects.	None.	None.
Concrete flatwork and lightweight poured concrete.	All aspects, except as noted for Unit Owner	Concrete cracks that do not affect the structural integrity of the Building, if Unit Owner wants them	None.

¹ The allocation of Master Association Responsibility assumes the election by Master Association as described in Section 2.05(d) of the Declaration.

² "All aspects" includes maintenance, repair, and replacement, as needed.

COMPONENT OF PROPERTY	ASSOCIATION RESPONSIBILITY	UNIT OWNER RESPONSIBILITY	MASTER ASSOCIATION RESPONSIBILITY ¹
		"fixed."	
Exterior windows and doors.	None	All aspects.	None.
Balconies and decks.	None.	All aspects.	None.
Fire sprinkler system.	None.	All aspects, if any.	None
Exterior light fixtures on buildings.	None.	All aspects.	None.
Garages.	None.	All aspects.	None.
Skylights.	None.	All aspects, if any.	None.
Insulation and weatherstripping.	None	All aspects.	None.
Unit interior, including improvements, fixtures partition walls and floors, and sheet rock within Unit.	None	All aspects.	None.
Water, wastewater, electrical lines & systems.	All aspects of common lines & systems, none for those serving Units.	All aspects of lines, pipes, fixtures, and appliances serving only that Unit.	None.
Heating and cooling systems and water heaters.	None.	All aspects.	None.
Intrusion alarms, carbon monoxide detectors,	None.	All aspects.	None.

COMPONENT OF PROPERTY	ASSOCIATION RESPONSIBILITY	UNIT OWNER RESPONSIBILITY	MASTER ASSOCIATION RESPONSIBILITY ¹
smoke/heat detectors, monitoring equipment.			
Pest control.	None	All aspects.	None.
Cable for television or internet.	None.	All aspects.	None.
Televisions antennas and satellite dishes.	None	All aspects.	None.

NOTE 1: The components listed in the first column are applicable only if they exist, and may not be construed to create a requirement or authorization to have such a component. A skylight is an example of a component that may or may not be on a Building.

NOTE 2: This Maintenance Responsibility Chart does not affect the liability of a Unit Owner who damages a Common Element that is maintained by the Association.

NOTE 3: This Maintenance Responsibility Chart may be revised by the Association from time to time.

NOTE 4: This Maintenance Responsibility Chart is of illustrative Property components only and is not intended to be a complete and exhaustive list of all maintenance responsibilities.

NOTE 5: This Maintenance Responsibility Chart is not intended to limit or modify or otherwise change the text of this Declaration, the Condominium Documents, the Master Declaration or any other Project Documents.

***** Electronically Recorded Document *****



Sussex County

Scott Dailey
Recorder of Deeds
Georgetown, DE 19947

Instrument Number: 2018-20373

Parties:

Recorded As: EREC-AGREEMENT

Direct- SEASHORE VILLAS CONDOMINIUM ASSOCIATION INC

Recorded On: June 06, 2018

Indirect- SEASHORE VILLAS CONDOMINIUM ASSOCIATION INC

Recorded At: 10:51:42 am

Receipt Number: 871713

Number of Pages: 18

Processed By: Sue D

Book-VI/Pg: Bk-D VI-4898 Pg-264

Total Rec Fee(s): \$166.00

**** Examined and Charged as Follows ****

Erec-A \$ 166.00

Tax Amount	Consid Amt	RS#/CS#
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Tax Parcel Nos.: 5-33 12.00 76.05

Prepared by & Return to:
Heidi J. A. Gilmore, Esquire
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958

**BYLAWS
FOR
SEASHORE VILLAS CONDOMINIUM ASSOCIATION, INC.**

**ARTICLE I
Organization**

The name of the organization is **SEASHORE VILLAS CONDOMINIUM ASSOCIATION, INC.**, a Delaware corporation (the "Association"). The Association shall have a seal.

The Association may change its name at its pleasure by a majority vote of the membership of the Association.

**ARTICLE II
Purpose**

Section 2.1. Purpose. The purpose of this organization shall be to fulfill the obligations of the Association as established by and to enforce the various restrictions set forth in the Condominium Declaration SEASHORE VILLAS CONDOMINIUM. The Association shall have the responsibility of administering the Project infrastructure of the residential subdivision known as "SEASHORE VILLAS CONDOMINIUM," establishing the means and methods of collecting the contributions to the common expenses of the Association, arranging for the management of the condominium (except for the Master Association Property as defined in the Declaration), and performing all of the other acts that may be required to be performed by the Association pursuant to the provisions of Title 8 of the General Corporation Law of Delaware, the Delaware Uniform Common Interest Ownership Act, 25 Del.C. § 81-101, et seq., and by the Management Association as established in the Declaration for SEASHORE VILLAS CONDOMINIUM dated March 9th, 2018 and recorded in the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, in Deed Book 4893 Page 169, et seq., as it may be amended from time to time (the "Declaration").

**ARTICLE III
Membership**

Section 3.1. Membership. Every person or entity who is an Owner of a Unit in SEASHORE VILLAS CONDOMINIUM shall be a member of the Association and shall enjoy all of the benefits of such membership. Membership shall be appurtenant to, and may not be

separated from, ownership of a Unit. Conveyance of a Unit shall, without the need specifically to provide therein, terminate membership of the grantor in the Association with respect to the Unit conveyed; and, by accepting the conveyance, the grantee shall be deemed to accept membership in the Association.

ARTICLE IV

Meetings

Section 4.1. Annual Meetings. The first annual meeting of the Association shall be held within one (1) year of the formation of the Association and notice of the same shall be given at least ten (10) but not more than sixty (60) days in advance of such meeting. The notice of the meeting shall state the date, time, and place of the meeting and the items on the agenda for the meeting, all in accordance with § 81-308 of the Delaware Uniform Common Interest Ownership Act ("DUCIOA"), as amended. Thereafter, the annual meetings of the Association shall be held as determined by the Board of Directors ("Board") in accordance with the same notice requirements. Except as provided otherwise in these Bylaws, at such annual meetings the Board shall be elected by ballot of the Owners in accordance with the requirements set forth in Article VI of these Bylaws and the annual budget shall be presented in accordance with § 81-324 of DUCIOA, as amended. The Association Owners may transact such other business at such meetings as may properly come before them. Additional regular or special meetings of the total membership, in addition to the annual meeting, may be held as deemed necessary by the President and Board of Directors of the Association.

Section 4.2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Owners as may be designated by the Board.

Section 4.3 Special Meetings. 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 Board or upon a petition signed and presented to the Secretary by Owners owning not less than twenty-five percent (25%) of the then existing Units in the Development; provided, however, that no special meeting shall be called prior to the first annual meeting following the incorporation of the Association except by resolution of the Board. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4.4. Notice of Meetings and Waiver. It shall be the duty of the Secretary to mail or email a notice with the agenda of each annual or special meeting of the Owners, at least ten (10) but not more than sixty (60) days prior to such meeting, to each Owner of record, by any means described in §81-127 of DUCIOA or sent prepaid by United States mail to any mailing address designated in writing by such 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 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 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 DUCIOA, furnish to any Owner who so requests a copy of the agenda prior to the meeting. Regardless of the agenda, Owners shall be given a reasonable opportunity at any meeting to offer comments to the Board regarding any matter affecting the Association. If the Association does not notify Owners of a special meeting within thirty (30) days after the requisite number or percentage of the Board or Owners, as applicable, requested the Secretary to do so, the requesting Board members or Owners, as applicable, may directly notify all the Owners of that meeting. Only matters described in the meeting notice required by this Section may be considered at a special meeting.

Any Owner may, at any time, waive notice of any meeting of the Owners, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by an Owner at any meeting of the Association shall constitute a waiver of notice by him/her of the time and place of, and agenda items for such meeting.

Section 4.5. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Owners 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 and no additional notice shall be required. If the meeting must be adjourned to a time more than forty-eight (48) hours from the time the original meeting was called, an additional notice shall be required in accordance with these Bylaws.

Section 4.6. Order of Business. The order of business at all annual or special meetings of the Association shall be as designated in the agenda for the meeting.

Section 4.7. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of one-third (1/3) of the Owners shall constitute a quorum at all meetings of the Association. The votes of a majority of the Owners present at a meeting at which a quorum is present shall constitute the decision of the Association.

Section 4.8. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep or cause to be kept the minutes of the meeting and record or cause to be recorded in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. Unless modified by the Board by resolution, *Roberts Rules of Order* (current edition) shall govern the conduct of all meetings of the Association when not in conflict with the Declaration or these Bylaws.

Section 4.9. Availability of Records. The Association shall maintain current copies of the Declaration, the Certificate of Incorporation of the Association and any amendments thereto and restatements thereof (the "Certificate of Incorporation"), these Bylaws, the minutes of all members' and Board of Directors' meetings and records of all action taken by members on the Board of Directors without a meeting for at least the past 3 years, a record of all actions taken by a committee of the Board of Directors, any financial statements and tax returns of the Association prepared for the past 3 years, a list of the names and business addresses of the Association's current members of the Board of Directors and officers, its most recent annual report delivered to the Delaware Secretary of State, such records needed to enable the Association to comply with 25 Del. C. §81-409, recorded of receipts and expenditures affecting

the operation and administration of the Association and other appropriate accounting records (including those for any repair and replacement reserve), and a list of the names and addresses of all Association members in alphabetical order by class showing the number of votes each member is entitled to cast and their class of membership if any. The Association shall hold all such documents available for inspection by Owners or by holders, insurers and guarantors of first mortgages that are secured by properties; provided that documents may be withheld from inspection and copying in accordance with 25 Del. C. §81-318(c). Documents shall be available for inspection during the normal business hours of and upon proper written request to the Association in accordance with the general corporate law of the State of Delaware. A reasonable fee for copying any documents or records made available to and inspected in accordance with this paragraph, not to exceed the actual cost of materials and labor incurred by the Association, may be imposed by the Board, in such amount as it deems appropriate from time to time. Any fee schedule imposed by the Board in accordance with this paragraph shall become effective upon publication to the Owners in accordance with the notice requirements contained in these Bylaws.

Section 4.10. Voting Rights. Voting rights shall be those established in the Certificate of Incorporation, paragraph Fifteenth.

ARTICLE V

Voting

Section 5.1. Voting. Voting at all meetings of the Association shall be on the basis of one (1) Unit, one (1) vote. 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 Owners attendance at the meeting by proxy or otherwise for quorum purposes. Whenever the approval or disapproval of a Owner is required by DUCIOA, 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 at any meeting of the Association. Except where a greater number is required by DUCIOA, the Declaration or these Bylaws, a majority of the votes cast in person, by proxy or by ballot at a meeting of 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 votes needed for any action by the Owners.

Section 5.2. Proxies. A vote may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated therein and must be filed with the Secretary or the professional managing agent, if any, before the appointed time of the meeting.

Section 5.3. Majority of Owners. As used in these Bylaws, the term Majority shall mean the vote of more than fifty percent (50%) of the Units then existing.

ARTICLE VI **Board of Directors**

Section 6.1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors (referred to as the "Executive Board" in DUCIOA). The Board shall be comprised of no fewer than three (3) and no more than five (5) members.

The Board shall initially be comprised of three (3) members, all appointed by the Developer, as follows: (1) Preston L. Dyer; (2) Gary McCrea; and (3) Mason T. Dyer. Such Developer appointees shall not be required to be Owners and may be, but shall not be required to be, residents of the State of Delaware.

As required by § 81-303 of DUCIOA, not later than sixty (60) days after conveyance of twenty-five percent (25%) of the total number of Units that may be created in SEASHORE VILLAS CONDOMINIUM to Owners other than the Developer or a Participating Builder (as defined in the Declaration), at least one (1) member and not less than twenty-five percent (25%) of the Board shall be elected by Owners other than the Developer or a Participating Builder and, unless such timing coincides with an annual meeting, the President shall call a special meeting for such election as provided in Article IV of these Bylaws. By way of example, after twenty-five percent (25%) of the total number of Units that may be created in SEASHORE VILLAS CONDOMINIUM have been conveyed to Owners, the Board shall be expanded by the Developer to four (4) members, at least one (1) of whom shall be elected by Owners, in order to comply with the Act. Also as required by § 81-303 of DUCIOA, not later than sixty (60) days after conveyance of fifty percent (50%) of the total Units that may be created in SEASHORE VILLAS CONDOMINIUM to Owners other than the Developer or a Participating Builder, not less than thirty-three and one-third percent (33-1/3%) of the Board shall be elected by Owners other than the Developer or a Participating Builder and, unless such timing coincides with an annual meeting, the President shall call a special meeting for such election as provided in Article IV of these Bylaws. By way of example, after fifty percent (50%) of the total number of Units that may be created in SEASHORE VILLAS CONDOMINIUM have been conveyed to Owners, the Board shall be expanded by the Developer to five (5) members, at least two (2) of whom shall be elected by Owners, in order to comply with the Act. Upon the termination of the Developer Control Period, as defined and provided in the Declaration, the Owners shall elect the Board and the Board, by majority vote and provided the Developer did not already expand the Board as described above, may expand the Board to no more than five (5) members. The members of the Board elected by the Owners shall be Owners or spouses of Owners or, if the 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 entity.

Section 6.2. Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are established by the Declaration, Certificate of Incorporation and these Bylaws directed to be exercised and done by the Association except as otherwise provided herein. The Board shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of SEASHORE VILLAS CONDOMINIUM, provided such rules and regulations shall not be in conflict with the Declaration, Certificate of Incorporation or these Bylaws. The Board may delegate to one (1) of its members the authority to act on behalf of the Board on all matters relating to the duties of the professional managing agent, if any, which might arise between meetings of the Board. In addition to the duties imposed by the Declaration, Certificate of Incorporation or these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to, and be responsible for, the following:

(a) Preparation of an annual budget, in which there shall be established the contribution of each Owner to the common expenses, to be approved in accordance with § 81-324 of DUCIOA.

(b) Making assessments against Owners to defray the costs and expenses of the Association, establishing the means and methods of collecting assessments as established in the Declaration from the Owners, and establishing the period of the installment payment of the annual assessment for common expenses. Unless otherwise determined by the Board, the annual assessment against each Owner for his proportionate share of the common expenses shall be payable in equal monthly, quarterly or annual installments, as determined by the Board, each such installment to be due and payable in advance on the date(s) established by the Board.

€ Providing for the operation, care, upkeep, replacement, maintenance and surveillance of all of Units, roads, and common areas; and services of the Association except as may otherwise be provided herein.

(d) Designating, hiring and dismissing the personnel or contractors necessary for the maintenance, operation, repair and replacement of the common area and Units, and providing services for the property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Owners; and, moreover, contracting the professional managing agent, if deemed necessary by the Board. No contractual agreement may bind the Association unless such 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 the Developer to the Owners, upon not less than ninety (90) days' notice. In addition, if entered into before a majority of the Board elected by the Owners (as opposed to appointed by the Developer) in accordance with these bylaws takes office: (1) any management contract, employment contract, (2) any other contract or lease between the Association and Developer or an affiliate of Developer, or (3) any contract or lease that is not bona fide or was unconscionable to the Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the Board elected by the Owners (as opposed to appointed by Declarant) in accordance with these Bylaws takes office upon not less than ninety (90) days notice to the other party.

€ Collecting the assessments against the 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.

(f) Making and amending rules and regulations respecting the use of the property so that such do not unduly restrict the use and enjoyment by the Owners, their tenants and guests.

(g) Opening of bank accounts on behalf of the Board and designating the signatories required therefor.

(h) 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.

(i) Enforcing by legal means, when deemed necessary and appropriate in the opinion of the Board, the provisions of the Declaration, Certificate of Incorporation, these Bylaws and the rules and regulations for the use of the property adopted by it and bringing any proceedings which may be instituted on behalf of the Owners.

(j) Obtaining and carrying insurance against casualties and liabilities, and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Association, and not billed to Owners.

(l) Keeping books with detailed accounts in chronological order of the receipts and expenditures affecting the property and Association, and the administration of the property, specifying the maintenance and repair expenses of the roads and common areas, and any other expenses incurred. The said books shall be available for examination by the Owners, their duly authorized agents or attorneys, in accordance with and pursuant to the processes set forth in § 81-318 of DUCIOA. All books and records shall be kept in accordance with good and accepted accounting practices, and if so directed by the Board, the same may be audited by an outside auditor employed by the Board who shall not be a resident of SEASHORE VILLAS CONDOMINIUM, or an Owner of a Unit therein. The cost of such audit shall be a common expense. An audited financial statement, if prepared, shall be available within one hundred twenty (120) days of the end of the fiscal year.

(m) Notifying the Mortgagee of any property of any default by the Owner whenever requested in writing by such Mortgagee to send such notice.

(n) Maintaining written minutes of all meetings.

(o) Resolving disputes between and among Owners and the Board and making decisions regarding disputes related to the interpretation and application of the Declaration, Certificate of Incorporation, these Bylaws and rules and regulations promulgated pursuant thereto.

(p) Borrowing in an amount not to exceed twenty-five percent (25%) of the value of the Common Areas for any proper Association purpose by the execution of notes and mortgages or as security for the repayment thereof or such other security or securities as the Association shall designate for the payment of principal thereof and interest due thereon, subject to any restrictions or limitations which may be contained in the Declaration or DUCIOA.

(q) To do such other things and acts not inconsistent with the Declaration or Certificate of Incorporation which it may be authorized to do by a resolution of the Association.

Section 6.3. Election and Term of Office. During the Developer Control Period, all Board members shall serve for one (1) year terms. At the first meeting of the Association after the termination of the Developer Control Period during which an election is held, the terms of office of the members elected by the Unit Owners to serve on the Board shall be staggered. If three (3) members are elected, two (2) members shall serve two (2) year terms, and (1) member shall serve a one (1) year term. If four (4) members are elected, two (2) members shall serve two (2) years terms, and two (2) members shall serve one (1) year terms. If five (5) members are elected, three (3) members shall serve two (2) year terms and two (2) members shall serve one (1) year terms. At the expiration of the initial terms of office of the members of the Board elected at the first meeting of the Association after the termination of the Developer Control Period, their successors shall be elected to serve for two (2) year terms. The members of the Board shall hold office until their respective successors shall have been elected and the newly elected member=s willingness to serve confirmed.

Section 6.4. Removal of Members of the Board. At any regular or special meeting of the Board duly called, any one (1) or more of the members of the Board may be removed with or without cause by a majority of the Board members, and a successor may then and there be appointed by a majority of the remaining Board members to fill the vacancy thus created. Any member of the Board whose removal, with or without cause, has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of an Association meeting in response to said proposal and the purpose thereof and shall be given an opportunity to be heard at the meeting. In such a situation where the removal of a Board member, with or without cause, has been proposed by the Owners, a majority of the Owners present, in person or by proxy, at the meeting called for this purpose may remove the Board member in question and a successor may then and there be appointed by a majority of the Owners present to fill the vacancy thus created.

Section 6.5. Vacancies. Vacancies in the Board caused by any reason other than the removal of a member by a vote of the Owners shall be filled by a vote of a majority of the remaining members of the Board at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the Board members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board for the remainder of the term of the member so removed and until a successor shall be elected at the next annual meeting of the Association.

Section 6.6. Organizational Meeting. The first meeting of the members of the Board following an annual meeting of the Association shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board so elected, and no notice shall be necessary to

the newly elected members of the Board in order legally to constitute such meeting, providing a majority of the whole Board shall be present thereat.

Section 6.7. Regular Meetings. Regular meetings of the Board (except for executive sessions held for a permitted purpose set forth in § 81-308A of DUCIOA) shall be open to all Owners after the Developer Control Period ends and shall be held at least quarterly at such time and place as shall be determined from time to time by a majority of the Board members. Notice, including the agenda, of regular meetings of the Board shall be given to each Board member, by mail, email, telegraph, telefacsimile or telephone with mail confirmation, at least ten (10) but not more than sixty (60) days prior to the day named for such meeting. Except when a schedule of meetings has been distributed to the 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 meeting to be delivered to each Owner by any means described in Section 9.1. of these Bylaws at least ten (10) but not more than sixty (60) days prior to the meeting (but not later than the time notice of the meeting is sent to members of the Board).

Section 6.8. Special Meetings. Special meetings of the Board (except for executive sessions held for a permitted purpose set forth in § 81-308A of DUCIOA) shall be open to all Owners after the Developer Control Period ends and may be called by the President on at least ten (10) but not more than sixty (60) days' notice to each Board member, given by mail, email, telegraph, telefacsimile or telephone with mail confirmation, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Board members. The Secretary shall cause notice of any special meeting to be delivered to each Owner by any means described in Section 9.1. of these Bylaws at least ten (10) but not more than sixty (60) days prior to the meeting (but not later than the time notice of the meeting is sent to members of the Board).

Section 6.9. Waiver of Notice. Notwithstanding any provision to the contrary contained herein, any Board member may, at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall constitute a waiver of notice by him of the time and place of such meeting. If all Board members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting, including meetings conducted by telephone conference.

Section 6.10. Quorum of Board. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Board.

Section 6.11. Fidelity Bonds. The Board shall obtain adequate fidelity bonds for all officers, directors and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute a valid expense payable by the Association.

Section 6.12. Compensation. No Board member shall receive any compensation from the Association for acting as such, but may be reimbursed for necessary expenses incurred in regard to service as a Board member, as approved by the Board from time to time.

Section 6.13. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep or cause to be kept a minute book of the Board recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. Unless modified by the Board by resolution, *Roberts Rules of Order* (current edition) shall govern the conduct of all meetings of the Association when not in conflict with the Declaration or these Bylaws.

Section 6.14. Liability of the Members of the Board. The members of the Board shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the Board members from and against all contractual liability to others arising out of contracts made or action taken by the Board on behalf of the Owners unless any such contract or action shall have been made in bad faith or contrary to the provisions of the Declaration, Certificate of Incorporation or of these Bylaws. It is intended that the members of the Board shall have no personal liability with respect to any contract made or action taken by them on behalf of the Owners. Every agreement made or action taken by the Board on behalf of the Owners shall, if obtainable, provide that the members of the Board, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder, and that each Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the total Units in SEASHORE VILLAS CONDOMINIUM. The 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 Board, against expenses (including reasonable 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 believed to be in or not opposed to the best interests of the Owners.

ARTICLE VII

Officers

Section 7.1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The 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 Board. Any other officers may be, but shall not be required to be, members of the Board. Any Board member who serves as an officer shall be permitted to hold more than one office if such is necessary to fill the principal positions of President, Vice President, Secretary and Treasurer.

Section 7.2. Election of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any vacancy in an office shall be filled by the Board at a regular meeting or special meeting called for such purposes.

Section 7.3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 7.4. President. The President shall be the chief executive of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are incident to the office of the 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 he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall also be responsible for the preparation, execution, certification and recordation of any amendments to the Declaration, Certificate of Incorporation, these Bylaws or any other governing document for the Association.

Section 7.5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board or by the President.

Section 7.6. Secretary. The Secretary shall keep or cause to be kept the minutes of all meetings of the Association and of the Board; he shall have charge of such books and papers as the Board may direct; he shall provide or cause to be provided notice of all scheduled Association meetings to each Owner at such address as each Owner shall have designated by notice in writing to the Secretary; and he 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 7.7. Treasurer. The Treasurer shall have the responsibility for Association 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; he shall be responsible for the deposit of all monies and other valuable effects in the name of the Board, or the managing agent, in such depositories as may from time to time be designated by the Board, and he 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 7.8. 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 (2) officers or by an officer and such other person or persons as may be designated by the Board. All such instruments for expenditures or obligations of less than \$1,000.00 may be executed by any one (1) officer or by such other person as may be designated by the Board.

Section 7.9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such, but may be reimbursed for expenses incurred in regard to services rendered to the Association, as approved by the Board from time to time.

ARTICLE VIII **Amendments to Bylaws**

Section 8.1. Amendments. Except as otherwise provided in these Bylaws, these Bylaws may be modified or amended either (i) by a vote of at least fifty-one percent (51%) of the membership present, in person or by proxy, at any regular or special meeting, provided that notice of the proposed amendment shall have been given to each Owner at least ten (10) days in advance of such meeting or (ii) pursuant to a written instrument duly executed by a majority of all of the Owners.

ARTICLE IX **Miscellaneous**

Section 9.1. Notices. All notices, demands, bills, statements or other communications under the Declaration or the corporate governing documents for the Association, including these Bylaws, shall be in writing and shall be deemed to have been duly given if: (a) delivered personally; (b) if to an Owner, if sent by email, facsimile or other method of electronic transmission to the Owner at the email/electronic address or facsimile number which the Owner shall designate in writing and file with the Secretary; (c) if to an Owner, if sent by first-class mail, postage prepaid, to an Owner at the address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Owner as provided in the tax assessment records for Sussex County; (d) if to the Association, if sent by email, facsimile or other method of electronic transmission to the Association at the email/electronic address or facsimile number which the Association shall designate in writing to the Owners as the principal email/electronic address or facsimile number of the Association; or (e) if to the Association, if sent by first-class mail, postage prepaid to the Association, the Board or the professional managing agent, if any, at the principal office of the Association or at such other address as shall be designated by notice in writing to the Owners pursuant to this section.

Section 9.2. Gender, Number. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 9.3. Definitions. Words and phrases which are used herein and which are defined and/or discussed in the Declaration and Certificate of Incorporation shall have the meaning as set forth in the Declaration and Certificate of Incorporation.

Section 9.4. Conflicts. In the event of any conflicts between the Declaration and these Bylaws, the Declaration shall be controlling.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the original members of the Board of Directors for the Association have hereunto set their hands and seals the 22nd day of March, 2018.

Denise S. Holleger
Witness

Denise S. Holleger
Witness

/
Witness

Preston L. Dyer (SEAL)
Preston L. Dyer

Gary McCrea (SEAL)
Gary McCrea

See attached (SEAL)
Mason T. Dyer

STATE OF DELAWARE :
COUNTY OF Sussex :

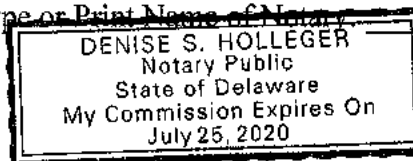
ss.

BE IT REMEMBERED, That on this 22nd day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Preston L. Dyer, original member of the Board of Directors of the SEASHORE VILLAS CONDOMINIUM ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

Denise S. Holleger
NOTARY PUBLIC

Commission Expires: _____
Type or Print Name of Notary



IN WITNESS WHEREOF, the original members of the Board of Directors for the Association have hereunto set their hands and seals the 27th day of March, 2018.

Witness

[Signature]
Preston L. Dyer

Sealed
(SEAL)

Witness

[Signature]
Gary McCrea

(SEAL)

[Signature]
Witness

[Signature]
Mason T. Dyer

(SEAL)

STATE OF DELAWARE

:

ss.

COUNTY OF _____

:

BE IT REMEMBERED, That on this _____ day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Preston L. Dyer, original member of the Board of Directors of the SEASHORE VILLAS COMMUNITY ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

NOTARY PUBLIC

Commission Expires: _____

Type or Print Name of Notary: _____

STATE OF DELAWARE :

SS.

COUNTY OF Sussex :

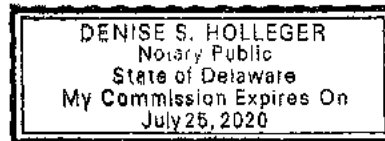
BE IT REMEMBERED, That on this 22nd day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Gary McCrea, original member of the Board of Directors of the SEASHORE VILLAS CONDOMINIUM ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

Denise S. Holleger
NOTARY PUBLIC

Commission Expires: _____

Type or Print Name of Notary: _____



STATE OF DELAWARE :

SS.

COUNTY OF Sussex :

BE IT REMEMBERED, That on this 22nd day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Mason T. Dyer, original member of the Board of Directors of the SEASHORE VILLAS CONDOMINIUM ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

Denise S. Holleger
NOTARY PUBLIC

Commission Expires: _____

Type or Print Name of Notary: _____

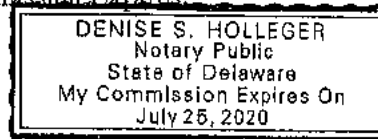


EXHIBIT B

BYLAWS

Tax Parcel Nos:

Prepared by and Return to:
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958

BYLAWS OF SEASHORE VILLAS CONDOMINIUM COMMUNITY ASSOCIATION, INC.

GENERAL PROVISIONS

Section 1.1. Name. The name of the association is the SEASHORE VILLAS CONDOMINIUM Community Association, Inc. (the "Association").

Section 1.2. Bylaws. The following provisions constitute the bylaws governing the Association, established pursuant to the Declaration of SEASHORE VILLAS Condominium Community (the "Declaration") and the SEASHORE VILLAS Condominium Community Plan (as defined in the Declaration), both as recorded, or to be recorded, as the case may be, in the Office of the Recorder of Deeds in and for Sussex County, Delaware.

Section 1.3. Definitions. The words used in these Bylaws have the same meaning as set forth in the Declaration and in the Declaration Plan, unless the context clearly states otherwise herein. As used herein, "members" means Unit Owners (as defined in the Declaration).

Section 1.4. References to DUCIOA. Any reference herein to Chapter 81, Title 25 of the Delaware Code, such chapter also being known as the Delaware Uniform Common Interest Ownership Act ("DUCIOA"), or any specified section thereof are deemed to include any applicable amendments thereto made hereafter from time to time.

Section 1.5. Membership. Each of the Unit Owners must be a member of the Association pursuant to the terms of the Declaration.

Section 1.6. Declarant Control. The Period of Declarant Control commences on the date that the Declaration is first recorded in the Recorder's Office and, to the fullest extent permitted by law, will end no later than the earlier of: (i) sixty (60) days after conveyance of

seventy-five percent (75%) of the Units to Owners other than Declarant or any Builder; (ii) two (2) years after Declarant or any applicable Builder has ceased to offer Units for residential purposes for sale in the ordinary course of business; (iii) two (2) years after any right to add new Units to this Declaration was last exercised; or (iv) on the day Declarant, after giving written notice to Unit Owners, records an instrument voluntarily surrendering all rights to control activities of the Association.

ARTICLE II **MEETINGS**

Section 2.1. Place of Meetings. Meetings of the Unit Owners of the Association will be held at the principal office of the Association or at such other suitable place convenient to the Unit Owners as may be designated by the Board of the Association (the "Board"). Meetings are open to all Unit Owners.

Section 2.2. Annual Meetings. An annual meeting of the Unit Owners must be held each calendar year. The annual meeting of the Unit Owners will be held at a date and time as set by the Board.

Section 2.3. Special Meetings. The President may call special meetings of the Unit Owners of the Association. In addition, it is the duty of the President to call a special meeting of the Unit Owners of the Association if so directed by resolution of a majority of the Board or upon a petition signed by Unit Owners having at least twenty (20) percent of the total votes of the Unit Owners.

Section 2.4. Notice of Meetings. It is the duty of the Secretary to mail or to cause to be delivered to each Unit Owner a notice of each annual or special meeting of the Unit Owners stating the purpose of the special meeting, as well as the time and place where it is to be held. The mailing or delivering of a notice of meeting in the manner provided in this Section will be considered service of notice. Except in cases of emergency meetings, notices must be served not less than ten (10) nor more than sixty (60) days before a meeting. The notice of any meeting must contain: (i) a statement of the general nature of any proposed amendment to the Declaration or Bylaws; (ii) a statement that in the absence of objection from any member present at the meeting and holding at least twenty (20%) percent of the total votes of the Unit Owners, the President may add items to the agenda; (iii) any budget changes; (iv) any proposal to remove an officer or member of the Board; (v) either (A) the agenda for the meeting agenda or (B) the website address where the agenda is located; and (vi) any other information that may be required under Section 81-308 of DUCIOA. Notice of meetings may be served by any means described in Section 6.5 hereof. No business may be transacted at a special meeting except for the business described in the notice of such Special Meeting.

Section 2.5. Adjournment of Meetings. If any meetings of the Unit Owners of the Association cannot be held because a quorum is not present, a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the

adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting will be given to Unit Owners of the Association in the manner prescribed for regular meetings.

To the fullest extent permitted by Laws, the Unit Owners of the Association present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Unit Owners to leave less than a quorum, provided that any action taken must be approved by at least a majority of the Unit Owners of the Association required to constitute a quorum.

Section 2.6. Voting. The voting rights of the Unit Owners are as set forth in the Declaration and in these Bylaws. Nothing in these Bylaws must be construed as providing any voting rights to persons not given such voting rights by the Declaration. To the extent that any voting provisions of the Declaration call for voting by more than a majority of votes, such provision controls over these Bylaws with respect to that vote.

Section 2.7. Proxies and Ballots. At all meetings of Unit Owners of the Association, each Unit Owner of the Association may vote in person, by proxy or by ballot. All proxies or ballots must be in writing and filed with the Secretary before the appointed time of each meeting. A form of proxy or written ballot may provide an opportunity to specify approval or disapproval with respect to any proposal.

Section 2.8. Majority. As used in these Bylaws, the term majority means those votes, members, or other group, as the context may indicate, totaling more than fifty (50%) percent of the total number.

Section 2.9. Quorum. Except as otherwise provided in these Bylaws, during the Period of Declarant Control, the presence in person, by proxy or by ballot of Unit Owners entitled to cast at least twenty percent (20%) of the votes of the Unit Owners constitutes a quorum at all meetings of the Unit Owners of the Association. After the Period of Declarant Control, the presence in person, by proxy or by ballot of Unit Owners entitled to cast at least twenty-five (25%) percent of the votes of the Unit Owners of the Association not affiliated with Declarant, constitutes a quorum at all meetings of the Unit Owners of the Association. In addition, ballots solicited in accordance with Section 81-310(f) of DUCIOA and the provisions therein must be delivered to the Secretary of the Association in a timely manner by persons who, together with those persons present in person or by proxy or ballot at the beginning of the meeting, would comprise a quorum for that meeting.

Section 2.10. Conduct of Meetings. The President will preside over all meetings of the Unit Owners of the Association, and the Secretary will keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. The minutes will be made available to all Unit Owners.

Section 2.11. Action without a Meeting. Any action which may be taken by the vote of Unit Owners at a regular or special meeting, except the election of directors, may be taken

without a meeting, whether by ballot or otherwise, as and to the extent permitted by Law. Action may be taken by ballot without a meeting only as follows:

(1) Any action that the Association may take at any meeting of Unit Owners may be taken without a meeting of the Unit Owners if the Association delivers a written or electronic ballot to every Unit Owner entitled to vote on the matter. A ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(2) All solicitations for votes by ballot must: (A) indicate the number of responses needed to meet the quorum requirements; (B) state the percentage of approvals necessary to approve each matter other than election of directors; (C) specify the time by which a ballot must be delivered to the Association in order to be counted, which time may not be less than 3 days after the date that the Association delivers the ballot; and (D) describe procedures (including time and size and manner) by when Unit Owners wishing to deliver information to all Unit Owners regarding the subject of the vote may do so.

(3) Approval by the ballot is valid only if: (A) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing action; and (B) the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes by ballot.

ARTICLE III **BOARD OF DIRECTORS**

Section 3.1. Governing Body; Composition. The affairs of the Association are governed by the Board, as defined in the Declaration. During the Period of Declarant Control, the Board will have three (3) directors who may all be appointed by Declarant.

a. Following the Period of Declarant Control, members of the Board must be increased from three (3) to five (5) directors, each of whom must be elected in accordance with this Article III and the Declaration.

b. Except as otherwise provided in Section 3.1(a) above, following the Period of Declarant Control, a majority of the directors must be Unit Owners or natural Persons who are trustees, managers, members, directors, officers or general partners of Unit Owners that are not natural Persons.

c. Each director of the Board has one (1) vote.

Notwithstanding the foregoing, during the Period of Declarant Control, (A) not later than 60 days after conveyance of 25% of the Units that may be created to Unit Owners other than Declarant or any Builder, at least one director and not less than 25% of the directors of the Board must be elected by the Unit Owners other than Declarant, and (B) not later than 60 days after conveyance of 50% of the Units that may be created to Unit Owners other than Declarant or any Builder, at least one director and not less than 33 1/3 % of the directors of the Board must be elected by the Unit Owners other than Declarant.

Section 3.2. Nomination of Directors. During the Period of Declarant Control the directors of the Board may be appointed by Declarant. To the extent Members are entitled to elect a director of the Board during the Period of Declarant Control, such election must occur pursuant to a written action under Section 2.11 of these Bylaws. Except as otherwise provided in these Bylaws, at the first annual meeting of Members following the Period of Declarant Control and at each annual meeting thereafter, the Members will elect the directors of the Board (including any additional or replacement directors) who are eligible for election that year and each of whom will hold office for their applicable term or until his or her successor is duly elected and qualified, subject to such director's earlier death, resignation, disqualification or removal. At such election, Members may cast as many votes as they are entitled to exercise under the provisions of the Declaration and these Bylaws for the election of such number of directors as the Members are entitled to elect at such meeting. The persons receiving the largest number of votes for each vacancy will be elected. Voting for directors may be by written ballot.

Section 3.3. Election and Term of Office. The term for those elected to serve in accordance with the Declaration and these Bylaws is [one (1) year]. Any director may resign at any time upon notice to the Association.

Section 3.4. Removal of Board Members. Notwithstanding any other provision of the Declaration or these Bylaws, a director who has been appointed by Declarant pursuant to the Declaration or these Bylaws may only be removed by Declarant, in its sole discretion. Subject in all respects to the provisions of Section 3.05 of the Declaration, following the Period of Declarant Control, at any regular or special meeting of the Members duly called, any one or more of the directors, other than those directors who are appointed by Declarant pursuant to the Declaration or these Bylaws, may be removed, with or without cause, by a vote of two thirds (2/3) of the total votes of all Members, and a successor may then and there be elected by majority vote of the Unite Owners present at the meeting, to fill the vacancy thus created. A director whose removal has been proposed must be given at least fourteen (14) days notice of the calling of the meeting and the purpose thereof and must be given an opportunity to be heard at the meeting. Additionally, any director who has three (3) consecutive unexcused absences from Board meetings may be removed by a majority vote of the directors at a meeting of the Board without a quorum being present. Any director who is delinquent in the payment of an assessment for more than twenty (20) days or has otherwise breached any other financial covenant under the Declaration which has not been cured in accordance with any applicable cure period set forth in the Declaration will be deemed automatically removed from the Board without further action by the Board or the Unit Owners. Notwithstanding the foregoing, the process of removal of elected (but not appointed) directors must be as provided in Section 81-323 of DUCIOA, as the same may be amended.

Section 3.5. Vacancies. During the Period of Declarant Control, vacancies in the Board may be filled by appointment by Declarant. Following the Period of Declarant Control, vacancies in the Board caused by any reason, excluding the removal of a director of the Board by vote of the Members of the Association, may be filled by a vote of the majority of the remaining directors of the Board, even though less than a quorum, at any meeting of the Board. Each Person so elected will serve the unexpired portion of the vacated term.

Section 3.6. Organizational Meetings. The first meeting of the Board following each annual meeting of the Members will be held within twenty (20) days thereafter at such time and place as may be fixed by the Board.

Section 3.7. Regular Meetings. Regular meetings of the Board may be held at such time and place as may be determined from time to time by a majority of the Board, but at least four (4) such meetings must be held during each Fiscal Year with at least one (1) per quarter. Notice of the time and place of the meeting must be posted at a prominent place and must be communicated to directors not less than fourteen (14) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. The notice of any meeting must contain an agenda for that meeting. The Board may meet in a telephonic or video conference call or interactive electronic communication process provided that: (i) the meeting notice must indicate that the meeting is to be a telephonic, video or other conference call and, if not a meeting in executive session, provide information as to how directors may participate in the conference call directly or by meeting at a central location or conference connection; and (ii) the process must provide all directors the opportunity to hear the discussion and offer comments to the extent required by applicable Laws.

Section 3.8. Special Meetings. Special meetings of the Board may be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) directors. The notice must specify the time and place of the meeting and the nature of any special business to be considered. The notice must be given to each director by any means described in Section 6.5 hereof or by telephone communication, either directly to the director or to a Person at the director's office who would reasonably be expected to communicate such notice promptly to the director. All such notices must be given or sent to the director's address or telephone number as shown on the records of the Association. Notices must be given at least fourteen (14) days before the time set for the meeting, except in the event of emergency. In case of emergency, notices given by personal delivery, telephone, or e-mail must be delivered, telephoned, or e-mailed at least twenty-four (24) hours before the time set for the meeting and a notice of that meeting must be posted at a prominent place not less than twenty-four (24) hours prior to the scheduled time of the meeting.

Section 3.9. Notice to Members. After the Period of Declarant Control, except when a schedule of meetings has been distributed to Members of the Association that identifies the board meeting in question or in cases of emergency meetings or executive sessions that may be held without prior notice, the Secretary will cause notice of any regular or special meeting of the Board to be delivered to each Member in accordance with Section 6.5 hereof 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 the directors). The notice must state the time and place of the meeting and the items on the agenda, including to the fullest extent required by applicable Laws, an opportunity for Members to offer comments to the Board regarding any matter affecting the Association. In the event such meeting is held via a telephonic or video conference call or interactive electronic communication process, the notice to Members 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 Members may participate in the conference directly or by meeting at a central location or conference connection. If any materials are distributed to the

Board before the meeting, the Association must at the same time make copies of those materials reasonably available to Members of the Association, except that the Association need not distribute copies of unapproved minutes or materials that are to be considered in executive session.

Section 3.10. Waiver of Notice. The transactions of any meeting of the Board however called and noticed or wherever held, will be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting will also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.11. Quorum of Board. At all meetings of the Board, a majority of the directors constitute a quorum for the transaction of business, and, except as otherwise provided in the Declaration or these Bylaws, the votes of a majority of the directors present at a meeting at which quorum is present constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.12. Compensation. No director may receive any compensation from the Association for acting as such.

Section 3.13. Conduct of Meetings. The President will preside over all meetings of the Board, and the Secretary will keep a minute book of the Board, recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The minutes must be made available to all members of the Association.

Section 3.14. Open Meetings. During the Period of Declarant Control, the Members do not have any rights to attend any meetings of the Board or receive notice thereof except as required by DUCIOA. Following the Period of Declarant Control, except as otherwise provided in the Declaration, these Bylaws or as permitted by Delaware law, all meetings of the Board are open to all Unit Owners, but Unit Owners that are not also serving as directors may not participate in any discussion or deliberation unless expressly so authorized by the Board or as otherwise required by applicable Law.

Section 3.15. Executive Session. The Board may, with approval of a majority of the directors of the Board, convene, or adjourn and reconvene, a meeting in executive session for purposes of (i) consulting with the Association's lawyer regarding, or Board discussion of, litigation, mediation, arbitration or administrative proceedings or any contract matters; (ii) labor or personnel matters; (iii) discussing matters relating 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 (iv) discussion of any complaint from or alleged violation by a Member, when the Board determines that public knowledge would violate the privacy of such Unit Owner.

Section 3.16. Action without a Formal Meeting. Subject in all respects to the provisions of the Declaration and these Bylaws, any action that may be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all the directors of the Board. Notwithstanding anything in the Declaration or Bylaws to the contrary, after termination of the Period of Declarant Control, the Board may not take the following actions without a formal meeting: (i) adopt an Association Rule, the Assessments budget or any Assessment, (ii) impose a fine or take action to enforce the Declaration, Bylaws or rules, (iii) buy or sell real property, (iv) borrow money, (v) contract for any sum greater than one (1%) percent of the Association's annual budget, or (vi) any other action so prohibited under Section 81-308A(f) of DUCIOA.

Section 3.17. Powers. The Board is responsible for the affairs of the Association and has all the powers and duties set forth in the Condominium Documents (as defined in the Declaration) or otherwise necessary or appropriate for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Condominium Documents directed to be done and exercised exclusively by the members.

In addition to the powers granted and duties imposed by any resolution of the Board of the Association that may be hereafter adopted, the Board has the power to and be responsible for the following, in way of explanation, but not limitation:

- a. after the Period of Declarant Control, preparation and adoption of an annual budget in accordance with the requirements of applicable Law and of the Declaration;
- b. levying Annual Assessments, as defined in the Declaration and for purposes set forth in the Declaration; establishing the means and methods of collecting such Assessments; establishing any grace periods for payment without penalty and establishing any lesser periods of installment payments of the Annual Assessments (unless otherwise determined by the Board, the Annual Assessments may be payable in one annual payment to be due and payable in advance on January 1 of each year); determining the amount of the Annual Assessment, provided that that any increase in the amount of such assessment by more than the Permitted Percentage Increase (as defined in the Declaration) must first be approved by a majority vote of the members subject to such increase;
- c. levying Special Assessments, as defined in the Declaration and for purposes set forth in the Declaration, provided that such Assessments have been approved by a majority vote of the members subject to such Assessments; establishing the means and methods of collecting such assessments; establishing any grace periods for payment without penalty and establishing any lesser periods of installment payments of such Assessments;
- d. providing for the operation, care, upkeep, and maintenance of the Common Elements and entering into contracts therefor;
- e. designating, hiring, and dismissing the personnel necessary for the administration, operation, maintenance, repair, and replacement of the Association, its property, and the Common Elements, and, where appropriate, providing for the compensation of such

personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

f. collecting the Assessments, depositing the proceeds thereof in a bank depository which the Board has approved, and using the proceeds to administer the Association in accordance with the Declaration;

g. making and amending Association Rules and Regulations governing the use and operation of the Property and the Common Elements in accordance with the Condominium Documents;

h. opening of bank accounts on behalf of the Association and designating the signatories required;

i. making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Elements, in accordance with the other provisions of the Declaration and these Bylaws, after damage or destruction by fire or other casualty;

j. enforcing by legal means the provisions of the Condominium Documents and bringing any proceedings which may be instituted on behalf of or against the members concerning the Association or the Property;

k. obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

l. paying the cost of all services rendered to the Association or the members and not chargeable to members;

m. keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred, the said books and vouchers accrediting the entries thereupon to be made available for examination by the members and Mortgagees, their duly authorized agents, accountants or attorneys, during general business hours on working days at the time and in a manner that is set and announced by the Board for the general knowledge of the Unit Owners and all books and records to be kept in accordance with generally accepted accounting practices;

n. making available to any prospective purchaser of a portion of the Property, any member, any Eligible Mortgagee, and the holders, insurers, and guarantors of a Mortgage on any portion of the Property, current copies of any applicable Condominium Documents related to the Property, and all other books, records, and financial statements of the Association;

o. permitting utility suppliers to use portions of the Common Elements reasonably necessary to the ongoing development or operation of the Property;

p. entering into financings and other borrowing pursuant to Section 3.19 of these Bylaws; and

Section 3.18. Management Agent.

a. As provided in Section 6.01(d) of the Declaration, the Board may employ for the Association a professional management agent or manager at a compensation established by the Board to perform such duties and services as the Board may authorize from time to time. The Board may delegate to the managing agent or manager, subject to the Board's supervision, all the powers granted to the Board by these Bylaws, other than the powers set forth in subsections (a), (b), (c), (g), (h) and (j) of Section 3.17 of this Article III. Declarant, or an Affiliate of Declarant, may be employed as managing agent or manager.

b. No management contract may have a term in excess of three (3) years and must permit termination by either party without cause and without termination fee on ninety (90) days or less written notice.

c. The Board must delegate to a committee of the Board or a member of the Board the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

Section 3.19. Borrowing. The Board has the power to borrow money for the purpose of repair or restoration of the Common Elements all without the approval of the members of the Association; provided, however, the Board must obtain approval of the majority vote of the Members of the Association in the event that the proposed borrowing exceeds or would exceed twenty (20%) percent of the Annual Assessment of the Association for the then-current Fiscal Year. The Board, by a two-thirds vote in accordance with the Bylaws, has the right and power to assign and pledge all revenues to be received by the Association, including, but not limited to, Annual Assessments, in order to secure the repayment of any sum borrowed by the Association.

Section 3.20. Hearing Procedure. Except as specifically permitted by the Declaration and by applicable Laws, the Board may not impose a fine, charge, or monetary penalty, or infringe upon any other rights of a Unit Owner or other Occupant for violations of the Declaration or promulgated Association Rules, unless and until the following procedure is followed:

a. Written demand to cease and desist from an alleged violation must be served upon the alleged violator specifying:

- (1) the alleged violation;
- (2) the action required to abate the violation; and

(3) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

b. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the

same rule is subsequently violated, the Board or its delegate may serve the violator with written notice of a hearing to be held by the Board or the Covenants Committee (defined below) in executive session. The notice must contain:

- (1) the nature of the alleged violation;
- (2) the time and place of the hearing, which time may not be less than ten (10) days from the giving of the notice;
- (3) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and
- (4) the proposed sanction to be imposed.

c. The hearing must be held in executive session by the Covenants Committee (as defined hereinafter), or the Board acting as Covenant Committee, pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard must be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent of the Association (which may include a member of the Covenants Committee or the managing agent or manager appointed by the Board) who delivered such notice. The notice requirement will be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting must contain a written statement of the results of the hearing and the sanction, if any, imposed.

d. Following a hearing before the Covenants Committee, the violator hasve the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the President or Secretary of the Association, or by the managing agent or manager appointed by the Board, within thirty (30) days after the date the minutes of such hearing, as required in Section 3.20(c) hereof, are sent to the alleged violator pursuant to Section 6.5 hereof.

ARTICLE IV **OFFICERS**

Section 4.1. Officers. The officers of the Association will be a President, Vice President, Secretary, and Treasurer. The Board may elect such other officers, including one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers, as it may deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two or more offices may be held by the same Person, excepting the offices of President and Secretary. The President and Treasurer must be elected from among the Board. The initial officers of the Association are:

Preston L. Dyer
Gary McCrea
Mason T. Dyer

President
Vice President
Treasurer and Secretary

Section 4.2. Election: Term of Office and Vacancies. Notwithstanding any other provision of the Bylaws to the contrary, during the Period of Declarant Control, the officers of the Association may be appointed, removed and replaced by Declarant. After the Period of Declarant Control, the officers of the Association must be elected annually by the Board at the first meeting of the Board following each annual meeting of the Unit Owners, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 4.3. Removal. Any officer may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby.

Section 4.4. Powers and Duties. The officers of the Association will each have such powers and duties as generally pertain to their respective offices under applicable Law, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board. The President is the chief executive officer of the Association. The Treasurer has primary responsibility for the preparation of the budget and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both. The President or any Vice President or any Secretary or Assistant Secretary each has the authority to prepare, execute, certify, and record any amendments to the Declaration or other Project Documents made by or on behalf of the Association.

Section 4.5. Resignation. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation is not necessary to make it effective.

Section 4.6. Agreements, Contracts, Deeds, Leases, Checks. All agreements, contracts, deeds, leases, checks, and other instruments of the Association must be executed by the President or any other officer or by such other Person or persons, including the management agent or manager, as may be designated by resolution of the Board.

ARTICLE V **COMMITTEES**

Section 5.1. Committees. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Board present at a meeting at which a quorum is present are hereby authorized, including by way of example and not by limitation, a finance committee, a grounds committee and a covenants committee. Such committees perform such duties and have such powers as may be provided in the resolution. Each committee will be composed as required by law and will operate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board. The Board may, to the fullest extent permitted by Laws, delegate any power and authority of the Board to one or more committees duly established by the Board.

Section 5.2. Covenants Committee. The Board may appoint a covenants committee consisting of at least three (3) and no more than five (5) members (the "Covenants Committee"). Acting in accordance with the provisions of the Declaration, these Bylaws, and rules or

resolutions the Board may adopt, the Covenants Committee is the hearing tribunal of the Association. In the absence of a Covenants Committee, the Board may act in such role for purposes of being the hearing tribunal of the Association.

ARTICLE VI **MISCELLANEOUS**

Section 6.1. Fiscal Year. The initial fiscal year of the Association must be the [calendar year] unless otherwise amended by resolution of the Board.

Section 6.2. Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (then current edition) govern the conduct of Association proceedings when not in conflict with Delaware Law, the Declaration, or these Bylaws.

Section 6.3. Conflicts. If there are conflicts or inconsistencies between the provisions of Delaware Law, the Declaration, and these Bylaws, the provisions of Delaware Law, the Declaration, and these Bylaws (in that order) prevail.

Section 6.4. Books and Records.

a. The membership register, books of account, and minutes of meetings of the Unit Owners, the Board, and committees of the Board and other records required to be maintained by the Association pursuant to Section 81-318(a) of DUCIOA must be made available for inspection and copying by any member of the Association or by his or her duly authorized agent during reasonable business hours and for a purpose requested in good faith and reasonably related to his or her interest as a Unit Owner at the office of the Association or at such other place as the Board may prescribe. Any such request is to be made by at least five (5) days prior written notice to the Secretary reasonably identifying the purpose of the request and the specific records of the Association so requested.

b. The Board may establish reasonable rules with respect to:

(1) notice to be given to the custodian of the records by the Unit Owner desiring to make the inspection;

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

(3) payment of the cost of reproducing copies of documents requested by a Unit Owner.

c. 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 Declaration, these Bylaws or Association Rules;

(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 Laws;

(7) Meeting minutes or other confidential records of an executive session of the Board;

(8) Individual Unit Owner files other than those of the requesting Unit Owner.

An attorney's files and records relating to the Association are not records of the Association and are not subject to inspection or to production in a legal proceeding for examination by Unit Owners.

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

Section 6.5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws must be in writing and will be deemed to have been duly given if delivered by hand or if sent by prepaid United States mail or if sent by registered or certified mail, return receipt requested, first class postage prepaid or if by electronic means (if the addressee has given the Association prior written authorization to use such means together with the addressee's electronic address):

a. if to a Unit Owner, at the address which the Owner has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Units, as applicable, of such Unit Owner; or

b. if to the Association, the Board, or a managing agent or manager, at the principal office of the Association or the managing agent or manager, if any, or at such other address as is designated by a notice in writing to the Unit Owners pursuant to this Section.

Section 6.6. Amendment. The Unit Owners may amend these Bylaws by majority vote. During the Period of Declarant Control, Declarant may amend these Bylaws without the consent of any other Person, in its sole discretion. No amendment to the Bylaws that would

render the Bylaws contrary to or inconsistent with any mandatory requirements of DUCIOA is valid.

Section 6.7. Indemnification. The Association will indemnify every officer and Board director against any and all expenses, including counsel fees, reasonably incurred by, or imposed upon, any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding if approved by the then Board) to which he or she may be a party by reason of being or having been an officer or Board director. The officers and Board directors will not be liable for any mistake of judgment, negligent or malfeasance, misconduct, or bad faith. The officers and directors will have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association will indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein will not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. This obligation of the Association is a common expense and, to the extent necessary, will be funded by Special Assessment, which will be exempt from the approval requirement of Section 4.04(a) of the Declaration.

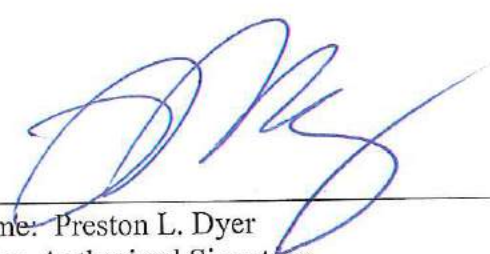
[Signature Page Follows]


We, the undersigned, being all the directors of the Board of the SEASHORE VILLAS Condominium Community Association, Inc., we do hereby certify:

That we are entitled to exercise all the voting power of the Board on behalf of the Association; and

That we hereby assent to these Bylaws and hereby adopt the same as the Bylaws of the Association.

Made this 22nd day of March, 2018.



Name: Preston L. Dyer
Title: Authorized Signatory
Dated: 3/22/18

Name: Gary McCrea
Title: Authorized Signatory
Dated: 3/22/18

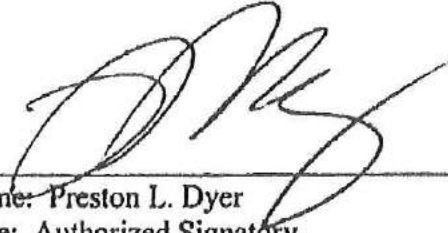
Name: Mason T. Dyer
Title: Authorized Signatory
Dated: _____

We, the undersigned, being all the directors of the Board of the SEASHORE VILLAS Condominium Community Association, Inc., we do hereby certify:

That we are entitled to exercise all the voting power of the Board on behalf of the Association; and

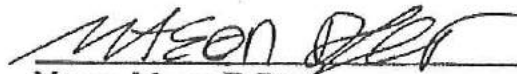
That we hereby assent to these Bylaws and hereby adopt the same as the Bylaws of the Association.

Made this 22nd day of March, 2018.



Name: Preston L. Dyer
Title: Authorized Signatory
Dated: _____

Name: Gary McCrea
Title: Authorized Signatory
Dated: _____

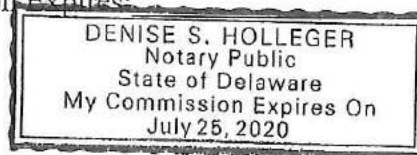


Name: Mason T. Dyer
Title: Authorized Signatory
Dated: 3/22/18

STATE OF Delaware)
)ss
COUNTY OF Sussex)

The foregoing instrument was acknowledged before me this 22nd day of March, 2018,
by Preston L. Dyer, Authorized Signatory.

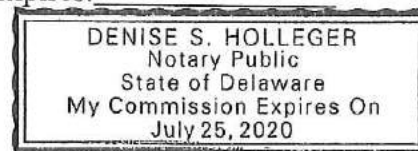
Denise S Holleger
Notary Public
Name: _____
My Commission Expires: _____



STATE OF Delaware)
)ss
COUNTY OF Sussex)

The foregoing instrument was acknowledged before me this 22nd day of March, 2018,
by Gary McCrea, Authorized Signatory.

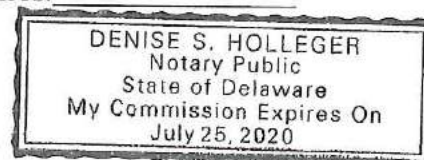
Denise S Holleger
Notary Public
Name: _____
My Commission Expires: _____



STATE OF Delaware)
)ss
COUNTY OF Sussex)

The foregoing instrument was acknowledged before me this 22nd day of March, 2018,
by Mason T. Dyer, Authorized Signatory.

Denise S Holleger
Notary Public
Name: _____
My Commission Expires: _____



Tax Parcel Nos.: 5-33 12.00 76.05

Prepared by & Return to:
Heidi J. A. Gilmore, Esquire
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958

**BYLAWS
FOR
SEASHORE VILLAS CONDOMINIUM ASSOCIATION, INC.**

**ARTICLE I
Organization**

The name of the organization is **SEASHORE VILLAS CONDOMINIUM ASSOCIATION, INC.**, a Delaware corporation (the "Association"). The Association shall have a seal.

The Association may change its name at its pleasure by a majority vote of the membership of the Association.

**ARTICLE II
Purpose**

Section 2.1. Purpose. The purpose of this organization shall be to fulfill the obligations of the Association as established by and to enforce the various restrictions set forth in the Condominium Declaration SEASHORE VILLAS CONDOMINIUM. The Association shall have the responsibility of administering the Project infrastructure of the residential subdivision known as "SEASHORE VILLAS CONDOMINIUM," establishing the means and methods of collecting the contributions to the common expenses of the Association, arranging for the management of the condominium (except for the Master Association Property as defined in the Declaration), and performing all of the other acts that may be required to be performed by the Association pursuant to the provisions of Title 8 of the General Corporation Law of Delaware, the Delaware Uniform Common Interest Ownership Act, 25 Del.C. § 81-101, et seq., and by the Management Association as established in the Declaration for SEASHORE VILLAS CONDOMINIUM dated March 9th, 2018 and recorded in the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, in Deed Book ____, Page ____, et seq., as it may be amended from time to time (the "Declaration").

**ARTICLE III
Membership**

Section 3.1. Membership. Every person or entity who is an Owner of a Unit in SEASHORE VILLAS CONDOMINIUM shall be a member of the Association and shall enjoy all of the benefits of such membership. Membership shall be appurtenant to, and may not be

separated from, ownership of a Unit. Conveyance of a Unit shall, without the need specifically to provide therein, terminate membership of the grantor in the Association with respect to the Unit conveyed; and, by accepting the conveyance, the grantee shall be deemed to accept membership in the Association.

ARTICLE IV **Meetings**

Section 4.1. Annual Meetings. The first annual meeting of the Association shall be held within one (1) year of the formation of the Association and notice of the same shall be given at least ten (10) but not more than sixty (60) days in advance of such meeting. The notice of the meeting shall state the date, time, and place of the meeting and the items on the agenda for the meeting, all in accordance with § 81-308 of the Delaware Uniform Common Interest Ownership Act ("DUCIOA"), as amended. Thereafter, the annual meetings of the Association shall be held as determined by the Board of Directors ("Board") in accordance with the same notice requirements. Except as provided otherwise in these Bylaws, at such annual meetings the Board shall be elected by ballot of the Owners in accordance with the requirements set forth in Article VI of these Bylaws and the annual budget shall be presented in accordance with § 81-324 of DUCIOA, as amended. The Association Owners may transact such other business at such meetings as may properly come before them. Additional regular or special meetings of the total membership, in addition to the annual meeting, may be held as deemed necessary by the President and Board of Directors of the Association.

Section 4.2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Owners as may be designated by the Board.

Section 4.3 Special Meetings. 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 Board or upon a petition signed and presented to the Secretary by Owners owning not less than twenty-five percent (25%) of the then existing Units in the Development; provided, however, that no special meeting shall be called prior to the first annual meeting following the incorporation of the Association except by resolution of the Board. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4.4. Notice of Meetings and Waiver. It shall be the duty of the Secretary to mail or email a notice with the agenda of each annual or special meeting of the Owners, at least ten (10) but not more than sixty (60) days prior to such meeting, to each Owner of record, by any means described in §81-127 of DUCIOA or sent prepaid by United States mail to any mailing address designated in writing by such 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 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 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 DUCIOA, furnish to any Owner who so requests a copy of the agenda prior to the meeting. Regardless of the agenda, Owners shall be given a reasonable opportunity at any meeting to offer comments to the Board regarding any matter affecting the Association. If the Association does not notify Owners of a special meeting within thirty (30) days after the requisite number or percentage of the Board or Owners, as applicable, requested the Secretary to do so, the requesting Board members or Owners, as applicable, may directly notify all the Owners of that meeting. Only matters described in the meeting notice required by this Section may be considered at a special meeting.

Any Owner may, at any time, waive notice of any meeting of the Owners, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by an Owner at any meeting of the Association shall constitute a waiver of notice by him/her of the time and place of, and agenda items for such meeting.

Section 4.5. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Owners 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 and no additional notice shall be required. If the meeting must be adjourned to a time more than forty-eight (48) hours from the time the original meeting was called, an additional notice shall be required in accordance with these Bylaws.

Section 4.6. Order of Business. The order of business at all annual or special meetings of the Association shall be as designated in the agenda for the meeting.

Section 4.7. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of one-third (1/3) of the Owners shall constitute a quorum at all meetings of the Association. The votes of a majority of the Owners present at a meeting at which a quorum is present shall constitute the decision of the Association.

Section 4.8. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep or cause to be kept the minutes of the meeting and record or cause to be recorded in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. Unless modified by the Board by resolution, *Roberts Rules of Order* (current edition) shall govern the conduct of all meetings of the Association when not in conflict with the Declaration or these Bylaws.

Section 4.9. Availability of Records. The Association shall maintain current copies of the Declaration, the Certificate of Incorporation of the Association and any amendments thereto and restatements thereof (the "Certificate of Incorporation"), these Bylaws, the minutes of all members' and Board of Director's meetings and records of all action taken by members on the Board of Directors without a meeting for at least the past 3 years, a record of all actions taken by a committee of the Board of Directors, any financial statements and tax returns of the Association prepared for the past 3 years, a list of the names and business addresses of the Association's current members of the Board of Directors and officers, its most recent annual report delivered to the Delaware Secretary of State, such records needed to enable the Association to comply with 25 Del. C. §81-409, recorded of receipts and expenditures affecting

the operation and administration of the Association and other appropriate accounting records (including those for any repair and replacement reserve), and a list of the names and addresses of all Association members in alphabetical order by class showing the number of votes each member is entitled to cast and their class of membership if any. The Association shall hold all such documents available for inspection by Owners or by holders, insurers and guarantors of first mortgages that are secured by properties; provided that documents may be withheld from inspection and copying in accordance with 25 Del. C. §81-318(c). Documents shall be available for inspection during the normal business hours of and upon proper written request to the Association in accordance with the general corporate law of the State of Delaware. A reasonable fee for copying any documents or records made available to and inspected in accordance with this paragraph, not to exceed the actual cost of materials and labor incurred by the Association, may be imposed by the Board, in such amount as it deems appropriate from time to time. Any fee schedule imposed by the Board in accordance with this paragraph shall become effective upon publication to the Owners in accordance with the notice requirements contained in these Bylaws.

Section 4.10. Voting Rights. Voting rights shall be those established in the Certificate of Incorporation, paragraph Fifteenth.

ARTICLE V

Voting

Section 5.1. Voting. Voting at all meetings of the Association shall be on the basis of one (1) Unit, one (1) vote. 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 Owners attendance at the meeting by proxy or otherwise for quorum purposes. Whenever the approval or disapproval of a Owner is required by DUCIOA, 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 at any meeting of the Association. Except where a greater number is required by DUCIOA, the Declaration or these Bylaws, a majority of the votes cast in person, by proxy or by ballot at a meeting of 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 votes needed for any action by the Owners.

Section 5.2. Proxies. A vote may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated therein and must be filed with the Secretary or the professional managing agent, if any, before the appointed time of the meeting.

Section 5.3. Majority of Owners. As used in these Bylaws, the term Majority shall mean the vote of more than fifty percent (50%) of the Units then existing.

ARTICLE VI **Board of Directors**

Section 6.1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors (referred to as the "Executive Board" in DUCIOA). The Board shall be comprised of no fewer than three (3) and no more than five (5) members.

The Board shall initially be comprised of three (3) members, all appointed by the Developer, as follows: (1) Preston L. Dyer; (2) Gary McCrea; and (3) Mason T. Dyer. Such Developer appointees shall not be required to be Owners and may be, but shall not be required to be, residents of the State of Delaware.

As required by § 81-303 of DUCIOA, not later than sixty (60) days after conveyance of twenty-five percent (25%) of the total number of Units that may be created in SEASHORE VILLAS CONDOMINIUM to Owners other than the Developer or a Participating Builder (as defined in the Declaration), at least one (1) member and not less than twenty-five percent (25%) of the Board shall be elected by Owners other than the Developer or a Participating Builder and, unless such timing coincides with an annual meeting, the President shall call a special meeting for such election as provided in Article IV of these Bylaws. By way of example, after twenty-five percent (25%) of the total number of Units that may be created in SEASHORE VILLAS CONDOMINIUM have been conveyed to Owners, the Board shall be expanded by the Developer to four (4) members, at least one (1) of whom shall be elected by Owners, in order to comply with the Act. Also as required by § 81-303 of DUCIOA, not later than sixty (60) days after conveyance of fifty percent (50%) of the total Units that may be created in SEASHORE VILLAS CONDOMINIUM to Owners other than the Developer or a Participating Builder, not less than thirty-three and one-third percent (33-1/3%) of the Board shall be elected by Owners other than the Developer or a Participating Builder and, unless such timing coincides with an annual meeting, the President shall call a special meeting for such election as provided in Article IV of these Bylaws. By way of example, after fifty percent (50%) of the total number of Units that may be created in SEASHORE VILLAS CONDOMINIUM have been conveyed to Owners, the Board shall be expanded by the Developer to five (5) members, at least two (2) of whom shall be elected by Owners, in order to comply with the Act. Upon the termination of the Developer Control Period, as defined and provided in the Declaration, the Owners shall elect the Board and the Board, by majority vote and provided the Developer did not already expand the Board as described above, may expand the Board to no more than five (5) members. The members of the Board elected by the Owners shall be Owners or spouses of Owners or, if the 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 entity.

Section 6.2. Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are established by the Declaration, Certificate of Incorporation and these Bylaws directed to be exercised and done by the Association except as otherwise provided herein. The Board shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of SEASHORE VILLAS CONDOMINIUM, provided such rules and regulations shall not be in conflict with the Declaration, Certificate of Incorporation or these Bylaws. The Board may delegate to one (1) of its members the authority to act on behalf of the Board on all matters relating to the duties of the professional managing agent, if any, which might arise between meetings of the Board. In addition to the duties imposed by the Declaration, Certificate of Incorporation or these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to, and be responsible for, the following:

(a) Preparation of an annual budget, in which there shall be established the contribution of each Owner to the common expenses, to be approved in accordance with § 81-324 of DUCIOA.

(b) Making assessments against Owners to defray the costs and expenses of the Association, establishing the means and methods of collecting assessments as established in the Declaration from the Owners, and establishing the period of the installment payment of the annual assessment for common expenses. Unless otherwise determined by the Board, the annual assessment against each Owner for his proportionate share of the common expenses shall be payable in equal monthly, quarterly or annual installments, as determined by the Board, each such installment to be due and payable in advance on the date(s) established by the Board.

(c) Providing for the operation, care, upkeep, replacement, maintenance and surveillance of all of Units, roads, and common areas; and services of the Association except as may otherwise be provided herein.

(d) Designating, hiring and dismissing the personnel or contractors necessary for the maintenance, operation, repair and replacement of the common area and Units, and providing services for the property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Owners; and, moreover, contracting the professional managing agent, if deemed necessary by the Board. No contractual agreement may bind the Association unless such 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 the Developer to the Owners, upon not less than ninety (90) days' notice. In addition, if entered into before a majority of the Board elected by the Owners (as opposed to appointed by the Developer) in accordance with these bylaws takes office: (1) any management contract, employment contract, (2) any other contract or lease between the Association and Developer or an affiliate of Developer, or (3) any contract or lease that is not bona fide or was unconscionable to the Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the Board elected by the Owners (as opposed to appointed by Declarant) in accordance with these Bylaws takes office upon not less than ninety (90) days notice to the other party.

€ Collecting the assessments against the 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.

(f) Making and amending rules and regulations respecting the use of the property so that such do not unduly restrict the use and enjoyment by the Owners, their tenants and guests.

(g) Opening of bank accounts on behalf of the Board and designating the signatories required therefor.

(h) 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.

(i) Enforcing by legal means, when deemed necessary and appropriate in the opinion of the Board, the provisions of the Declaration, Certificate of Incorporation, these Bylaws and the rules and regulations for the use of the property adopted by it and bringing any proceedings which may be instituted on behalf of the Owners.

(j) Obtaining and carrying insurance against casualties and liabilities, and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Association, and not billed to Owners.

(l) Keeping books with detailed accounts in chronological order of the receipts and expenditures affecting the property and Association, and the administration of the property, specifying the maintenance and repair expenses of the roads and common areas, and any other expenses incurred. The said books shall be available for examination by the Owners, their duly authorized agents or attorneys, in accordance with and pursuant to the processes set forth in § 81-318 of DUCIOA. All books and records shall be kept in accordance with good and accepted accounting practices, and if so directed by the Board, the same may be audited by an outside auditor employed by the Board who shall not be a resident of SEASHORE VILLAS CONDOMINIUM, or an Owner of a Unit therein. The cost of such audit shall be a common expense. An audited financial statement, if prepared, shall be available within one hundred twenty (120) days of the end of the fiscal year.

(m) Notifying the Mortgagee of any property of any default by the Owner whenever requested in writing by such Mortgagee to send such notice.

(n) Maintaining written minutes of all meetings.

(o) Resolving disputes between and among Owners and the Board and making decisions regarding disputes related to the interpretation and application of the Declaration, Certificate of Incorporation, these Bylaws and rules and regulations promulgated pursuant thereto.

(p) Borrowing in an amount not to exceed twenty-five percent (25%) of the value of the Common Areas for any proper Association purpose by the execution of notes and mortgages or as security for the repayment thereof or such other security or securities as the Association shall designate for the payment of principal thereof and interest due thereon, subject to any restrictions or limitations which may be contained in the Declaration or DUCIOA.

(q) To do such other things and acts not inconsistent with the Declaration or Certificate of Incorporation which it may be authorized to do by a resolution of the Association.

Section 6.3. Election and Term of Office. During the Developer Control Period, all Board members shall serve for one (1) year terms. At the first meeting of the Association after the termination of the Developer Control Period during which an election is held, the terms of office of the members elected by the Unit Owners to serve on the Board shall be staggered. If three (3) members are elected, two (2) members shall serve two (2) year terms, and (1) member shall serve a one (1) year term. If four (4) members are elected, two (2) members shall serve two (2) years terms, and two (2) members shall serve one (1) year terms. If five (5) members are elected, three (3) members shall serve two (2) year terms and two (2) members shall serve one (1) year terms. At the expiration of the initial terms of office of the members of the Board elected at the first meeting of the Association after the termination of the Developer Control Period, their successors shall be elected to serve for two (2) year terms. The members of the Board shall hold office until their respective successors shall have been elected and the newly elected member=s willingness to serve confirmed.

Section 6.4. Removal of Members of the Board. At any regular or special meeting of the Board duly called, any one (1) or more of the members of the Board may be removed with or without cause by a majority of the Board members, and a successor may then and there be appointed by a majority of the remaining Board members to fill the vacancy thus created. Any member of the Board whose removal, with or without cause, has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of an Association meeting in response to said proposal and the purpose thereof and shall be given an opportunity to be heard at the meeting. In such a situation where the removal of a Board member, with or without cause, has been proposed by the Owners, a majority of the Owners present, in person or by proxy, at the meeting called for this purpose may remove the Board member in question and a successor may then and there be appointed by a majority of the Owners present to fill the vacancy thus created.

Section 6.5. Vacancies. Vacancies in the Board caused by any reason other than the removal of a member by a vote of the Owners shall be filled by a vote of a majority of the remaining members of the Board at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the Board members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board for the remainder of the term of the member so removed and until a successor shall be elected at the next annual meeting of the Association.

Section 6.6. Organizational Meeting. The first meeting of the members of the Board following an annual meeting of the Association shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board so elected, and no notice shall be necessary to

the newly elected members of the Board in order legally to constitute such meeting, providing a majority of the whole Board shall be present thereat.

Section 6.7. Regular Meetings. Regular meetings of the Board (except for executive sessions held for a permitted purpose set forth in § 81-308A of DUCIOA) shall be open to all Owners after the Developer Control Period ends and shall be held at least quarterly at such time and place as shall be determined from time to time by a majority of the Board members. Notice, including the agenda, of regular meetings of the Board shall be given to each Board member, by mail, email, telegraph, telefacsimile or telephone with mail confirmation, at least ten (10) but not more than sixty (60) days prior to the day named for such meeting. Except when a schedule of meetings has been distributed to the 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 meeting to be delivered to each Owner by any means described in Section 9.1. of these Bylaws at least ten (10) but not more than sixty (60) days prior to the meeting (but not later than the time notice of the meeting is sent to members of the Board).

Section 6.8. Special Meetings. Special meetings of the Board (except for executive sessions held for a permitted purpose set forth in § 81-308A of DUCIOA) shall be open to all Owners after the Developer Control Period ends and may be called by the President on at least ten (10) but not more than sixty (60) days' notice to each Board member, given by mail, email, telegraph, telefacsimile or telephone with mail confirmation, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Board members. The Secretary shall cause notice of any special meeting to be delivered to each Owner by any means described in Section 9.1. of these Bylaws at least ten (10) but not more than sixty (60) days prior to the meeting (but not later than the time notice of the meeting is sent to members of the Board).

Section 6.9. Waiver of Notice. Notwithstanding any provision to the contrary contained herein, any Board member may, at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall constitute a waiver of notice by him of the time and place of such meeting. If all Board members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting, including meetings conducted by telephone conference.

Section 6.10. Quorum of Board. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Board.

Section 6.11. Fidelity Bonds. The Board shall obtain adequate fidelity bonds for all officers, directors and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute a valid expense payable by the Association.

Section 6.12. Compensation. No Board member shall receive any compensation from the Association for acting as such, but may be reimbursed for necessary expenses incurred in regard to service as a Board member, as approved by the Board from time to time.

Section 6.13. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep or cause to be kept a minute book of the Board recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. Unless modified by the Board by resolution, *Roberts Rules of Order* (current edition) shall govern the conduct of all meetings of the Association when not in conflict with the Declaration or these Bylaws.

Section 6.14. Liability of the Members of the Board. The members of the Board shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the Board members from and against all contractual liability to others arising out of contracts made or action taken by the Board on behalf of the Owners unless any such contract or action shall have been made in bad faith or contrary to the provisions of the Declaration, Certificate of Incorporation or of these Bylaws. It is intended that the members of the Board shall have no personal liability with respect to any contract made or action taken by them on behalf of the Owners. Every agreement made or action taken by the Board on behalf of the Owners shall, if obtainable, provide that the members of the Board, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder, and that each Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the total Units in SEASHORE VILLAS CONDOMINIUM. The 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 Board, against expenses (including reasonable 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 believed to be in or not opposed to the best interests of the Owners.

ARTICLE VII

Officers

Section 7.1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The 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 Board. Any other officers may be, but shall not be required to be, members of the Board. Any Board member who serves as an officer shall be permitted to hold more than one office if such is necessary to fill the principal positions of President, Vice President, Secretary and Treasurer.

Section 7.2. Election of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any vacancy in an office shall be filled by the Board at a regular meeting or special meeting called for such purposes.

Section 7.3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 7.4. President. The President shall be the chief executive of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are incident to the office of the 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 he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall also be responsible for the preparation, execution, certification and recordation of any amendments to the Declaration, Certificate of Incorporation, these Bylaws or any other governing document for the Association.

Section 7.5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board or by the President.

Section 7.6. Secretary. The Secretary shall keep or cause to be kept the minutes of all meetings of the Association and of the Board; he shall have charge of such books and papers as the Board may direct; he shall provide or cause to be provided notice of all scheduled Association meetings to each Owner at such address as each Owner shall have designated by notice in writing to the Secretary; and he 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 7.7. Treasurer. The Treasurer shall have the responsibility for Association 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; he shall be responsible for the deposit of all monies and other valuable effects in the name of the Board, or the managing agent, in such depositories as may from time to time be designated by the Board, and he 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 7.8. 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 (2) officers or by an officer and such other person or persons as may be designated by the Board. All such instruments for expenditures or obligations of less than \$1,000.00 may be executed by any one (1) officer or by such other person as may be designated by the Board.

Section 7.9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such, but may be reimbursed for expenses incurred in regard to services rendered to the Association, as approved by the Board from time to time.

ARTICLE VIII **Amendments to Bylaws**

Section 8.1. Amendments. Except as otherwise provided in these Bylaws, these Bylaws may be modified or amended either (i) by a vote of at least fifty-one percent (51%) of the membership present, in person or by proxy, at any regular or special meeting, provided that notice of the proposed amendment shall have been given to each Owner at least ten (10) days in advance of such meeting or (ii) pursuant to a written instrument duly executed by a majority of all of the Owners.

ARTICLE IX **Miscellaneous**

Section 9.1. Notices. All notices, demands, bills, statements or other communications under the Declaration or the corporate governing documents for the Association, including these Bylaws, shall be in writing and shall be deemed to have been duly given if: (a) delivered personally; (b) if to an Owner, if sent by email, facsimile or other method of electronic transmission to the Owner at the email/electronic address or facsimile number which the Owner shall designate in writing and file with the Secretary; (c) if to an Owner, if sent by first-class mail, postage prepaid, to an Owner at the address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Owner as provided in the tax assessment records for Sussex County; (d) if to the Association, if sent by email, facsimile or other method of electronic transmission to the Association at the email/electronic address or facsimile number which the Association shall designate in writing to the Owners as the principal email/electronic address or facsimile number of the Association; or (e) if to the Association, if sent by first-class mail, postage prepaid to the Association, the Board or the professional managing agent, if any, at the principal office of the Association or at such other address as shall be designated by notice in writing to the Owners pursuant to this section.

Section 9.2. Gender, Number. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 9.3. Definitions. Words and phrases which are used herein and which are defined and/or discussed in the Declaration and Certificate of Incorporation shall have the meaning as set forth in the Declaration and Certificate of Incorporation.

Section 9.4. Conflicts. In the event of any conflicts between the Declaration and these Bylaws, the Declaration shall be controlling.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the original members of the Board of Directors for the Association have hereunto set their hands and seals the 22nd day of March, 2018.

Denise S. Holleger
Witness

Denise S. Holleger
Witness

Witness

Preston L. Dyer (SEAL)
Preston L. Dyer

Gary McCrea (SEAL)
Gary McCrea

Mason T. Dyer

STATE OF DELAWARE :

COUNTY OF Sussex : SS.

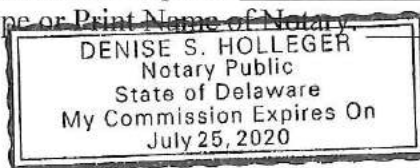
BE IT REMEMBERED, That on this 22nd day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Preston L. Dyer, original member of the Board of Directors of the SEASHORE VILLAS CONDOMINIUM ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

Denise S. Holleger
NOTARY PUBLIC

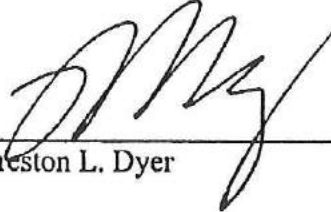
Commission Expires: _____

Type or Print Name of Notary: _____



IN WITNESS WHEREOF, the original members of the Board of Directors for the Association have hereunto set their hands and seals the 22nd day of March, 2018.


Witness



Preston L. Dyer

(SEAL)

Witness

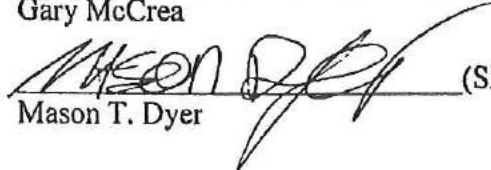


Gary McCrea

(SEAL)



Witness



Mason T. Dyer

(SEAL)

STATE OF DELAWARE

:

:

ss.

COUNTY OF _____

:

BE IT REMEMBERED, That on this _____ day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Preston L. Dyer, original member of the Board of Directors of the SEASHORE VILLAS COMMUNITY ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

NOTARY PUBLIC

Commission Expires: _____

Type or Print Name of Notary: _____

STATE OF DELAWARE :
 :
COUNTY OF Sussex : SS.

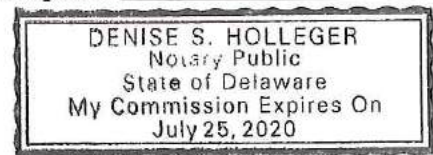
BE IT REMEMBERED, That on this 22nd day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Gary McCrea, original member of the Board of Directors of the SEASHORE VILLAS CONDOMINIUM ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

Denise S. Holleger
NOTARY PUBLIC

Commission Expires: _____

Type or Print Name of Notary: _____



STATE OF DELAWARE :
 :
COUNTY OF Sussex : SS.

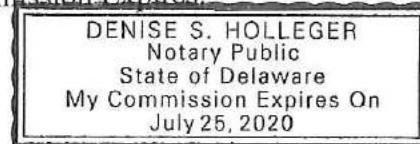
BE IT REMEMBERED, That on this 22nd day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Mason T. Dyer, original member of the Board of Directors of the SEASHORE VILLAS CONDOMINIUM ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

Denise S. Holleger
NOTARY PUBLIC

Commission Expires: _____

Type or Print Name of Notary: _____



***** Electronically Recorded Document *****



Sussex County

Scott Dailey
Recorder of Deeds
Georgetown, DE 19947

Instrument Number: 2018-18923

Parties:

Recorded As: EREC-DECLARATION

Direct- DRC PROPERTIES LLC

Recorded On: May 25, 2018

Indirect- DRC PROPERTIES LLC

Recorded At: 10:37:04 am

Receipt Number: 867994

Number of Pages: 68

Processed By: Sue D

Book-VI/Pg: Bk-D VI-4893 Pg-1

Total Rec Fee(s): \$634.00

**** Examined and Charged as Follows ****

Erec-D \$ 634.00

Tax Amount Consid Amt RS#/CS#

Tax Parcel No: 5-33 12.00 76.05

Prepared by and Return to:
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958

MASTER DECLARATION

OF

SEASHORE VILLAS

TABLE OF CONTENTS

ARTICLE I DEFINITIONS

Section 1.01. Definitions	2
---------------------------------	---

ARTICLE II GENERAL GOVERNANCE, COMMON AREA, AND DESIGNATION OF LAND USE

Section 2.01. General Governance	2
Section 2.02. Owners and Occupants Bound.....	3
Section 2.03. Community Association Bound.....	3
Section 2.04. Owners' Basements of Enjoyment	3
Section 2.05. Conveyance of Master Common Area	4
Section 2.06. Other Common Area.....	4
Section 2.07. Master Association Documents	5

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 3.01. Membership	5
Section 3.02. Classes of Membership.....	6
Section 3.03. Master Declarant Control	6
Section 3.04. Transfer of Control	6
Section 3.05. Board of Master Association	7

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 4.01. Lien and Personal Obligation for Master Assessments	7
Section 4.02. Differing Master Annual Assessment Levels	9
Section 4.03. Master Annual Assessments	9

Section 4.04. Master Special and Other Master Assessments	9
Section 4.05. Commencement and Verification of Master Assessments	10
Section 4.06. Effect of Nonpayment of Master Assessments; Remedies of the Master Association	12
Section 4.07. Subordination of Master Association Lien	13
Section 4.08. Notice of Lien	13
Section 4.09. Initial Working Capital	14
Section 4.10. Master Assessment Overview Chart.....	14
Section 4.11. Master Assessment Overview Chart.....	14

ARTICLE V
COMMON AREA MAINTENANCE

Section 5.01. Master Common Area.....	15
Section 5.02. Repairs Necessitated by Owner	16
Section 5.03. Access at Reasonable Hours	16
Section 5.04. Maintenance of Each Community	16
Section 5.05. Owner's Failure to Maintain	16
Section 5.06. Maintenance of Owner's Property	17
Section 5.07. General Standards	17

ARTICLE VI
POWERS OF THE MASTER ASSOCIATION

Section 6.01. Duties and Powers	17
Section 6.02. Insurance	18
Section 6.03. Damage and Destruction; Reconstruction	20
Section 6.04. Other Duties and Powers	21
Section 6.05. Master Association Rules	21

ARTICLE VII
DESIGN REVIEW AND ARCHITECTURAL CONTROL

Section 7.01. Architectural Control.....	22
Section 7.02. Design Review by Master Declarant.....	22
Section 7.03. Architectural Review Committee.....	23
Section 7.04. Design Review by the Architectural Review Committee.....	23
Section 7.05. Application Fees and Reimbursements.....	23
Section 7.06. Design Guidelines.....	24
Section 7.07. Procedures.....	24
Section 7.08. Non-Precedential Nature of Approvals	25
Section 7.09. Waivers and Exceptions	26
Section 7.10. Limited Scope of Approval	26
Section 7.11. Enforcement.....	26
Section 7.12. Improvements by Master Declarant; Amendment.....	27
Section 7.13. Special Master Declarant Rights	27

ARTICLE VIII
COMMUNITY RESTRICTIONS, DEVELOPMENT RIGHTS,
AND SPECIAL MASTER DECLARANT RIGHTS

Section 8.01. Overall Structure.....	27
Section 8.02. Community Restrictions	28
Section 8.03. Right of Enforcement	28
Section 8.04. Conflicts Among Restrictions.....	28
Section 8.05. Application of Master Documents.....	28
Section 8.06. Recordation of Community Declaration.....	28
Section 8.07. Project-Wide Standard.....	28
Section 8.08. Rights to Develop	28

Section 8.09. Master Declarant Development Rights.....	28
Section 8.10. Special Master Declarant Rights	29
Section 8.11. Power of Attorney.....	32
Section 8.12. Transfer of Special Master Declarant Rights.....	32

ARTICLE IX
COMMUNITY ASSOCIATION

Section 9.01. Formation of Community Association	33
Section 9.02. Notice of Sale	34
Section 9.03. Management and Control	34
Section 9.04. Master Assessments Specifically.....	34
Section 9.05. Enforcement Under Community Declaration	35
Section 9.06. Community Association Meetings	35
Section 9.07. Remedies of Master Association	35

ARTICLE X
CREATION OF EASEMENTS

Section 10.01. Public Utility Easements	35
Section 10.02. Temporary Construction Easements.....	35
Section 10.03. Easement for Encroachments	36
Section 10.04. Easements for Ingress and Egress	36
Section 10.05. Water Easement	36
Section 10.06. Sewer Easements	37
Section 10.07. Additional Easements	37
Section 10.08 Easements for Maintenance, Emergency, and Enforcement	38
Section 10.09. No Easement for View.....	38
Section 10.10. Assignment of Responsibilities	38
Section 10.11. Surface Water Management System.....	38

Section 10.12. Withdrawal Property.....	39
---	----

ARTICLE XI
GENERAL PROVISIONS

Section 11.01. Enforcement.....	40
Section 11.02. Approval of Litigation.....	40
Section 11.03. Condemnation of Master Common Area.....	42
Section 11.04. Severability.....	42
Section 11.05. Term.....	42
Section 11.06. Amendment.....	42
Section 11.07. Construction.....	43
Section 11.08. Notices.....	44
Section 11.09. Management Agreements.....	44
Section 11.10. Master Declarant's Right to Use Similar Name.....	44
Section 11.11. Survival of Liability.....	45
Section 11.12. Waiver and Approvals.....	45
Section 11.13. Attorney Fees.....	45
Section 11.14. No Partition.....	45

ARTICLE XII
DEVELOPMENT PLAN AND ANNEXATION

Section 12.01. Proposed Development.....	46
Section 12.02. Incorporation into the Project.....	46

ARTICLE XIII
MORTGAGEE NOTICES, CONSENTS AND APPROVALS

Section 13.01. Rights of Eligible Mortgagees.....	46
Section 13.02. No Priority.....	47
Section 13.03. Notice to Association.....	47

Section 13.04. Failure of Mortgagee to Respond	47
--	----

APPENDIX - DEFINITIONS

EXHIBIT A-1 - SEASHORE VILLAS TAX PARCEL NUMBERS AND LEGAL DESCRIPTION

EXHIBIT A-2 - ADDITIONAL PROPERTY

EXHIBIT A-3 - WITHDRAWAL PROPERTY

EXHIBIT B- RECORD PLAN

**MASTER DECLARATION
OF
SEASHORE VILLAS**

This Master Declaration of Seashore Villas (the "Master Declaration" as the same may be amended, modified, altered, supplemented, revised or restated from time to time as provided herein) is made, as of the date set forth at the end of this Master Declaration, by DRC Properties, LLC, a Delaware limited liability company ("Master Declarant").

RECITALS

A. Master Declarant is the owner of fee simple title to the real property that is described on Exhibit A-1 attached to this Master Declaration, as the same may be amended, modified, altered, supplemented, revised or restated from time to time ("Project") located in Sussex County, Delaware, and as shown on the Record Plan of Seashore Villas, a Condominium Community, prepared by Penmoni Associates, Inc. dated February 18, 2018 as recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware (the "Recorder's Office") in Plot Book 262 at Page 23 attached hereto as Exhibit B (as the same may be amended, modified, altered, supplemented, revised or restated from time to time, the "Record Plan").

B. In accordance with the Record Plan, Master Declarant desires to provide for the phased development of a planned community consisting primarily of one Condominium Community, Seashore Villas, together with common areas, amenities and accessory uses within the Project.

C. The Condominium Community may consist of up to Eighty-Seven (87) single family attached fee simple County home Units. A separate Condominium Declaration for the Condominium is simultaneously recorded to create and govern the Condominium and the Association.

D. The Seashore Villas Community Association, Inc. (the "Master Association"), governed by this Master Declaration is an organization to which the Condominium Community will belong. The Master Association is responsible for architectural control and review within the Project and may provide certain shared services within the Project. The Community, and not the individual Owners of the Units in the Project, are the members of the Master Association. The provisions of this Master Declaration are intended to facilitate completion of the Project and allow the Project to retain and coordinate its design principles as it matures.

E. In connection with the foregoing, the Project Documents provide for a flexible and reasonable procedure for the development of the Project and for the expansion of the Project to include all or part of that Additional Property described on Exhibit A-2 hereto and to remove or withdraw from the Project any or all of the Withdrawal Property as described on Exhibit A-3.

F. This Master Declaration also creates a mechanism through which the Master Association can address the needs of the Owners by administering and managing the amenities and common areas described in this Master Declaration for and on behalf of the

Community/Project.

G. It is the intention of the Master Declarant to establish certain portions of the Project from time to time as one common interest community pursuant to the provisions of Chapter 81, Title 25 of the Delaware Code, such chapter also being known as the Delaware Uniform Common Interest Ownership Act ("DUCIOA"), as the same may be amended from time to time.

MASTER DECLARATION

Accordingly, Master Declarant declares that the Project, as described below, is to be held, sold, mortgaged, encumbered, leased, rented, used, occupied, improved, and conveyed subject to the following benefits, burdens, rights, reservations, easements, limitations, restrictions, servitudes, covenants, conditions, charges, duties, obligations, and liens, as well as those applicable covenants and restrictions in the other Project Documents (collectively referred to as "covenants and restrictions"). The covenants and restrictions are for the purpose of protecting the value, attractiveness, and desirability of the Project, and the covenants and restrictions will benefit, burden, and run with the title to the Project and will be binding upon all parties having any right, title, or interest in or to any part of the Project and their heirs, successors, and assigns. The covenants and restrictions will inure to the benefit of each Owner. In furtherance of the foregoing, Master Declarant establishes the Project as a planned common interest community, and in so doing, Master Declarant does submit the property described in Exhibit A-1 to this Master Declaration. Master Declarant further declares as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The Recitals are incorporated herein by reference. Terms that are used but not otherwise defined in this Master Declaration are defined in the Appendix attached hereto and made a part hereof.

ARTICLE II

GENERAL GOVERNANCE, COMMON AREA, AND DESIGNATION OF LAND USE

Section 2.01. General Governance. Master Declarant intends to develop the Project as a planned community as outlined in the Seashore Villas Community Record Plan and to sell and convey portions of the Project to affiliated or unaffiliated purchasers, subject to the Project Documents. As portions of the Project are developed or sold, Master Declarant intends to develop, impose, and record the Community Declaration which, among other things, may designate Master Common Areas, Areas of Master Association Responsibility, or Community Common Area; and may establish additional covenants, conditions, restrictions, and easements as may be appropriate for the portions of the Project that are developed or sold. Nothing in this Master Declaration, the Community Declaration, any recorded Plan or any other Project Documents will be construed to prevent Master Declarant from: (i) modifying any part of the

Seashore Villas Community Record Plan that does not materially and adversely modify a Parcel or Unit that has been transferred to an Owner (other than Master Declarant) other than with the consent of the affected Owner; (ii) dedicating portions of the Project for utilities or other public or municipal use; or (iii) conveying portions of the Project for uses different than those initially or subsequently contemplated, so long as the change in use is approved by the County to the extent required and generally consistent with the Seashore Villas Community Record Plan.

Section 2.02. Owners and Occupants Bound. Upon the recordation of this Master Declaration, the Master Association Documents are binding upon all present and future Owners and Occupants of the Project, whether or not stated in any document or deed transferring any interest in any portion of the Project.

Section 2.03. Community Association Bound. Upon the incorporation of the Community Association, the Master Association Documents will be binding on and will benefit the Community Association. In the case of any conflict or inconsistency between the Master Association Documents, on the one hand, and any Community Declaration or the organizational documents for the Community Association, on the other hand, the Master Association Documents will govern and control.

Section 2.04. Owners' Easements of Enjoyment. Every Owner will have a non-exclusive right and easement of use and enjoyment in and to the Master Common Area and Areas of Master Association Responsibility, in common with all other Persons entitled to use the Master Common Area and Areas of Master Association Responsibility under the terms and conditions of the Project Documents. The Master Common Area and Areas of Master Association Responsibility, however, are not intended to be used as places of public accommodation, as defined in the Americans with Disabilities Act of 1990, as amended, and the regulations thereunder. An Owner's right and easement to use and enjoy the Master Common Area and Areas of Master Association Responsibility will be appurtenant to and pass with the title to every Unit and will be subject to the limitations and restrictions contained in the Project Documents, including the following rights in favor of the Master Association:

(a) **Charges and Regulations.** The right of the Master Association to charge reasonable admission and other fees for the use of the Master Common Area or Areas of Master Association Responsibility and to publish and enforce rules and regulations regarding the use of the same; the right of the Master Association to limit the number of Persons who use the Master Common Area and Areas of Master Association Responsibility; the right of the Master Association to limit the number and type of pets that use the Master Common Area and Areas of Master Association Responsibility; the right of the Master Association to hold any Owner accountable for the conduct of the Owner's Occupants and pets; and the right of the Master Association to generally adopt rules and regulations from time to time for use of the Master Common Areas and Areas of Master Association Responsibility;

(b) **Suspension of Rights.** The right of the Master Association to suspend the rights and privileges (but not the right to vote) of any Owner or the Owner's Occupants or any other Person to the use of the Master Common Area if any assessment against that Owner is not paid within 15 days after its due date or if there exists any uncured non-monetary infraction of the

Project Documents, subject to compliance with any applicable notice and hearing requirements contained in the Bylaws;

(c) **Dedication Grant.** The right of the Master Association to dedicate or grant an easement or other interest (covering all or any part of the Master Common Area) to the County or any utility provider for the purposes, and subject to the conditions, that may be established by, on the one hand, the County or the utility provider and, on the other hand, Master Declarant during the Period of Master Declarant Control (as defined in Section 3.03) and, after the Period of Master Declarant Control, the Board;

(d) **Master Declarant.** The right of Master Declarant, and its agents and representatives, in addition to its rights established elsewhere in this Master Declaration and the other Project Documents, to the non-exclusive use, without extra charge, of the Master Common Area and Areas of Master Association Responsibility, in whole or in part, including, without limitation, for (i) sales, display, and exhibition purposes both during and after the Period of Master Declarant Control, (ii) to grant easements, to utilize reserved rights and easements, and to otherwise utilize the Project as it deems appropriate in connection with the development of the Project or the Additional Property, and (iii) such other rights of the Master Declarant as are not inconsistent with the Project Documents; and

(e) **Builder Use.** The right of the Master Declarant to grant and convey to a Builder, its agents, contractors, employees and assigns, a non-exclusive temporary easement for all purposes relating to the construction, development, and management of the Project in accordance with Article X of this Declaration.

Section 2.05. Conveyance of Master Common Area. At any time and from time to time no later than a date determined by Master Declarant consistent with the requirements of the County, any Governmental Authorities, or any Institutional Guarantor, legal title to all applicable portions of the Master Common Area will be conveyed by Master Declarant to the Master Association, and the Master Association shall be deemed to have accepted the same, by the delivery of a special warranty deed, free and clear of all monetary liens, but subject to the covenants and restrictions of the applicable Project Documents. Once conveyed by Master Declarant to the Master Association, each applicable portion of the Master Common Area will be maintained by the Master Association at the common expense of the Owners as provided herein.

Section 2.06. Master Association Documents. The Master Association Documents for the Project consist of:

(a) this Master Declaration and any Supplemental Declarations as may be recorded from time to time to expand the Project or to supplement this Master Declaration with additional covenants, restrictions, and easements applicable to particular areas within the Project;

(b) the Certificate of Incorporation and the Bylaws of Seashore Villas Master Community Association, Inc.;

(c) the Master Association Rules; and

(d) the Seashore Villas Community Record Plan;
as any or all may be amended, modified, altered, supplemented, revised or restated or
from time to time.

Section 2.07. Project Documents and Master Association Documents Matrix.

<p>NOTE: The following chart is of key Project Documents only and is not intended to be a complete and exhaustive list of all documents related to the Project or each Community.</p> <p>NOTE: The following chart is not intended to limit or modify or otherwise change the text of this Master Declaration or any other Project Documents.</p>	
Certificate of Incorporation (filed with Secretary of State)	Establishes the Master Association as a non-profit corporation under Delaware law
Bylaws (adopted by the Board and recorded in the Office of the Recorder of Deeds)	Governs the Master Association's internal affairs, such as voting rights, elections, meetings, officers, etc.
Master Declaration (recorded in the Office of the Recorder of Deeds)	Creates obligations which are binding upon the Master Association and all present and future Owners of property in the Project
Condominium Community Declaration	An additional or separate declaration of covenants, conditions, and restrictions or similar instrument (other than this Master Declaration) that is to be recorded by Master Declarant or its assignee, including a Builder, for defining the Condominium
Project Design Guidelines (to be adopted prior to construction of the Project improvements)	Establishes architectural standards and guidelines for improvements and modifications to the Project, including structures, landscaping and other items

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 3.01. Membership. Membership in the Master Association is limited to the Members. Every Owner through its membership in the Community, which is in turn a member of the Master Association, (i) is bound by the provisions of the applicable Master Association Documents, (ii) is deemed to have personally covenanted and agreed to be bound by all

covenants and restrictions contained in the applicable Master Association Documents, and (iii) is deemed to have entered into a contract with the Master Association, the Condominium Community Association, and each other Owner within the Project for the performance of the respective covenants and restrictions. The personal covenant of each Owner described in the preceding sentence will be deemed to be in addition to the real covenants and equitable servitudes created by this Master Declaration, and this personal covenant of each Owner will not limit or restrict the intent that this Master Declaration benefit and burden, as the case may be, and run with title to, every portion of the Project. Each Community Association is bound by the provisions of the Master Association Documents and is deemed to have entered into a contract with the Master Association and each other Community Association for the performance of the respective covenants and restrictions in the Master Association Documents and each other Project Document. As may be required by DUCIOA and to the extent applicable to the Communities, such Owners shall receive a copy of this Master Declaration in accordance with the applicable provisions of DUCIOA.

Section 3.02. Classes of Membership. The Master Association will have two classes of Members, as provided below.

(a) **Class A Members.** The Class A Members will be the Community Association. Each Class A Member will be allocated votes equal to the number of Units.

(b) **Class B Members.** The Class B Member will be Master Declarant, who will be allocated votes equal to the number of Units, as applicable, owned or deemed owned by Master Declarant within the Community. If the Master Declaration is amended, modified, altered, supplemented, revised or restated from time to time to include additional land that was not originally described on Exhibits A-1 and A-2 to the Master Declaration when the Master Declaration was recorded or the Seashore Villas Community Record Plan is amended to increase the maximum number of Units, then the number of votes of the Class B owner described above shall be increased by the number of votes that would be appurtenant on such land if such land were fully developed under applicable zoning laws and submitted to the Master Declaration.

Section 3.03. Master Declarant Control. The Period of Master Declarant Control shall commence on the date that this Master Declaration is first recorded in the Recorder's Office and, to the fullest extent permitted by Law, will end no later than the earlier of: (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Owners other than Master Declarant or any Builder; (ii) two (2) years after Master Declarant or any applicable Builder has ceased to offer Units for residential purposes for sale in the ordinary course of business; (iii) two (2) years after any right to add new Units to this Master Declaration was last exercised; or (iv); or the day the Master Declarant, after giving written notice to Owners, records an instrument voluntarily surrendering all rights to control activities of the Association.

Section 3.04. Transfer of Control. When the Period of Master Declarant Control ends, the Class A Members will accept control of the Master Association and full responsibility for the operation of the Master Association and administration of the Project as provided in the Project Documents. Upon the expiration of the Period of Master Declarant Control, Master Declarant shall assign, and the Master Association shall, absolutely and irrevocably, accept,

succeed to, assume, and be bound by the following: all rights, privileges, obligations, and liabilities, whether past, present, or future, of the Master Declarant in and under all agreements (collectively, the "Property Agreements") which have been entered into by the Master Declarant and relating to the Project. Such acceptance and assumption by the Master Association shall be automatic and shall occur and be effective without any notice or instrument of any kind; provided that the Master Declarant may execute one or more instruments confirming the assignment by the Master Declarant of the foregoing rights, privileges, obligations, and liabilities. Upon the assignment by the Master Declarant, the Master Association shall indemnify, defend, and hold harmless the Master Declarant, its members, employees, and agents from and against any and all claims, actions, losses, liabilities, obligations, costs, or expenses (including reasonable attorneys' fees) of any kind or nature, asserted against or incurred by the Master Declarant, its members, employees, and agents, pursuant to, arising out of, or in connection with the Property Agreements.

Section 3.05. Board of Master Association. The business and affairs of the Master Association will be governed by the Board in accordance with the provisions of the Project Documents, as the same be amended, modified, altered, supplemented, revised or restated from time to time. During the Period of Master Declarant Control the Board shall have three (3) directors who shall be appointed, removed or replaced by the Master Declarant from time to time. Any appointed director may, but need not, be an Owner, as Master Declarant may determine in its sole discretion from time to time. Following the Period of Master Declarant Control, the Board shall have five (5) directors who shall be elected by the members of the executive board of the Community Association that is a Member of the Master Association. Each director of the Board shall be elected in accordance with the provisions of the Bylaws and shall serve for such terms as set forth in the Bylaws. After the Period of Master Declarant Control, and notwithstanding the foregoing, for so long as Master Declarant remains obligated pursuant to a bond or land development improvement agreement by a governmental entity to perform work at the Project, and to the maximum extent permitted by Law, the Board may not, without providing the Master Declarant with prior written notice of such action to be undertaken or decision to be made, undertake any action or make any decisions that will impede the satisfactory completion and obligation of the Master Declarant to complete the work that is subject to such bond and/or land development obligations with a governmental entity.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 4.01. Lien and Personal Obligation for Master Assessments.

(a) **Creation of Lien.** By accepting a deed for a Unit (whether or not explicitly disclosed in the deed or conveying instrument) or otherwise becoming an Owner of a portion of the Project, each Owner, through its membership in the Community, which is in turn a member of the Master Association, is deemed personally to covenant and agree to be bound by all covenants and restrictions of the Master Association Documents and to pay to the Master Association, to the fullest extent permitted by law: (i) the Master Annual Assessments described in Section 4.03 below; (ii) the Master Special Assessments described in Section 4.04 below; (iii) without limitation of the generality of the foregoing, any Master Community Assessment

applicable hereunder; (iv) such Owner's share of an amount sufficient, on demand, to indemnify and hold harmless the Master Association for, from, and against all obligations undertaken or incurred by the Master Association on account of any special request by any Owner or any of the Community Association and to repay the Master Association for all expenditures on account of the special services or benefits requested by the applicable Owner or the applicable Community Association; (v) such Owner's share of an amount sufficient to pay the Master Association for the cost of performing any obligation of the Community Association under the Master Association Documents or the Community Declaration that the Community Association has failed to timely pay or perform; and (vi) all other assessments or other similar charges that may be fixed, established, and collected from time to time as provided in the Master Association Documents. The amounts described above, together with all accrued interest, court costs, reasonable attorney fees, late fees, penalties, fines, and all other expenses, incurred in connection with the collection of the amounts described above, whether or not a lawsuit or other legal action is initiated, are referred to collectively in the Master Association Documents as a "Master Assessment" (whether capitalized or not).

(b) **Perfection of Lien.** The Master Association, by the recordation of this Master Declaration, is granted a perfected, consensual, and continuing lien upon those portions of the Project against which a Master Assessment is made or has been incurred for the payment of all Master Assessments, and the further recordation of any claim of lien or notice of lien is not required for perfection or enforcement of the Master Association's lien for the Master Assessments.

(c) **Personal Obligation.** Each Master Assessment under the Master Association Documents also will be the personal, joint, and several obligation of each Person who was the Owner at the time the Master Assessment became due, was incurred, or arose, as applicable. The personal obligation for delinquent Master Assessments will not pass to the applicable Owner's successors in title unless expressly assumed in writing by that Owner's successors; however, the personal obligation of the prior Owner that accrued prior to the transfer for the delinquent Master Assessments will not be deemed released or discharged by reason of any assignment, conveyance, or transfer of title of such Unit. The Master Association may enforce the personal obligation of an Owner to pay delinquent Master Assessments in any manner permitted under Delaware law or the Master Association Documents. Notwithstanding the previous sentences in this subsection, if there is an assignment, conveyance, or transfer of title to a Unit, applicable Master Assessments will continue as a lien against such Unit in the hands of the subsequent Owner, except in those circumstances described in Section 4.07 below.

(d) **Charge for Master Assessments.** All Master Assessments payable to the Master Association may, at the election of the Master Association, be charged to and collected from each applicable Community Association (who in turn will be responsible for collection of the Master Assessments from the Owners within the Community) or directly to the Owners within a particular Community in accordance with Section 4.03 of this Declaration.

(e) **Exempt Property.** Notwithstanding anything to the contrary in this Master Declaration, Exempt Property will not be subjected to any Assessments of any kind.

Section 4.02. Differing Master Annual Assessment Levels. To the extent any part of the Master Annual Assessment is attributable to an Area of Master Association Responsibility that is not reserved or designated for the benefit of all Owners (but rather only for the benefit of all Owners within the Community), the applicable part of the Master Annual Assessment will be allocated to the Community Association (to the extent the Master Assessment is charged to the Community Association) or the Owners within the Community (to the extent the Master Assessments are directly assessed against the Owners). In other words, the Master Annual Assessment paid by the Community Association (or the Owners within a particular Community if the Owners are directly assessed) may include amounts necessary to cover Master Community Assessments. To the extent any part of the Master Annual Assessment is attributable to an Area of Master Association Responsibility that is for the benefit of all Owners, the applicable part of the Master Annual Assessment will be allocated among all Owners in a manner consistent with the provisions of this Master Declaration. As a result of the application of the provisions of this Master Declaration, the Master Annual Assessment may be different among the Community Association or the Owners.

Section 4.03. Master Annual Assessments.

(a) **General Allocation.** In Master Declarant's sole discretion, all Master Annual Assessments (whether capitalized or not) may be levied against and charged to the Owners, in an amount necessary to pay the applicable Master Assessments based on the number of Units in the Communities.

(b) **Master Assessments Against Community Association.** Even though the payment of the Master Assessments is a personal obligation of each Owner, if Master Annual Assessments are charged to and collected from the Community Association, the Community Association, in turn, will be responsible for levying and collecting the amounts necessary to pay the Master Annual Assessments from the various Owners of such Community.

(c) **Increases in Master Annual Assessments.** The Master Annual Assessment may not be increased over the Master Annual Assessment in the previous year by more than the Permitted Percentage Increase (as defined below), unless the additional increase is approved by the Members of the Community, as provided in the Bylaws. Generally, this means that the Members must approve increases that affect the Community. Without the approval of the Members, the Master Association may increase the maximum Master Annual Assessments during each fiscal year of the Master Association by an amount ("Permitted Percentage Increase") equal to the greater of: (i) 10%; (ii) a percentage calculated by dividing the Consumer Price Index in the most recent October (identified by an A in the formula below) by the Consumer Price Index for the October one year prior (identified by a B in the formula below), minus one (i.e., $\text{CPI percentage} = (A/B) - 1$), or (iii) the percentage increase as permitted by Delaware state law, DUCIOA, or other applicable Law. The term "Consumer Price Index" will refer to the United States Bureau of Labor Statistics, Consumer Price Index, United States and selected areas, all items issued by the U.S. Bureau of Labor Statistics, or its equivalent, revised, or successor index identified by the Board.

Section 4.04. Master Special Assessment and Other Master Assessments.

(a) **Master Special Assessments.** The Master Association, at any time and from time to time in any Master Assessment year and in addition to the Master Annual Assessments authorized above or any other Master Assessments authorized elsewhere in this Master Declaration, may levy a special Master Assessment against the Community Association, or directly against the Owners, for the purpose of: (i) collecting, as applicable, the cost of any unexpected or extraordinary expenses incurred by the Master Association in connection with the maintenance of any Units or Community Amenities or defraying the cost for any special services rendered by the Master Association to the Community or its respective Owners or Occupants; or (ii) the cost of any other unexpected or extraordinary expenses incurred in connection with the construction, repair, restoration, improvement, replacement, maintenance, use, or operation of the Master Common Area or of those Areas of Master Association Responsibility that are reserved for the use of all Owners or other activities for which any Master Annual Assessments may be assessed. The foregoing assessments will be referred to as "**Master Special Assessments**" (whether capitalized or not). All Master Special Assessments must be approved by the Members of the Community that are to be assessed, as provided in the Bylaws and herein, and pursuant to the same process for approving a Budget under Section 4.05(b).

(b) **Other Master Assessments.** In addition to the Master Annual Assessments and Master Special Assessments described above, the Master Association may levy other Master Assessments (collectively called the "**Other Master Assessments**," whether the term is capitalized or not) against the Community Association or Owners within the Community arising out of: (i) the failure of the Community Association or any Owner within the Community to comply with the Master Association Documents; (ii) any negligent, grossly negligent, or intentional act or omission of the Owner or Occupants within the Community resulting in injury to any other Owner or any other Person within the Project or damage to any other Parcel, Unit, Master Common Area, or the Areas of Master Association Responsibility; (iii) those indemnification, reimbursement, or payment obligations described in the Master Association Documents (including the obligation to pay for the attorney fees incurred by the Master Association in the enforcement of the Master Association Documents); or (iv) to the extent not already covered by the preceding subsections, any of the items described in Section 4.01(a)(iv), (v), or (vi) above. The imposition of these types of Other Master Assessments will not require the vote or approval of the Members or any Owner so long as the notice and cure periods (if any) or grace periods (if any) contained in the Master Association Documents are satisfied with respect to the declaration of a default, breach, exercise of self-help, or other remedy.

Section 4.05. Commencement and Verification of Master Assessments.

(a) **Commencement and Collection.** It shall be an affirmative and perpetual obligation of the Master Association to establish Master Annual Assessments on at least an annual basis, in an amount at least sufficient to maintain, repair, and operate the Master Common Areas or any Areas of Master Association Responsibility. Such duties and responsibilities are hereby irrevocably delegated to the Master Association together with all other rights, powers, or duties of the Master Association or its Board as set forth in the Project Documents, or as otherwise provided by Law.

(b) **Budget.** The amount of money required for Master Annual Assessments of the Master Association shall be based on a budget adopted at least annually by the Master Association. During the Period of Master Declarant Control, the budget of the Master Association shall be subject to the approval of the Master Declarant, in its sole discretion. Following the Period of Master Declarant Control, the Board, within thirty (30) days after the adoption of the budget, shall provide to all Members a summary of the budget, including any reserves and a statement of the basis on which any reserves are calculated and funded. Simultaneously, the Board shall set a date for a meeting of the Members 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 a vote of a majority of the Members rejects the proposed budget, the budget shall be ratified, whether or not a quorum is present at such meeting. If a proposed periodic budget is rejected, the periodic budget last ratified by the Members must be continued until such time as the Members ratify a subsequent budget proposed by the Board.

(c) **Commencement of Master Assessments.** The Master Annual Assessments established in this Master Declaration will commence as to each Unit that has been then subjected to this Master Declaration on a date that is no later than sixty (60) days after the first conveyance of such Unit to an Owner other than a Builder. Until the Master Association makes a Master Assessment, the Master Common Area will be maintained by the Master Declarant at its cost. Each of the Areas of Master Association Responsibility must be maintained by its owner (whether the Community Association or the Owners thereof) unless and until the Master Association has accepted responsibility for the maintenance of the area in question, at which time the Master Assessments attributable to the Areas of Master Association Responsibility will commence with respect to the applicable Community Association. Master Special Assessments and Other Master Assessments will commence as and when assessed by the Master Association.

(d) **Adjustment and Establishment.** The first annual Master Assessment will be adjusted according to the number of months remaining in the calendar year. The Board will endeavor to fix the amount of each subsequent Master Annual Assessment at least thirty (30) days in advance of each Master Annual Assessment period; however, the Master Annual Assessment will be binding notwithstanding any delay, and all amounts due for Master Annual Assessments in any calendar year may be collected retroactively for that calendar year upon their determination or approval under the Project Documents. Written notice of the Master Annual Assessment, any Master Special Assessments and Other Master Assessments must be sent to the Members as described in the Bylaws. The due dates for Master Assessments will be established by the Board. Master Assessments will be payable in the full amount specified by the Master Assessment notice, and no offsets against this amount will be permitted for any reason whatsoever, including, without limitation, a claim that the Master Association is not properly exercising its duties in maintenance or enforcement, a claim against Master Declarant or its affiliates, the Master Association or the Board identified in the written demand, or the non-use or claim of non-use by a Member or by any Owner of all or any portion of the Master Common Area or the Areas of Master Association Responsibility. Master Assessments may be collected on a monthly or less frequent basis and may be collected in advance or in arrears as the Board may determine in its sole discretion. If a Master Annual Assessment is not made as required, a Master Annual Assessment shall be presumed to have been made in the amount of the previous year's Master Annual Assessment, and any installments of such Master Annual

Assessment shall be due upon each installment payment date until changed by an amended Master Annual Assessment.

(e) **Verification of Master Assessments.** The Master Association, acting through the Board, upon written demand and for a reasonable charge determined by the Board, will furnish to the Community Association or Owner, as applicable, a certificate signed by an officer of the Master Association setting forth the amount of any unpaid Master Assessments due from the Community Association or any particular Unit identified in the written demand. A properly executed certificate of the Master Association as to the status of the Master Assessments will be binding on the Master Association as of the date of issuance of the certificate. The Board is authorized to prescribe specific rules regarding these requests for certificates, including rules regulating the frequency of the requests and establishing a charge for furnishing the certificates. When the authority is delegated to a property management company by the Board, the property management company will have the authority to issue these certificates.

Section 4.06. Effect of Nonpayment of Master Assessments; Remedies of the Master Association.

(a) **Late Charge.** Any installment of any Master Assessment that is not paid within fifteen (15) days after the due date will be subject to a late charge equal to 10% of the unpaid Master Assessment and, additionally, will bear interest from the due date at the minimum rate of 18% per annum, or the highest rate of interest rate approved by the Board and permitted under the requirements of any applicable Institutional Guarantor and by applicable Laws.

(b) **Monetary Penalties.** The Board, after satisfaction of the notice and hearing requirements contained in the Bylaws, may impose monetary penalties or fines in a reasonable amount against an applicable Community Association or any Owner for any non-monetary violations of the Project Documents.

(c) **Protective Advances.** The Master Association may make, but is not obligated to make, payments of the amounts due under any Mortgage or any required payments for taxes, governmental assessments, or other payments on any Unit, as applicable. All advances made by the Master Association to cover the required payments will be due and payable immediately by the Owner of the applicable Unit, or Community Association, as applicable, as a Master Assessment of the Master Association secured by the Master Association's lien for Master Assessments.

(d) **Collection and Lien Actions.** Each Owner specifically vests in the Master Association and its agents the right and power to bring all actions against the applicable Owners and/or the Community Association for the collection of all Master Assessments due under the Master Association Documents as a debt to the Master Association and to enforce the lien securing the Master Assessment by all methods available for the enforcement or foreclosure of liens under the Master Association Documents or applicable Laws. In the case of a failure of the Community Association to pay all Master Assessments due to the Master Association, the Master Association will have the right to impose a lien on any common area owned by the applicable Community Association in addition to imposing a lien against all Units owned by

Owners that have failed to pay the Master Assessments due under the Master Association Documents.

(e) **Remedies.** The Master Association may bid in any foreclosure, sheriff's sale, or similar sale (whether or not the foreclosure was initiated by the Master Association or some other Person) and may acquire, hold, lease, mortgage, and convey the property purchased. The Master Association may institute suit to recover a money judgment for unpaid Master Assessments without being required to foreclose its lien on the property owned by each applicable Owner and/or Community Association and without waiving the lien that secures the unpaid Master Assessments. Any foreclosure action of the Master Association may be instituted without regard to the value of the property, the solvency of any Owner or Community Association, or the relative size of the default. The Master Association's assessment lien and its rights of enforcement under this Master Declaration are in addition to, and not in substitution of, all other rights and remedies that the Master Association may be entitled to exercise under the other Project Documents or applicable Laws.

Section 4.07. Subordination of Master Association Lien. Regardless of whether or not a Notice and Claim of Lien, as defined below, has been recorded by the Master Association, the Master Association's lien for the Master Assessments established in this Master Declaration is, to the fullest extent permitted by Law, superior to all liens, charges, homestead exemptions, and encumbrances that are imposed on or recorded against any part of the Project after the date of recordation of this Master Declaration (including the liens of the Community Association). The Master Association's lien for the Master Assessments established in this Master Declaration, however, will be automatically subordinate, to the fullest extent permitted by Law, to: (i) except as provided otherwise in this subsection 4.07, the lien of any Mortgagee holding a first or second security interest on a Unit recorded before the date on which the assessment sought to be enforced became delinquent; (ii) any liens for real estate taxes or other governmental assessments or charges that by Law are prior and superior to the Master Association's lien for the Master Assessments. The Master Association's lien on any Unit shall, to the fullest extent permitted by Law, have priority over the security interests described in clause (i) above for an amount not to exceed the aggregate Master Assessment against such Unit for six (6) months as determined by the periodic budget adopted by the Master Association pursuant to Section 4.05(b) above; provided that for the Master Association's lien to have priority over the security interests described in clause (i) above, the Master Association shall have recorded in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware a document which contains the name of the Master Association, the address, a contact telephone number, a contact email address, and a website address, if any, in accordance, but only to the extent applicable, with the requirements of DUCIOA.

Section 4.08. Notice of Lien. Without affecting the priority and perfection of any Master Assessment that has been perfected as of the date of recordation of this Master Declaration, the Master Association may give (but is not obligated to give) notice to the Community Association or Owner whose Master Assessment is due and unpaid by mailing to the Community Association or Owner a copy of a "Notice and Claim of Lien" stating, among other things, the following: (i) the last known name of the delinquent Owner and/or Community Association; (ii) the legal description or street address of the Unit against which the claim of lien is made; (iii) the amount claimed to be due and owing from the Community Association or

Owner and assessed against the Unit; (iv) a statement that the claim is made by the Master Association pursuant to the terms of the Master Declaration and the other Project Documents; and (v) the address, a contact telephone number, a contact e-mail address, and a website address, if any, for the Master Association. Each default in the payment of any assessment will constitute a separate basis for a claim of lien, but any number of defaults may be included within a single Notice and Claim of Lien. The Master Association may record a Notice and Claim of Lien against the delinquent Owner's Unit. The Notice and Claim of Lien may be executed by any officer of the Master Association, the managing agent for the Master Association, or legal counsel for the Master Association, but, in any case, the lien will remain that of the Master Association. Upon payment in full of the amounts due under the Notice and Claim of Lien, the Owner of such Unit shall be entitled to a recordable termination of lien for the amount paid. The liens recorded pursuant to this paragraph shall expire on the first day of the sixtieth (60th) month after recording.

Section 4.09. Initial Working Capital. To provide the Master Association with funds for working capital, reserves, or extraordinary or unexpected expenses, and unless otherwise agreed to by the Master Declarant, each initial and subsequent purchaser of a Unit will pay to the Master Association, immediately upon becoming the Owner, an amount as determined by the Master Declarant from time to time. All of these amounts will be non-refundable and will not act as a credit against any Master Assessment payable by an Owner pursuant to this Master Declaration. The initial working capital contribution is established to assist with the funding of the initial operation of the Master Association and shall be in addition to other Assessments and shall not be considered an advance payment of Assessments. Notwithstanding anything to the contrary contained herein, the Master Declarant shall have the right to adjust from time to time the amount of the initial working capital contribution provided for herein.

Section 4.10. Reserve Fund.

The Master Association shall establish and maintain a reasonable reserve fund for the repair and replacement of the Master Common Areas, Areas of Master Association Responsibility, or Community facilities situated thereon. Such reserve fund may also be established for the repair and replacement of any property, improvements or facilities otherwise required or intended to be maintained by the Master Association pursuant to any easement, agreement or the direction of any governmental authority or agency. The Board of Directors shall set the required reserve fund contribution in, an amount sufficient to meet the projected reserve needs of the Master Association. The Master Association may establish such other reserve funds as the Board of Directors may from time to time consider necessary or desirable, including, without limitation, a general operating reserve; however, the Board of Directors may temporarily utilize any reserve account for operating expenses, in its sole discretion. The amounts paid to a reserve fund established by the Master Association that are attributable to an Owner shall be considered an appurtenance of such Owner's Unit, as applicable, and shall not be separately withdrawn, assigned, transferred or otherwise separated from the Unit to which it appertains, and shall be deemed to be transferred with such Unit.

Section 4.11. Master Assessment Overview Chart.

	Master Assessment	
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	<p align="center">Chart</p> <p>NOTE: The following chart is not intended to limit or modify or otherwise change the text of this Master Declaration or any other Project Documents</p>	
Master Assessment Type	Purpose of Master Assessment	Paid by
Master Annual Assessment	Master Annual Assessments	Master Annual Assessments are paid by the Community
Master Community Assessments	Annual or special assessment imposed by the Master Association against the Community for special services rendered by the Master Association to the Community Association	Master Community Assessments are paid by the Community receiving the special services
Master Special Assessments	Levied to cover the cost of any unexpected or extraordinary expenses incurred in connection with the maintenance of Master Common Areas or Areas of Master Association Responsibility and other unexpected or extraordinary expenses incurred to the extent not included as part of the Master Annual Assessments	Varies depending on purpose of Master Special Assessment
Other Master Assessments	Levied for any of the purposes set forth in Section 4.04(b)	Paid by the Community Association or Owners within the Community

ARTICLE V

MASTER ASSOCIATION MAINTENANCE

Section 5.01. Master Common Area. Except as provided in Section 5.02 below, the Master Association will be responsible for the maintenance, repair, and replacement of the Master Common Area and the Areas of Master Association Responsibility, and, without any approval of the Owners, the Master Association may: (i) maintain, reconstruct, repair, replace, and refinish any landscaping or improvement located on or used in connection with the Master Common Area or any Areas of Master Association Responsibility; and (ii) do any other acts deemed necessary to use, operate, maintain, preserve, beautify, and protect the Master Common

Area or any Areas of Master Association Responsibility in accordance with the general purposes specified in the Project Documents. So long as the level of maintenance exceeds those minimum standards, if any, imposed by the County, the Board will be the sole and absolute judge as to the appropriate maintenance of the Master Common Area and the Areas of Master Association Responsibility (and, hence, the Project-Wide Standard for the maintenance of all common areas within the Project). The Master Association will have no obligation to perform any maintenance or repair work that is performed by the County or any utility provider that is responsible for the maintenance of any utilities or municipal improvements located within the Project. Without the express written consent of the Master Association, no Owner will alter, remove, injure, or interfere in any way with any landscaping, lawns, plants, irrigation systems, sprinklers, shrubs, trees, and the like, if any, placed on the Master Common Area or any Areas of Master Association Responsibility.

Section 5.02. Repairs Necessitated by Owner. If the need for maintenance or repair to any Master Common Area or any Areas of Master Association Responsibility is caused through the acts or omissions (including negligent acts or omissions) of an Owner, the Owner's Occupants, or any guest or pet of the Owner, the Master Association, in its discretion, may make a direct assessment of the cost of the maintenance or repairs, including the deductible portion of any applicable insurance policy, against the Unit owned by that Owner, without regard to the availability of any insurance proceeds payable to the Master Association for the cost of the maintenance or repairs.

Section 5.03. Access at Reasonable Hours. For the purpose of performing the maintenance, repairs, or replacements required or elected to be undertaken by the Master Association, the Master Association and its agents or employees will have the right, after reasonable notice to an Owner (except in the case of emergency, in which case no notice need be given), to enter onto the Owner's Unit at any reasonable time. Any entry by the Master Association or its agents will not be considered a trespass.

Section 5.04. Maintenance of Community. The Master Association will maintain all common areas owned by the the Community and any other property for which it has maintenance responsibility in a manner consistent with the Project Documents and the Project-Wide Standard, the maintenance costs thereof may include, without limitation, the costs of maintaining any entry features, right-of-way, open space, private streets, water features, and approved Project Signage. Unless otherwise agreed to be maintained and repaired by the Community Association, the Master Association will assume responsibility for maintaining and repairing the Community Common Area in accordance with the provisions of Section 2.06 hereof or if, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Project-Wide Standard. In the event of the latter, all related costs of maintenance will be assessed only to the Community as a Master Community Assessment.

Section 5.05. Owner's Failure to Maintain. If an Owner fails to perform any maintenance and repair required under the terms of this Article V, then, after not less than thirty (30) days' prior written notice to that Owner, the Master Association will have the right (but not the obligation) to enter upon or into that Unit and to provide the required maintenance or make the required repairs. Any entry by the Master Association or its agents will not be considered a trespass. The cost of these maintenance items and repairs will be an assessment against the

applicable Unit, will be paid promptly to the Master Association by that Owner, and will constitute a lien upon that Owner's Unit. The self-help rights of the Master Association described above are in addition to any other remedies available to the Master Association under the Project Documents or applicable Laws.

Section 5.06. Maintenance of Owner's Property. Notwithstanding any other provision of this Master Declaration to the contrary, the Master Association may elect to take responsibility for some or all routine maintenance and landscaping obligations for lawn areas (including lawns of Units owned by Owners) and other portions of Units as hereinafter described, regardless of whether such obligations would otherwise be the responsibility of individual Owners under this Master Declaration or any Community Declaration. In furtherance of the foregoing, Master Association shall have a non-exclusive easement in, upon, over, under, across and through any limited common elements or other portions of any Units in order to carry out such maintenance for which Master Association has elected to be responsible. The portions of Units for which Master Association may elect such maintenance responsibility are: (i) lawns, (ii) landscaped areas that other than foundation borders or those that are affixed to windows, walls, porches, stoops or patios, (iii) exterior surfaces of any semidetached, County house, multifamily or apartment building, whether in fee or condominium form of ownership, and (iv) sidewalks and driveways.

Section 5.07. General Standards. Except as may be otherwise provided in this Master Declaration or the other Project Documents, the Master Association and the Community Association or Owner will maintain the areas they are respectively responsible for at a level of general maintenance at least equal to the Project-Wide Standard.

ARTICLE VI

POWERS OF THE MASTER ASSOCIATION

Section 6.01. Duties and Powers. In addition to the powers enumerated in the other Master Association Documents or elsewhere in the Master Declaration or by applicable Law, the Master Association, through the sole discretion of the Board, is vested with the following powers and authority:

(a) **Master Common Area.** Construct, improve, restore, maintain, repair, replace, and otherwise own, operate, and manage the Master Common Area and all other real and personal property that may be acquired by, or come within the control of, the Master Association (including the Areas of Master Association Responsibility), including the right to enter into contracts for the design, installation, or construction of capital improvements or other improvements on the Master Common Area;

(b) **Legal and Accounting Services.** Obtain legal, accounting, and other services deemed by the Board, in its discretion, to be necessary or desirable in the operation of the Master Association;

(c) **Easements.** Subject to the limitations, if any, imposed by the Project Documents, grant easements where necessary for utilities, sewer facilities, telecommunications, CATV, and

other services on, under, over, through, upon, or across the Master Common Area or Areas of Master Association Responsibility to serve the Master Common Area, Areas of Master Association Responsibility or any Parcel, Unit, Additional Property, or any other part of the Project;

(d) **Employment of Managers.** Employ affiliated or third-party managers or other persons and contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Master Association;

(e) **Purchase Insurance.** Purchase insurance for the Master Common Area and Areas of Master Association Responsibility for insurable risks with companies, and in amounts, as the Board determines to be necessary, desirable, or beneficial, subject to the provisions of Section 6.02 below;

(f) **Borrowing.** Borrow money on behalf of the Master Association when deemed necessary by the Board for any valid purpose of the Master Association; provided, however, that a majority vote of the Owners at a meeting held for such purpose shall be required to borrow any sum in excess of twenty percent (20%) of the total Master Assessment for the then-current fiscal year of the Master Association. The Board, by a two-thirds vote in accordance with the Bylaws, shall have the right and power to assign and pledge all revenues to be received by the Master Association, including, but not limited to, Master Annual Assessments, in order to secure the repayment of any sum borrowed by the Master Association;

(g) **Master Common Areas and Areas of Master Association Responsibility.** Contract with third parties who are not Owners, to permit the use of the Master Amenities, the Master Common Areas and Areas of Master Association Responsibility for recreational and related purposes, upon payment of fees and compliance with other terms as may be required by the Board, in its sole discretion;

(h) **Other.** Perform all other acts that are expressly or impliedly authorized under this Master Declaration, the other Project Documents, or applicable Laws, including, without limitation, the right to construct improvements anywhere in the Project as deemed by the Board to be necessary or desirable; and

(i) **Enforcement.** Enforce the provisions of the Master Association Documents and the other Project Documents by all available and proper means, including, without limitation, the expenditure of funds of the Master Association, the employment of legal counsel, the commencement of actions, and the establishment of a system of fines or penalties for the enforcement of this Master Declaration and the other Project Documents.

Section 6.02. Insurance.

(a) **Liability Insurance.** Commercial general liability insurance (or then-comparable equivalent) covering the Master Common Area and the activities of the Master Association within the Areas of Master Association Responsibility will be purchased and obtained by the Master Association (or acquired by assignment from Master Declarant) promptly following the conveyance to the Master Association of the first portion of Master Common Area and will be maintained thereafter in force at all times. The insurance will be carried with reputable

companies rated by A.M. Best at A-VIII or greater, and authorized and qualified to do business in the State of Delaware. The minimum limits of liability will be \$1,000,000.00 for bodily injury and property damage for each occurrence and in the aggregate. The policy will include coverage for contractual liability, and products and completed operations coverage. The policy will be purchased on an occurrence basis and will name as insureds the Master Association (its directors, officers, employees, and agents acting in the scope of their employment), and Master Declarant (its directors, officers, partners, employees, members, and agents acting in the scope of their employment). This policy will include, but need not be limited to, insurance against injury or damage occurring in or on or arising out of the Master Common Area.

(b) **Hazard and Multi-Peril Insurance Policy for Master Common Area.** A master or blanket hazard and special-peril insurance policy (or then-comparable equivalent) will be purchased or obtained by the Master Association promptly following the construction of any building or other similar permanent structure owned by the Master Association on the Master Common Area or Areas of Master Association Responsibility. Once purchased, obtained, or acquired, the hazard insurance policy will be maintained in force at all times. The hazard insurance policy will be carried with reputable companies rated by A.M. Best at A-VIII or greater, and authorized and qualified to do business in the State of Delaware and will insure against loss from fire and other hazards covered by the standard extended coverage endorsement and special perils endorsement to the hazard insurance policy (or the then-comparable equivalent) for the full replacement cost of all of the permanent improvements and the personal property contained in and around the structures, upon the Master Common Area and the Areas of Master Association Responsibility or as otherwise determined from time to time by the Board in its sole discretion. The hazard insurance policy will name Master Declarant, Master Association, and any Mortgagee of the insured permanent improvements on the Master Common Area or Areas of Master Association Responsibility as insureds, as their respective interests may appear, or in such other capacity as such Person may elect to be insured.

(c) **Other Hazard Insurance.** The Master Association has the option, but will not be obligated to obtain flood insurance or any other type of hazard insurance covering the Community Common Area or any Units. The procurement and maintenance of these types of insurance will be the sole obligation of the applicable Owners.

(d) **Directors and Officers Liability.** The Master Association will purchase and maintain fidelity insurance for the protection of the Board members and the Association against claims of "Wrongful Acts." This policy will carry limits of not less than \$1,000,000, and will be written with a carrier with an A.M. Best's rating of A-VIII or greater, and authorized to do business in Delaware.

(e) **Crime/Fidelity Insurance.** The Master Association will purchase and maintain Employee Dishonesty or Crime insurance or a policy of bonds that protects against fraudulent or dishonest acts of the Board, its officers, affiliates or employees, in an amount not less than \$100,000 each occurrence, and be written with a carrier with an A.M. Best at A-Vii or greater, and authorized to do business in Delaware.

(f) **Other Insurance.** The Master Association may purchase (but is not obligated to purchase) additional insurance that the Board determines to be advisable or necessary,

including, but not limited to, worker's compensation insurance, boiler and machinery insurance, demolition insurance, flood insurance, and insurance on personal property owned by the Master Association. The Master Association may assess the Owners in advance for the estimated cost of all types of insurance required or elected to be maintained hereunder.

(g) **General Provisions on Insurance.** The Board of the Master Association is granted the authority to negotiate loss settlements with the appropriate insurance carriers covering insurance purchased and obtained by the Master Association. During the Period of Master Declarant Control, any policy of insurance obtained by the Master Association may contain a reasonable deductible no higher than \$10,000 without prior approval by Master Declarant. The deductible will be paid by the Person who would be responsible for the repair in the absence of insurance, as determined by the Board. Where possible, each insurance policy maintained by the Master Association must require the insurer to notify the Master Association in writing at least 10 days before the cancellation or any substantial change to the Master Association's insurance.

(h) **No Liability of Master Association.** Notwithstanding the requirement of the Master Association to obtain insurance coverage as stated in this Master Declaration, neither Master Declarant (nor its officers, directors, partners, or employees), the Master Association, nor any director, officer, or agent of the Master Association will, to the fullest extent permitted by Law, be liable to any Owner or any other if any risks or hazards are not covered by the insurance to be maintained by the Master Association or if the amount of insurance is not adequate, and it will be the responsibility of each Owner to ascertain the coverage and protection afforded by the Master Association's insurance and to procure and pay for any additional insurance coverage and protection that the Owner may desire.

(i) **Governmental Requirements.** The Master Association will maintain any other forms or types of insurance applicable to the ownership and operation of the Master Common Areas or Areas of Master Association Responsibility as may be required from time to time by any applicable guidelines issued by any Institutional Guarantor having jurisdiction over the Project. Additionally, all insurance maintained by the Master Association must meet the rating requirements of any Institutional Guarantor having jurisdiction.

Section 6.03. Damage and Destruction; Reconstruction.

(a) If the Master Common Area or the Areas of Master Association Responsibility are damaged or destroyed, the Board will obtain bids and contract for repair or reconstruction of those improvements. If the proceeds of any insurance policies payable as a result of the damage or destruction, together with the amounts paid by a responsible Owner under Section 5.02 of this Master Declaration, are insufficient to complete the repair or reconstruction, the deficiency will be the subject of a special assessment against, in the case of the Master Common Area, the entire Project and, in the case of the Areas of Master Association Responsibility, the Community or Units.

(b) In the event that any dwelling(s) and/or other structures constructed on a Parcel (other than a Unit within a condominium regime) is (are) destroyed in whole or in part, the Owner of that Parcel shall, within four (4) months, or such longer time as is permitted in writing

by the Master Association, repair or reconstruct the dwelling(s) and/or other damaged structures in a manner consistent with the original construction, or clear away all debris and restore such Parcel to a condition satisfactory to the Master Association and compatible with the remainder of the Project, unless written approval to do otherwise is obtained from the Master Association. All such repairs and reconstruction remain subject to the provisions of Article VII hereof. In the event that any dwelling(s) and/or other structures within a condominium regime is (are) destroyed in whole or in part, the Owners of such Unit(s) and/or other structures shall be repaired or reconstructed in accordance with the Community Declaration for such condominium regime within four (4) months, or such longer time as is permitted in writing by the Master Association, unless written approval to do otherwise is obtained from the Master Association. All such repairs and reconstruction remain subject to the provisions of Article VII hereof. If an Owner or Community Association fails to repair or reconstruct the site to a condition satisfactory to the Master Association and compatible with the Master Declaration or Community Declaration, as applicable, then, after not less than thirty (30) days' prior written notice to that Owner, the Master Association will have the right (but not the obligation) to enter upon or into that Parcel or Unit and to repair or reconstruct such dwelling or other structure. Any entry by the Master Association or its agents will not be considered a trespass. The cost of these repairs or reconstruction will be an assessment against the applicable Parcel or Unit, will be paid promptly to the Master Association by that Owner, and will constitute a lien upon that Owner's Parcel or Unit. The self-help rights of the Master Association described above are in addition to any other remedies available to the Master Association under the Project Documents or applicable Laws.

Section 6.04. Other Duties and Powers. The Master Association may exercise any other right or privilege given to it by the Project Documents and every other right or privilege implied from the existence of the Project Documents.

Section 6.05. Master Association Rules. By a majority vote of the Board, the Master Association, from time to time and subject to the provisions of this Master Declaration, may adopt, amend, and repeal rules and regulations for the Master Common Areas and Areas of Master Association Responsibility in accordance with section 81-320 of DUCIOA. These rules and regulations may restrict and govern the use of the Master Common Areas and Areas of Master Association Responsibility and, additionally, may establish a system of fines and charges for violations of the Master Association Documents. If adopted, a copy of the rules will be available for inspection by the Owners at reasonable times. The rules will be interpreted in a manner consistent with this Master Declaration or the other Master Association Documents, and, upon adoption, the rules will have the same force and effect as if they were established in full within and were a part of this Master Declaration. The Master Association, the Board, and the officers of the Master Association will have no liability to the Community or any other Person for the failure to enforce (or any delay in the enforcement of) the rules.

ARTICLE VII

DESIGN REVIEW AND ARCHITECTURAL CONTROL

Section 7.01. Architectural Control. Unless and until the requirements of this Article have been fulfilled, no construction or development activities, including, without limitation, staking, clearing, landscaping, excavation, grading, or other site work, shall be commenced or maintained on any Parcel or the Common Areas; no building, structure, or other improvement of any kind, including, without limitation, garages, sheds, fences, walls, mailboxes, decks, porches, gazebos, pools, hot tubs, and tennis courts, ground level patios, grills and barbeques, ground level or free-standing fire pits, landscape plantings with root-balls greater than 18" in diameter, shall be commenced, erected, or maintained within the Project; and no exterior addition, change, or alteration of any nature to the Parcels or other existing improvements within the Project, including, without limitation, changes in building materials, color, changes or additions to driveway or walkway surfaces, and landscaping modifications (all of the foregoing being individually and collectively referred to as "**Improvements**"). Master Declarant hereby reserves rights of architectural review, approval, or control over all or any portion of the Project. To the extent Master Declarant has expressly assigned in writing any or all of its reserved rights pursuant to this Article to the Architectural Review Committee, then any such assigned rights shall be exercisable by the Architectural Review Committee, as set forth herein. Notwithstanding any other provision of this Master Declaration to the contrary, until Master Declarant has expressly assigned in writing its reserved rights pursuant to this Article to an Architectural Review Committee, then references to the Architectural Review Committee in this Article VII shall be deemed a reference to any other Person that currently has the rights of architectural review, approval, or control over all or any portion of the Project, including the Master Declarant or, upon succeeding to the rights of Master Declarant under this Master Declaration, the Master Association.

For the avoidance of doubt and notwithstanding any other provision of this Master Declaration to the contrary, the Master Declarant shall not be required to submit an Application (as defined herein) to the Architectural Review Committee prior to commencing any Improvements on the Project or in exercising any of its other Development Rights hereunder, and Master Declarant may, at its sole discretion, waive any and all such requirements for any Builder.

Section 7.02. Design Review by Master Declarant. Each Owner, by a deed or other instrument conveying an interest in any portion of the Project, acknowledges that, as the developer and initial owner of the Project, Master Declarant has a significant and substantial interest in ensuring that the Improvements within the Project enhance the community and do not adversely impact the ability of Master Declarant to market, sell, or lease any portion of the Project. Each Owner, by acceptance of a deed or other instrument conveying an interest in any portion of the Project, agrees that no Improvements shall be commenced within or upon a Unit or Parcel unless and until Master Declarant has given its prior written approval for such Improvements pursuant to this Article VII. In reviewing and acting upon any request for an approval, Master Declarant shall be acting in its own interest and shall owe no duty to any other Person, including, without limitation, the Master Association or any of its Members.

The rights reserved to Master Declarant pursuant to this Article shall be applicable for the

duration of the Period of Master Declarant Control, unless earlier assigned or terminated by a written instrument executed by Master Declarant.

Section 7.03. Architectural Review Committee. Master Declarant may, but shall not be obligated to, assign all or a portion of its reserved rights under this Article to the Architectural Review Committee, subject to (i) the right of Master Declarant to revoke such assignment at any time and thereafter resume jurisdiction over the matters previously assigned to the Architectural Review Committee and (ii) the right of Master Declarant to veto any decision of the Architectural Review Committee which Master Declarant believes, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as Master Declarant has retained any rights under this Article, the authority of the Architectural Review Committee shall be limited to such matters as are specifically assigned to it by Master Declarant. Unless and until such time as Master Declarant assigns all or a portion of its reserved rights, neither the Architectural Review Committee nor the Master Association shall have any authority over design matters, and upon any such assignment, the Architectural Review Committee shall accept and exercise the authority so assigned strictly in accordance with this Article and in accordance with any such assignment.

The Architectural Review Committee, if and when appointed, shall consist of at least three (3) members, who shall serve and may be removed and replaced in the discretion of the Board. The members of the Architectural Review Committee need not be Members of the Master Association or representatives of Members, and may, but need not, include architects, engineers, or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The duties of the Architectural Review Committee established under this Article shall be exercised by the Board in the event that an Architectural Review Committee is not appointed by the Board or to the extent any such duties are not delegated by the Board to the Architectural Review Committee.

Section 7.04. Design Review by the Architectural Review Committee. Upon expiration or termination of the rights of Master Declarant under this Article, the Architectural Review Committee, shall assume responsibility for design matters hereunder and shall be entitled to exercise all those powers previously reserved to Master Declarant pursuant to this Article.

Section 7.05. Application Fees and Reimbursements. The Architectural Review Committee may establish and charge reasonable fees for review of applications hereunder. In addition, the Architectural Review Committee may retain architects, engineers, or other design professionals to assist in the review of any application, and the Architectural Review Committee may require payment by the applicant of fees charged by any architect, engineers, or other design professionals in connection therewith. The Architectural Review Committee shall be permitted to collect a deposit in advance, as a condition to any application for approval, for purposes of covering estimated costs and expenses related to the architectural review of applicants, including, without limitation, fees charged by architects, engineers, or other design professionals. The amount of such deposit shall be set by the Architectural Review Committee in its sole discretion.

Section 7.06. Design Guidelines. The Design Guidelines shall be adopted by the Master Declarant during the Period of Master Declarant Control prior to construction of the Improvements at the Project and, when adopted, a copy of such guidelines will be available for inspection by the Owners at reasonable times. The Design Guidelines provide guidance to Owners and Builders regarding matters deemed to be of relevance or importance to the Architectural Review Committee in considering applications for design approval and set forth minimum requirements for all Improvements with the Project. The Design Guidelines shall not be the exclusive basis for decisions hereunder, and compliance with the Design Guidelines shall not guarantee approval of an application. The Design Guidelines may contain general provisions applicable to all of the Project, as well as specific provisions that vary from one portion of the Project to another, depending upon the location, type of construction or use, and unique characteristics of the property.

The Design Guidelines adopted pursuant to this Article shall be subject to modification and amendment from time to time in the sole discretion of the Architectural Review Committee in accordance with Section 81-320 of DUCIOA. Modifications and amendments to the Design Guidelines shall not apply to or require modifications to or removal of Improvements previously approved once all applicable building or comparable permits have been applied for from authorities having jurisdiction over such Improvements. There shall be no limitation on the scope of modifications or amendments to the Design Guidelines. All modifications and amendments to the Design Guidelines shall be published by the Master Association by means calculated to give reasonable notice to Owners of such modifications or amendments; provided, however, that the failure of any Owner to receive any Design Guideline or modification or amendment to the Design Guidelines pursuant to this Article shall not affect the validity of any such Design Guideline or modification or amendment thereto.

The Architectural Review Committee shall make copies of the Design Guidelines available to Owners and Builders and may charge a reasonable fee to cover the costs of providing copies of the Design Guidelines.

Section 7.07. Procedures. Prior to commencing any Improvements for which review and approval is required under this Article, an application for approval ("Application") of such Improvements shall be submitted to the Architectural Review Committee in such form as may be required by the Architectural Review Committee or by the Design Guidelines. The Application shall include detailed plans showing the site layout, including grading, exterior elevations, exterior materials and colors, landscaping, drainage, lighting, irrigation, and other features of the Improvements, as required by the Design Guidelines and the Architectural Review Committee. The Architectural Review Committee may also require the submission of such additional information as it deems necessary to consider any Application.

The Architectural Review Committee may consider (but shall not be restricted to consideration of) visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, location in relation to other parts of the Project, surrounding structures and plant life, compliance with the general intent of the Design Guidelines, and architectural merit. In many instances, decisions will be based solely on aesthetic considerations, and each applicant acknowledges that determinations as to such matters may be highly subjective and opinions

may vary as to the desirability and/or attractiveness of particular Improvements.

The Architectural Review Committee shall, within forty-five (45) days after receipt of a complete Application, advise the applicant, in writing, at an address specified by the applicant at the time of the Application, of (i) the approval of the Application or (ii) the disapproval of the Application, providing a reasonable explanation of the segments or features of the Application that are objectionable and suggestions, if any, for addressing such objections. In the event the Architectural Review Committee fails to advise the applicant by written notice within forty-five (45) days of receipt of a complete Application of either the approval or disapproval of the Application, the applicant may give the Architectural Review Committee written notice of such failure to respond, stating that unless the Architectural Review Committee responds within ten (10) days of receipt of such notice, approval shall be deemed granted. Upon such further failure of the Architectural Review Committee to grant an approval or disapproval, approval shall be deemed to have been given, subject to the right of Master Declarant (during the Period of Master Declarant Control) to veto approval by the Architectural Review Committee as set forth in this Article. Notwithstanding the foregoing, no approval, whether expressly granted or deemed granted pursuant to this Section, shall be materially inconsistent with the Design Guidelines unless an exception has been granted in writing as set forth below. The notices contemplated herein shall be deemed to have been given at the time the envelope containing such notice, properly addressed and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall also be sufficient and shall be deemed to have been given at the time of delivery.

During the Period of Master Declarant Control and if Master Declarant has delegated any design review authority to the Architectural Review Committee, within three (3) business days after the Architectural Review Committee has approved any Application relating to proposed Improvements within the scope of matters delegated to the Architectural Review Committee by Master Declarant, but prior to providing such approval to the applicant, the Architectural Review Committee shall give written notice of such action to Master Declarant together with such other information as Master Declarant may require. Master Declarant (during the Period of Master Declarant Control), in Master Declarant's sole discretion, shall have fifteen (15) days after receipt of such notice to veto any such action by written notice to the Architectural Review Committee and/or the applicant.

If construction does not commence on any Improvements for which approval has been granted within twelve (12) months of such approval or some longer period as may be provided for in the approval, such approval shall be deemed withdrawn, and it shall be necessary for the applicant to resubmit an Application for reconsideration and approval in accordance with such Design Guidelines as are then in effect. Once approved, the applicant shall commence construction of the Improvements within six (6) months of the approval date and shall diligently pursue construction to completion within twelve (12) months following such approval or such other period as may be specified in the notice of approval, unless completion is delayed due to causes beyond the reasonable control of the applicant, as determined in the sole discretion of the Architectural Review Committee.

Section 7.08. Non-Precedential Nature of Approvals. Each applicant acknowledges that the composition of the Architectural Review Committee will change from time to time and

that decisions regarding aesthetic matters and interpretation and application of the Design Guidelines may vary from time to time. In addition, each applicant acknowledges that it may not always be possible to identify objectionable features of proposed Improvements until the improvements are completed, in which case it may be unreasonable to require changes to the Improvements previously approved, but the Architectural Review Committee may refuse to approve similar Improvements in the future. Approval of Improvements for any particular applicant or portion of the Project shall not be deemed a waiver of the right to withhold approval as to any similar Improvements subsequently submitted for approval, whether by the same Owner or any other Person.

Section 7.09. Waivers and Exceptions. The Architectural Review Committee may, in its sole discretion, but shall not be required to, authorize waivers or exceptions from compliance with any of the provisions of the Design Guidelines when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations, architectural merit, or other reasonable considerations warrant such a waiver or exception. Such exceptions shall be granted only if and when, in the reasonable judgment of the Architectural Review Committee, unique circumstances exist, and no applicant shall have any right to demand or obtain a waiver or exception. No waiver or exception may (i) be effective unless in writing, (ii) be contrary to this Master Declaration, (iii) estop the Architectural Review Committee from denying a waiver or exception in other circumstances, or (iv) be inconsistent with the goals or objectives of Master Declarant. Notwithstanding anything in this Master Declaration to the contrary, during the Period of Master Declarant Control, Master Declarant shall have the right to veto or void any waiver granted by the Architectural Review Committee pursuant to this Section 7.09.

Section 7.10. Limited Scope of Approval. The standards and procedures established by this Article are intended to provide a mechanism for maintaining and enhancing the overall aesthetics of the Community. Neither Master Declarant, the Master Association, the Board, the Architectural Review Committee, or any member of any of the foregoing, shall bear any responsibility for ensuring structural integrity or soundness or compliance with building codes and other governmental approvals or requirements or ensuring that any Improvements are located so as to avoid impairing views from or having other negative impacts on other portions of the Project.

No representation is made by Master Declarant with respect to the quality, size, value, or design of future Improvements. Neither Master Declarant, the Master Association, the Board, the Architectural Review Committee, or any member of any of the foregoing, shall be liable for soil conditions, drainage problems, availability or suitability of any portions of the Project for well and septic systems, or other site work, or for defects or errors in any plans or specifications submitted as part of an Application, nor for any structural or other defects in Improvements constructed according to an approved Application, or for any injury, damages, or loss arising out of the manner, design, or quality of any approved Improvements.

Section 7.11. Enforcement. Any Improvements constructed in violation of this Article or in a manner inconsistent with the approved Application shall be deemed to be nonconforming. Upon written request from Master Declarant, the Board, or the Architectural Review Committee if the Master Declarant has delegated any design review authority to the Architectural Review Committee, the defaulting Owner shall, at such Owner's own cost and

expense, promptly remove any nonconforming Improvement and restore the property to substantially the same condition as existed prior to the nonconforming Improvements. Should an Owner fail to remove and restore as required, Master Declarant, the Board, the Architectural Review Committee if such authority has been delegated to the Architectural Review Committee, or their designees shall have the right to enter portions of the Project, remove the violation, and restore the effected property to substantially the same condition as previously existed, and any such action shall not be deemed a trespass. Upon demand, the Owner shall promptly pay all costs paid or incurred by any of the foregoing in exercising their rights under this Section.

Master Declarant (during the Period of Master Declarant Control) or the Master Association (after expiration of the Period of Master Declarant Control) may fine or preclude any contractor, subcontractor, agent, employee, or other invitee of any Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines from continuing or performing any further activities in the Project, subject to the notice and hearing procedures contained in the Bylaws. Neither Master Declarant, the Master Association, nor their officers, directors, or agents shall be held liable to any Person for exercising the rights granted by this Article.

During the Period of Master Declarant Control, in the event that the Master Association fails to take enforcement action within thirty (30) days after receipt of a written demand from Master Declarant identifying the violator and/or specifying the nature of the violation, the Master Association shall pay Master Declarant for all costs reasonably incurred by Master Declarant in taking enforcement action with respect to such violation plus ten percent (10%), but only to the extent Master Declarant prevails in such action.

Section 7.12. Improvements by Master Declarant; Amendment. This Article shall not apply to any Improvements to the Project made by Master Declarant or any Builder or on behalf of the Master Association. This Article may not be amended without Master Declarant's prior written consent so long as Master Declarant owns any portion of the Project or the Additional Property.

Section 7.13. Special Master Declarant Rights. The rights reserved unto Master Declarant in this Article VII constitute Special Master Declarant Rights, as such term is defined herein.

ARTICLE VIII

COMMUNITY RESTRICTIONS, DEVELOPMENT RIGHTS, AND SPECIAL MASTER DECLARANT RIGHTS

Section 8.01. Overall Structure. The Community that eventually comprises the Project is intended to be the Community with specifically designed covenants and restrictions applicable to the uses permitted within the Community. The Master Association has been formed in part to facilitate the development, operation, and maintenance of the Improvements that will be used in common by the Owners and Occupants of the Community. The Master Association also may undertake operational and maintenance duties with respect to portions of

the Project as Areas of Master Association Responsibility that are not for the common use of all Owners and Occupants within the Project but, rather, are limited to use by only those Owners and Occupants of the Community or one or more specific Units.

Section 8.02. Community Restrictions. The Condominium Community is subject to a set of Condominium Community Restrictions under the applicable Community Declaration, the primary administration and enforcement of which will rest with the Community Association (except to the extent provided herein). The Condominium Community Restrictions is intended to apply to all Units (whether or not subdivided into separate lots or condominium units) that are a part of the Community.

Section 8.03. Right of Enforcement. The Master Association reserves the right to enforce, on behalf of the Community Association, the Community Declaration. The Master Association may exercise this right of enforcement after written notice to the Community Association identifying a reasonable time period (not more than thirty (30) days) within which enforcement measures must be commenced and diligently pursued to resolution.

Section 8.04. Conflicts Among Restrictions. If any conflicts arise in the interpretation of the Project Documents, the Master Association Documents will control over the Community Declaration and related Community Association documents.

Section 8.05. Application of Master Documents. The Master Association Documents will apply to the Community Association and all Owners and Occupants within the Project.

Section 8.06. Recordation of Community Declaration. To ensure conformity and compliance with the Seashore Villas Community Record Plan, Master Declarant, during the Period of Master Declarant Control, and the Master Association, after the Period of Master Declarant Control, must approve in writing the form and content of all Community Declarations and any other Community Documents, and all amendments to any Community Declarations or other Community Documents prior to their recordation in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware, or any other land records office. Any attempted recordation of any Community Declarations, other Community Documents or amendments to any Community Declarations or other Community Documents without the prior written approval of Master Declarant or Master Association, as applicable, will be void and of no force or effect.

Section 8.07. Project-Wide Standard. The Master Declarant during the Period of Master Declarant Control and, thereafter, the Master Association through its Board, will be the sole and final judge as to what constitutes the Project-Wide Standard and whether a particular activity, course of conduct, or set of circumstances satisfies the Project-Wide Standard.

Section 8.08. Rights to Develop. The Master Declarant and the Master Association will have an unrestricted right of access over the entire Project to install, construct, maintain, and repair the Master Common Areas or, to the extent applicable, any Areas of Master Association Responsibility. By becoming an Owner or Occupant in the Community, each Owner and Occupant (excluding Master Declarant) specifically: (i) acknowledges that the Project is a Planned community, the development of which is likely to extend over many years.

Section 8.09. Master Declarant Development Rights. The following Section 8.09 is included in this Master Declaration in accordance with the requirements of DUCIOA. In addition to all other Development Rights set forth in this Master Declaration, the Master Declarant hereby reserves the following Development Rights:

(a) **To Add the Additional Property.** In accordance with the provisions of Section 12.02 hereof, Master Declarant hereby reserves the Development Right to add to the Project the Additional Property, as described on Exhibit A-2, together with the right to add to, improve, and connect to the Master Common Area, including any right-of-ways and the SWM Facilities and any other public utilities as may be necessary for the development of the Additional Property. This Development Right must be exercised not later than thirty (30) years from the date that this Master Declaration is recorded in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware.

(b) **To Withdraw Real Estate from the Project.** Subject to DUCIOA, the Master Declarant hereby reserves the Development Right to withdraw from the Project any or all of the Withdrawal Property, as described on Exhibit A-3, or any portion of the Project that is part of the Community provided that such property has not yet been conveyed to any Owners and such withdrawal does not have an actual substantial and material adverse impact on the remaining portion of the Project. This Development Right must be exercised within one (1) year from the expiration of the last date on which the right to add the Additional Property expires pursuant to subsection (a) above.

Section 8.10. Special Master Declarant Rights. The following Section 8.10 is included in this Master Declaration in accordance with the requirements of DUCIOA. The following Special Master Declarant Rights are reserved in this Master Declaration to be exercised by Master Declarant, and to such other Persons as the Master Declarant may specifically, and in writing, assign such rights, for the benefit of the Project and for the Master Declarant and its agents, from time to time in its sole discretion, to the maximum extent permitted by Law, and if not exercised prior to the fiftieth (50th) anniversary of the recording of this Master Declaration in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware, these Special Master Declarant Rights shall terminate:

(a) to complete the Improvements within the Project and the Master Common Area that are the subject of and are consistent with this Master Declaration or the Approved Plan or described in any public offering statement required to be delivered by Master Declarant pursuant to DUCIOA;

(b) to amend, restate, modify or supplement the Seashore Villas Community Record Plan, including change the interior design and arrangement of, or alter the boundaries between, Units owned by the Declarant at any time and from time to time after this Master Declaration or any amendment thereto is filed;

(c) to maintain and utilize, anywhere within the Project and perform such operations as in the sole opinion of the Master Declarant may be reasonably required, convenient or incidental to the construction and sale of Units and improvements, including, without limitation, sales offices, management offices, rental offices, storage areas, construction yards, signs,

displays and models in any part of the Project and to remove any of the foregoing located within the Project;

(d) to maintain advertising signs anywhere within the Project;

(e) to use easements through the Master Common Area for the purposes of making Improvements within the Project for the benefit of the Project, or the Additional Property;

(f) for the benefit of the Project, the Additional Property, to create and grant blanket easements upon, across and under the Project for vehicular and pedestrian ingress and egress, curb cuts, slope, or grading easements, as well as for the installation, replacement, repair and maintenance of all utilities, including, but not limited to, water, sewer, drainage, storm water detention and/or siltation, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Project from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles, pipes, lines and other equipment within the Project to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Project, including any improvements constructed thereon, and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress within the Project. There is further reserved unto the Master Declarant the right to grant specific easements, both temporary and permanent, to any Person or entity, including all public authorities and utility companies, over any part of the Project in furtherance of the blanket easement created by this subsection. Further, without limiting the generality of the foregoing, the Master Declarant reserves the right to unilaterally execute and record such additional easements and agreements as may be necessary to give effect to the foregoing easements and other rights, which additional easements and other agreements need not be consented to or joined in by any Person having an interest in the Project; provided, however, that if requested by the Master Declarant, any Person having an interest in the Project shall promptly join in and execute such confirmatory easements and other agreements. Each Unit shall further be subject to a public pedestrian access easement over and upon any sidewalk, alley or pathway (or the replacement thereof) constructed within the Unit by the Master Declarant, Builder, or an Owner of a Unit, which sidewalk or pathway is reasonably deemed to be for the use of the Project;

(g) to use, grant, and reserve easements, both temporary and permanent, and rights of way through, under, over, and across the Project for the benefit of the Project, the Additional Property, for the installation, maintenance, inspection, repair, and replacement of lines and appurtenances for public or private sewer, water, drainage, gas, electricity, telephone, and other utilities, such as, but not limited to, a master television communications system, cable television system, a security system, or the like;

(h) to merge or consolidate the Master Association with another common interest community;

(i) to appoint or remove any officer of the Master Association or any member of the Board during the Period of Master Declarant Control (except to the extent appointed by Owners pursuant to the Master Declaration);

(j) to control any construction, design review, or aesthetic standards committee or process as set forth in Article VII hereof;

(k) to attend meetings of the all Owners and Occupants of the Project and, except during an executive session after the Period of Master Declarant Control, the Board of the Master Association;

(l) to have access to the records of the Master Association to the same extent as an Owner hereunder;

(m) to amend, restate, modify or supplement the Master Association Documents without the consent of the Owners or any other Person, to (A) comply with applicable Law or correct any error or inconsistency in the Master Association Documents or (B) conform with the requirements of (i) DUCIOA, (ii) any rules or guidelines of any Institutional Guarantor, or (iii) the requirements of any governmental or quasi-governmental agency having regulatory jurisdiction over the Project in accordance with Section 11.06;

(n) to alter any boundaries of any portions of the Project;

(o) to assign all or part of its rights under this Master Declaration;

(p) to exercise the rights of Master Declarant to amend, restate, modify or supplement this Declaration without consent of the Owners or any other Person in accordance with Section 11.06 of this Declaration;

(q) to enter any portion of the Project for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Project or the improvements thereon. There is further reserved unto the Master Declarant and its agent(s) a non-exclusive easement over, across and through all of the Project for the purpose of access, the storage of building supplies, materials and equipment and, without any limitation, for any and all purposes reasonably related to the completion of the development, construction or repair of the Project. This Section 8(r) shall not create any responsibility on the part of the Master Declarant for any improvements constructed by or on behalf of a Builder, Owner or any other entity other than Master Declarant;

(r) for the benefit of the Property, the Additional Property, to grant a blanket easement and right on, over and under the Project to maintain and to correct drainage of surface or subsurface water in order to maintain reasonable standards of health, safety and appearance; provided, however, that the Master Declarant shall have no obligation to exercise such right. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary, following which the Master Declarant shall restore the affected property to its original condition as near as practicable. The Master Declarant shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Master Declarant an emergency exists which precludes such notice. There is further reserved unto the Master Declarant the right to grant specific easements, both temporary and permanent, to any Person, including all public authorities and utility companies, over any part of the Project in furtherance of the blanket easement created by this subsection; and

(s) to exercise any other Special Master Declarant Rights identified in this Master Declaration.

Section 8.11. Power of Attorney

(a) Each and every Owner by accepting and recording the deed to a Unit, and each Mortgagee or other lienholder or Person having a legal or equitable interest in any Unit or the Project does automatically and irrevocably name, constitute, appoint and confirm the Master Declarant and/or the Master Association, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

(b) No such agreement, document, amendment, supplement or other instrument which adversely affects the value of a Unit, or substantially increases the financial obligations of an Owner, or reserves any additional or special privileges for the Master Declarant not previously reserved, shall be made without the prior written consent of the affected Owner(s) and all Eligible Mortgagees of any Mortgage(s) encumbering the Units owned by the affected Owner(s). Any such agreement, document, amendment, supplement or instrument which adversely affects the validity of any Mortgage which encumbers any Unit or Project shall not be made without the prior written consent of the Mortgagees of all such Mortgages.

The power of attorney established by this Section 8.11 is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Units and the Project and shall not be affected by subsequent disability or incapacity of the Owner, a Mortgagee or other lienholder or Person having a legal or equitable interest in any Unit or Project, and such power of attorney shall be binding upon such Person, and such Person's heirs, executors, administrators, personal representatives, successors and assigns (including, without limitation, all Mortgagees). Said power of attorney shall be vested in the Master Declarant, its successors, transferees and assigns until twenty (20) years after the recordation of this Declaration, or until such time as the Master Declarant no longer owns any portion of the Property or Additional Property, whichever shall occur later. Thereafter, said power of attorney shall automatically vest in the Master Association to be exercised by its Board of Directors.

Section 8.12. Transfer of Special Master Declarant Rights. The Master Declarant may unilaterally transfer (without the approval or joinder of the Master Association or any Owner or Mortgagee) Special Master Declarant Rights created or reserved under the Master Association Documents to (i) any Person acquiring any portion of the Project owned by the Master Declarant or others at the time of transfer or (ii) any lender holding a Mortgage on any portion of the Project owned by the Master Declarant or others at the time of transfer. Such transfer shall be evidenced by an instrument recorded in the Recorder's Office. The instrument is not effective unless signed by the transferor and transferee; provided, however, that a Person may unilaterally sign and record an instrument to acquire some or all of the Special Master Declarant Rights with respect to the land acquired if such Person acquires any or all of the Project owned by the Master Declarant or others at the time of transfer pursuant to a mortgage

or deed of trust by foreclosure or deed in lieu of foreclosure. Such instrument must be recorded within a reasonable time after acquisition of any such portion of the Project.

A successor to Special Master Declarant Rights held by a transferor who succeeded to those rights pursuant to a mortgage or a foreclosure or a deed in lieu of foreclosure may declare the intention in an instrument recorded in the Recorder's Office to hold those rights solely for transfer to another Person. Thereafter, until transferring the Special Master Declarant Rights to a Person acquiring title to any portion of the Project owned by such successor, or until such successor records an instrument assuming the right to exercise the Special Master Declarant Rights, that successor may not exercise any of the Special Master Declarant Rights other than to approve or disapprove: (A) amendments to the Master Association Documents, (B) dissolution of the Master Association, or (C) termination of the Master Declaration. So long as a successor does not exercise Special Master Declarant Rights (except the rights described above) under this subsection, such successor is not subject to any liability or obligation as a declarant.

A partial transfer of Special Master Declarant Rights does not prevent the transferor declarant from continuing to exercise Special Master Declarant Rights with respect to any portion of the Project retained by such Person. The instrument providing for a partial transfer of Special Master Declarant Rights shall allocate voting rights between the transferor and the transferee as such Persons shall agree among themselves or based on the relative square footages of the portion of the Project owned by each declarant if not otherwise provided. Each Person having declarant rights under the Master Association Documents has the right to transfer such rights unilaterally with respect to any portion of the Project owned by such Person except to the extent provided otherwise in an instrument assigning the Special Master Declarant Rights to such Person. If at any time the Master Declarant ceases to exist and has not made an assignment of the Special Master Declarant Rights, a successor may be appointed by an amendment to the Master Declaration made pursuant to Section 11.06.

ARTICLE IX

COMMUNITY ASSOCIATION

Section 9.01. Formation of Community Association. Master Declarant will establish a Condominium Community Association for the purposes of collecting all assessments due under this Master Declaration or the other Project Documents and for enforcing the rights and remedies of any Condominium Community Declaration. The documents that govern or establish the Condominium Community Association are created and approved by the Master Declarant. Without limitation, the Community Association's governing documents provide for:

(a) the establishment of an annual budget that includes the payment of an amount sufficient to cover the pro rata portion of the Master Assessments due under this Master Declaration;

(b) the right (but not the obligation) of the Master Association to take temporary control of the Community Association if the Community Association fails to collect

assessments in an amount sufficient to pay and satisfy the Master Assessments due to the Master Association;

(c) the right (but not the obligation) of the Master Association, as a third-party beneficiary, to enforce the Condominium Community Association's rights and remedies under the Condominium Community Declaration, if the Condominium Community Association refuses or neglects to enforce the rights and remedies after reasonable written notice from the Master Association (not more than thirty (30) days); and

(d) the ability of the Condominium Community Association to determine how to exercise any voting rights (if any) for purposes of the Master Association and this Master Declaration reserved to the various Owners within the applicable Community affected by the Condominium Community Declaration.

Section 9.02. Notice of Sale. Master Declarant establishing a Condominium Community Association must provide the Master Association with full and complete copies of all governing documents applicable to the Condominium Community Association, including the Condominium Community Declaration and all amendments that may be enacted from time to time. All information must be promptly provided to the Master Association and, in all cases, no later than thirty (30) days after written request from the Master Association.

Section 9.03. Management and Control. To the extent applicable and except to the extent the Master Association elects to take temporary control over the Condominium Community Association or elects to enforce any Condominium Community Declaration under Sections 8.03, 9.01(b), or 9.01(c), respectively, all administrative and management services provided under any Condominium Community Declaration will be provided solely by the Condominium Community Association and not the Master Association.

Section 9.04. Master Assessments Specifically. The Master Association will have the rights described in Section 9.01(b) above to take control of the Condominium Community Association for any period of time that may be necessary to bring about collection of the Master Assessments. Control may be accomplished through the removal and substitution of officers and directors of the Condominium Community Association or any other manner permitted under applicable Laws. Without limitation of any other remedies available to the Master Association, the Master Association also will have the right to file a lien against the Unit of any delinquent Owner in an amount equal to:

- (a) all amounts owed by the delinquent Owner for Master Assessments or otherwise;
- (b) all costs of collection (including attorney fees); and
- (c) all applicable late charges and interest.

To enforce and collect these amounts, the Master Association may enforce an assessment lien against the applicable portion of the Project or may exercise any other remedy available to the Master Association under the Master Association Documents or the Condominium Community Declaration.

Section 9.05. Enforcement Under Community Declaration. To the fullest extent permitted under applicable Laws, all disputes solely between or among Owners of a Unit subject to a Condominium Community Declaration will be handled and resolved by the Condominium Community Association, and, unless the Master Association otherwise elects to be involved, the Master Association will not be involved or joined in these types of disputes.

Section 9.06. Community Association Meetings. If requested by the Master Association, the Condominium Community Association will provide notice to the Master Association of all regular or special meetings of the Condominium Community Association's members or directors, including providing all agendas and all other relevant information and materials for such meetings. A representative of the Master Association may attend these meetings at the discretion of the Master Association, including any that are held in executive session.

Section 9.07. Remedies of Master Association. Without limiting the remedies of the Master Association outlined above, the Master Association will have all rights and remedies available under applicable Laws to enforce this Master Declaration or any Condominium Community Declaration, including the right to commence an action in contract against any Owner and/or the Condominium Community Association.

ARTICLE X

CREATION OF EASEMENTS

Section 10.01. Public Utility Easements. Master Declarant grants and creates a perpetual and non-exclusive easement upon, across, over, and under the Master Common Area and all other areas that may be depicted and described on any Approved Plan as a public utility easement for the installation and maintenance of utilities, including electricity, telephone, water, gas, cable television, telecommunications, drainage facilities, sanitary sewer, or other utility lines servicing the Project, the Additional Property, and any other portion of the Project, or any other real property owned by Master Declarant or its affiliates. All of these public utility easements may be used by the utility provider or the County without the necessity of any additional recorded easement instrument. These public utility easements will not affect the validity of any other recorded easements affecting the Project. All utilities and utility lines will be placed underground except for those that by their operational nature must be aboveground and if approved by Master Declarant. No provision of this Master Declaration, however, will act to prohibit the use of aboveground and temporary power or telephone structures incident to the construction of buildings or structures as needed by Master Declarant or any Builder. Public or private sidewalks may be located in the public utility easements. The public utility easements described above will be perpetual unless and until abandoned by the utility provider or by resolution of the County.

Section 10.02. Temporary Construction Easements. During the period of any construction activities within the Project by Master Declarant or any Builder, Master Declarant reserves for the benefit of itself and, as applicable, any Builder, and their respective agents, employees, and independent contractors, a non-exclusive easement on, over, and under those portions of the Master Common Areas, Areas of Master Association Responsibility, or other

portions of the Project that may not be owned by Master Declarant or the particular Builder, as applicable, but that are reasonably necessary to construct improvements on the Master Common Area, Areas of Master Association Responsibility, or on any Unit. The burden associated with this temporary construction easement will terminate automatically as to any particular Unit on the completion of all initial construction activities on adjoining portions of the Project. Similarly, the benefit associated with this temporary construction easement will terminate automatically on the completion of all initial construction activities on the Unit. This temporary construction easement will not be deemed to affect any portion of a Unit upon which a physical structure or other permanent Improvements are already located as of the date of this Master Declaration. In utilizing this temporary construction easement, Master Declarant and the Builder, as applicable, will, to the fullest extent permitted by Law, not be liable or responsible for any damage to any landscaping or Improvements located within the temporary construction easement; however, Master Declarant and the Builder, as applicable, will use (and cause its agents, employees, and independent contractors to use) reasonable care to avoid material and unreasonable damage to any landscaping or Improvements.

Section 10.03. Easement for Encroachments. Each Parcel or Unit or common area within the Parcel or Unit (including any Master Common Area and Community Common Area) will be subject to a reciprocal and appurtenant easement benefiting the area in question and burdening any affected area for minor encroachments created by construction, settling, and overhangs as originally designed or constructed by Master Declarant, any Builder, or any Owner. This easement will remain in existence for so long as any encroachment of the type described in the preceding sentence exists and will survive the termination of this Master Declaration or other Project Documents. This easement is non-exclusive of other validly created easements.

Section 10.04. Easements for Ingress and Egress. A perpetual and non-exclusive easement for pedestrian ingress and egress is created and reserved by Master Declarant for the benefit of Master Declarant and all Owners over, through, and across all roadways, sidewalks, paths, recreation trails, walks, and lanes that may be constructed within the Project, except to the extent designated as Community Common Area (solely for use of Owners within a particular Community). Additionally, a perpetual and non-exclusive easement for vehicular and pedestrian ingress and egress is created and reserved by Master Declarant for the benefit of all Owners over and across any Master Common Area and all sidewalks or public or private easements that separate the Unit from any adjacent public or private street. The right of access described above is and will remain at all times an unrestricted right of ingress and egress.

The costs for maintenance of the roadway area shall be assessed per Unit on an average ratio basis calculated based on trips/day. Said maintenance costs shall cover snow removal, roadway repair and/or replacement and shall include the common area shared with Royal Farms. The formula for cost sharing is (1) 11% assessed to Seashore Villas Homeowners Association, Inc., (2) 76% to Royal Farms, and/or its assigns, and (3) 13% to Tidewater Federal Credit Union, and/or its assigns.

Section 10.05. Water Easement. Master Declarant grants to Artesian Water, and its successors and assigns, a non-exclusive and blanket easement on, under, and across the Project for the purpose of installing, repairing, reading, and replacing water meter boxes. This

permanent easement will not be deemed to affect any portion of the Project upon which a permanent structure is located. This easement will be perpetual unless and until abandoned by Tidewater Utilities, Inc., its successors, and assigns.

Section 10.06. Sewer Easement. Master Declarant grants to Sussex County, Delaware, and its successors and assigns, a non-exclusive and blanket easement on, under, and across the Project for the purpose of installing, repairing, maintaining, and replacing sewer lines. This permanent easement will not be deemed to affect any portion of the Project upon which a permanent structure is located. This easement will be perpetual unless and until abandoned by Sussex County, Delaware.

Section 10.07. Additional Easements. To the extent not established as part of this Master Declaration, Master Declarant may establish through grant or reservation various easements over those portions of the Project that have not been sold to a Builder or other Owner as may be necessary, in the sole discretion of Master Declarant, in connection with the orderly development of any property in accordance with the Seashore Villas Community Record Plan. Furthermore, Master Declarant may also establish through grant, reservation or pursuant to any other agreement, including a cross-access agreement, various easements over the Master Common Area, all areas that may be depicted and described on any Approved Plan as sidewalks, paths, recreation trails, walkways, lanes, streets, or utility easements and those portions of the Project that have not been sold to an Owner (except with the consent of such affected Owner) as may be necessary, in the sole discretion of Master Declarant, in connection with the orderly development of any portion of the Additional Property, any Withdrawal Property, any other portion of the Project or other real property owned by Master Declarant or its affiliates, whether or not such Additional Property, any Withdrawal Property, any other portion of the Project or other real property is added to the Project. Additionally, after the conveyance of all or part of a Unit to a Builder or other Owner, Master Declarant or the Master Association may require, as part of any approvals required under the Master Association Documents or any conveyance or development documents, that the Builder or Owner of the respective Parcel or Unit create, grant, or reserve various easements (either in a plan or separate recorded instrument) that may be necessary for the orderly and efficient development of any property within the Seashore Villas Community Record Plan (including utility, access, drainage, open space, encroachment, trail, or other easements) or any portion of the Additional Property, any Withdrawal Property, any other portion of the Project or other real property owned by Master Declarant or its affiliates, whether or not such Additional Property or other real property is added to the Project. Any of the easements described above in this Section 10.07 may be of a blanket or specific nature and may be permanent, temporary, or for a fixed period of time. The location of these easements will be subject to the written approval of the Owner of the burdened property, whose approval will not unreasonably be withheld, delayed, or conditioned. These easements may be established under an Approved Plan or separate recorded instrument. All work associated with the exercise of any rights granted under these easements will be performed in a manner so as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement right will restore the property, to the extent reasonably possible, to substantially its condition prior to the commencement of the work. The exercise of these easements will not extend to permitting entry into any structures in or near the easement area, nor, except in an emergency, will the

exercise unreasonably interfere with the use of any Unit, and, except in an emergency, entry will be made only after reasonable notice to the Owner or Occupant.

Section 10.08. Easements for Maintenance, Emergency, and Enforcement. Master Declarant grants to the Master Association a non-exclusive easement over those portions of the Project that are necessary to enable the Master Association to fulfill its maintenance responsibilities. The Master Association also will have the right, but not the obligation, to enter upon any Unit to exercise any self-help remedies reserved by the Master Association or for emergency, security, and safety reasons. This right may be exercised by any member of the Board and its duly authorized agents and assignees, and by all emergency personnel in the performance of their duties. Except in an emergency situation, entry will only be during reasonable hours and after reasonable notice to the Owner or Occupant.

Section 10.09. No Easement for View. Each Owner acknowledges that neither Master Declarant nor any Builder, nor any Person acting on behalf of Master Declarant or any Builder, has made or is authorized to make any representation or commitment that any views or any vistas shall be preserved, protected, or remain unobstructed, and there are no express or implied easements for view purposes appurtenant to any portion of the Project.

Section 10.10. Assignment of Responsibilities. Within or adjacent to the Project, there may be various types of property such as wetlands, drainage areas, conservation areas, open spaces, and buffers upon which restrictions, monitoring requirements, or other obligations may be imposed by the County or other Governmental Authorities. Master Declarant may deed, convey, transfer, or assign, from time to time and at any time, any or all of the foregoing areas or responsibilities to the Master Association. After conveyance, the Master Association will accept, own, maintain, and preserve these areas in accordance with the applicable requirements of the County or other Governmental Authorities. All of the foregoing areas that are conveyed to the Master Association will become part of the Master Common Area, and the ownership, operation, and maintenance of these areas will be a common expense of all Owners. Alternatively, Master Declarant may deed, convey, transfer, or assign any or all of the foregoing areas or responsibilities to an improvement district, the Community Association, a foundation, or similar type entity which will own, operate, and maintain these areas for the benefit of some or all of the Owners within the Project.

Section 10.11. Surface Water Management System. Master Declarant establishes a Stormwater management area, which shall be a non-exclusive and blanket easement on, under, and across the Project for the purpose of installing, repairing, maintaining, and replacing stormwater drainage. This permanent easement will not be deemed to affect any portion of the Project upon which a permanent structure is located. This easement will be perpetual unless and until abandoned. There shall also be a perpetual blanket easement and right on, over and under the Property and Project to establish, maintain, change and correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Any provision hereof to the contrary notwithstanding, the Declarant shall have no obligation whatsoever to perform any work or to take any action regarding drainage of surface water within the Property or Project. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action as may be reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near

as practicable. The Declarant shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Declarant an Emergency exists which precludes such notice. There is further reserved unto the Declarant the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property or Project in furtherance of the blanket easement created by this subsection. In addition,

(a) No Owner may erect any structure, construct any improvements, or otherwise change, alter, impede, revise, or interfere with in any material way the flow and the volume of water in any tax ditches, canals, channels, ponds, lakes, retention areas, bodies of water, waterways, drainage ways, or other areas designed and constructed for the disposal or accumulation of runoff waters, as reflected in any permits, the Seashore Villas Community Record Plan, or any plan or other instrument of record, without the specific written permission of the Master Association and, during the Period of Master Declarant Control, Master Declarant.

(b) No Owner may deny or prevent access by Master Declarant or the Master Association to establish or repair these drainage areas for purposes that any appropriate Governmental Authority or quasi-governmental agency may reasonably require.

(c) No Unit will be increased in size by filling in any water retention or drainage areas on which it abuts. Owners will not fill, dike, rip-rap, block, divert, or change the established drainage ways within the Project without the prior written consent of the Master Association and, so long as Master Declarant owns any portion of the Project, Master Declarant.

(d) The use of pesticides and herbicides in any lake or wetland is prohibited, except only any use of pesticides or herbicides by the Master Association and, during the Period of Master Declarant Control, Master Declarant.

(e) No wells may be drilled, dug, or installed within the Project except by Master Declarant or, so long as Master Declarant owns any portion of the Project, with Master Declarant's written consent.

The costs for maintenance of the Stormwater Management Area shall be assessed per Unit on an average ratio basis. The formula for cost sharing is (1) 81.2% assessed to Seashore Villas Homeowners Association, Inc., (2) 12.5% to Royal Farms, and/or its assigns, and (3) 6.3% to Tidewater Federal Credit Union, and/or its assigns.

Section 10.12 Withdrawal Property. Any and all of the easement rights granted or reserved hereunder as set forth in this Article X shall run to and benefit the Withdrawal Property, except as may otherwise be expressly modified, limited, qualified, conditioned or eliminated by Master Declarant.

ARTICLE XI

GENERAL PROVISIONS

Section 11.01. Enforcement.

(a) **Rights to Enforce.** The Master Association, in the first instance, or the Community Association, in the second instance, or any Owner, if both the Master Association and Community Association fail to act within a reasonable time, will have the right to enforce by any available legal means all covenants and restrictions now or in the future imposed by the provisions of the Master Association Documents. The right to enforce all covenants and restrictions includes the right to bring an action at law, in equity, or both.

(b) **Failure to Enforce.** Failure of the Master Association, Condominium Community Association, or any Owner to enforce any covenant and restriction in this Master Declaration or any of the matters detailed in the other Master Association Documents will not be deemed a waiver of the right of the Master Association, the Condominium Community Association, or any Owner to enforce the covenants and restrictions in the future for the same or similar violation. Failure of the Master Association, the Condominium Community Association, or any Owner to enforce any covenant or restriction in this Master Declaration or any of the matters detailed in the other Master Association Documents will not subject the Master Association, the Condominium Community Association, or any Owner to liability for its actions or inactions.

(c) **Binding Covenants.** Deeds of conveyance of all or any part of the Project may incorporate the covenants and restrictions by reference to this Master Declaration; however, each and every covenant and restriction will be valid and binding upon the respective grantees whether or not any specific or general reference is made to this Master Declaration in the deed or conveying instrument.

(d) **Remedies for Violation.** Without limiting the preceding portions of this Section, violators of any one or more of the covenants and restrictions in the Master Association Documents may be restrained by any court of competent jurisdiction, and damages may be awarded against the violators. The remedies established in this Master Declaration may be exercised jointly, severally, cumulatively, successively, and in any order. A suit to recover a money judgment for unpaid Master Assessments, obtain specific performance, or obtain injunctive relief may be maintained without extinguishing, waiving, releasing, or satisfying the Master Association's liens under this Master Declaration.

Section 11.02. Approval of Litigation.

(a) **Limits on Initiation of Litigation.** The Master Association will not incur any expenses (including, without limitation, attorney fees and costs) to initiate legal proceedings or to join as a plaintiff in legal proceedings without the prior approval of the Members, except for any legal proceedings initiated or joined by the Master Association pursuant to Section 11.02(b) hereof.

(i) to subject to DUCIOA, enforce this Master Declaration or the other Project Documents against any Owner other than Master Declarant or the Community Association through injunctive relief or otherwise;

(ii) to enforce any rules or regulations of the Master Association through injunctive relief or otherwise;

(iii) to collect any unpaid Master Assessments, enforce or foreclose any lien in favor of the Master Association, or determine the priority of any lien for Master Assessments; or

(iv) to claim a breach of fiduciary duty by any one or more of the members of the Board or officers of the Master Association.

(b) **Member Approval of Master Association Litigation.** The Members' approval to initiate legal proceedings or join as a plaintiff in legal proceedings must be given by voting in accordance with the provisions of the Bylaws by more than 75% of the total number of eligible votes of the Members.

(c) **Prior Approval Disclosures.** Prior to any vote of the Members to initiate legal proceedings or join as a plaintiff in legal proceedings, as described above, the Master Association will provide full disclosure to the Members of: (i) the nature of the claim; (ii) the name and professional background of the attorney proposed to be retained by the Master Association to pursue the matter; (iii) a description of the relationship (if any) between the attorney and the Board (or any member of the Board) or the property management company; (iv) a description of the fee arrangement with the attorney; (v) an estimate of the fees and costs (including those for attorneys and experts) necessary to pursue the claim; and (vi) the estimated time necessary to complete the proceedings.

(d) **Litigation Fund.** The costs of any legal proceedings initiated or joined by the Master Association that are not included in Sections 11.02(a)(i) through (iv) above must be financed by the Master Association with monies that are specifically collected for that purpose by properly initiated Master Special Assessments, and the Master Association will not borrow money, use reserve funds, use general funds, or use monies collected for other Master Association obligations to initiate or join any legal proceeding.

(e) **Exceptions for Certain Board Actions.** These limitations on the commencement of litigation do not preclude the Board from incurring expenses for legal advice in the normal course of operating the Master Association, including, among other things: (i) to enforce the Project Documents, including the imposition of fines; (ii) to comply with the Project Documents or any Laws related to the operation of the Master Association, Master Common Area, or the Areas of Master Association Responsibility; (iii) to amend the Project Documents as provided in this Master Declaration; (iv) to grant easements or convey Master Common Area as provided in this Master Declaration; or (v) otherwise to perform the obligations of the Master Association as provided in this Master Declaration.

(f) **Legal Proceedings.** As used above, the term "legal proceedings" includes administration, arbitration, and judicial actions.

(g) **Legal Proceedings Against Declarant.** Notwithstanding any other provision of this Agreement to the contrary, any litigation against Master Declarant shall comply with the requirements of DUCIOA, including, without limitation, Section 81-321.

Section 11.03. Condemnation of Master Common Area. Subject to the provisions of applicable Laws, if a portion of the Master Common Area is taken by eminent domain, the award will be paid to the Master Association, and the Master Association will cause the award to be utilized for the purpose of repairing and restoring the Master Common Area, including, if the Board deems it necessary or desirable, the replacement of any Improvements. Any portion of the award not used for any restoration or repair of the Master Common Area will be added to the reserve funds of the Master Association.

Section 11.04. Severability. Invalidation of any one or any portion of these covenants and restrictions by judgment or court order will not affect the validity of any other provisions of the Master Association Documents, and these other provisions of the Master Association Documents will remain in full force and effect.

Section 11.05. Term. The covenants and restrictions of this Master Declaration will run with and bind the land in perpetuity unless terminated by an affirmative vote in accordance with the provisions of the Bylaws of 90% of the total number of eligible votes of the Members in the Master Association and, so long as Master Declarant owns any portion of the Project, the consent of the Master Declarant.

Section 11.06. Amendment.

(a) This Master Declaration and the Seashore Villas Community Record Plan may be amended, modified, altered, supplemented, revised or restated or from time to time as provided in this Master Declaration. Amendments will be made only by a recorded instrument executed on behalf of the Master Association by an officer of the Master Association designated for that purpose or, in the absence of designation, by the president of the Master Association. Any amendment will be deemed adopted if approved at a duly called regular or special meeting by the affirmative vote in accordance with the provisions of the Bylaws of 67% or more of the total number of eligible votes of the Members in the Master Association. So long as Master Declarant owns any portion of the Project, no amendment to this Master Declaration shall be effective without the consent of Master Declarant. No amendment altering this Master Declaration in any manner that would render it contrary to or inconsistent with any mandatory requirements of DUCIOA shall be valid.

(b) Notwithstanding any other provision of this Declaration to the contrary, the Master Declarant (during the Period of Master Declarant Control) or the Master Association (after the Period of Master Declarant Control) may amend this Declaration in its sole and absolute discretion and without the approval of any other Person, including any Owner or Builder, at any time and from time to time if such amendment is:

(i) necessary to bring any provisions hereof into compliance with any applicable Laws or judicial determination;

(ii) necessary to enable any reputable title insurance company to issue title insurance coverage on a Unit;

(iii) required by an institutional lender or a government mortgage agency or purchaser of mortgage loans, to enable the same to make, insure or purchase mortgage loans on a Unit;

(iv) necessary to enable any governmental agency, including, for example FHA, VA, the Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, or reputable private insurance company to make, purchase, insure or guarantee mortgage loans on a Unit subject to this Master Declaration;

(v) correct any stenographic, scrivener's error or any error of a like nature; provided, however, any such amendment shall not adversely affect the title to a Unit unless the Owner thereof shall consent thereto in writing;

(vi) necessary to satisfy the requirements of any governmental or quasi-governmental agency, (g) for any other purpose reasonably related to the completion of the Project in accordance with the Record Plan; or

(vii) pursuant to the rights granted under Section 8.10(m) of this Master Declaration.

(c) In the event that Master Declarant (during the Period of Master Declarant Control) or the Master Association (after the Period of Master Declarant Control), in its sole discretion, determines that it no longer intends to comply with provisions and amendments to the Declaration, Condominium Plan and Bylaws that were included for the purposes identified above in this subsections (b)(iii) and (b)(iv), amendments may be made by Master Declarant (during the Period of Master Declarant Control) or the Master Association (after the Period of Master Declarant Control) without the consent, signature or other action of any other Person to remove or unwind the provisions that were included pursuant to subsections (b)(iii) and (b)(iv)(provided that any amendment desired to be made by the Master Association pursuant to this subsection (c) requires the written consent of Master Declarant so long as Master Declarant is the owner of any portion of the Property).

(d) Any Owner who receives from the Master Declarant or Master Association, as applicable, a written request to approve amendments, and who does not deliver or post to the requesting Person a written response within thirty (30) days after receipt shall be conclusively deemed to have approved such request; provided that if such request is made to a Mortgagee, then such request shall have been delivered to such Mortgagee by certified or registered mail, return receipt requested in accordance with Section 13.04.

Section 11.07. Construction. This Master Declaration will be liberally construed (i) to effectuate its purpose of creating a uniform plan and scheme for the development of a Record Planned community consisting of those uses described in the Seashore Villas Community Record Plan, with maintenance as provided in this Master Declaration and the other Project Documents, and (ii) to render it consistent with any mandatory requirements of DUCIOA to the fullest extent possible. Section and Article headings have been inserted for convenience only

and will not be considered or referred to in resolving questions of interpretation or construction. Any charts, tables, or diagrams included in or attached to this Master Declaration are intended to be illustrative only and shall not be used in the interpretation or construction of this Master Declaration. All terms and words used in this Master Declaration (including any defined terms), regardless of the number (singular or plural) and gender in which they are used, will be deemed and construed to include any other number and any other gender as the context or sense of this Master Declaration may require, with the same effect as if the number and words had been fully and properly written in the required number and gender. Whenever the words and symbol "and/or" are used in this Master Declaration, it is intended, if consistent with the context, that this Master Declaration be interpreted and the sentence, phrase, or other part be constituted in both its conjunctive and disjunctive sense, and as having been written twice, once with the word "and" inserted, and once with the word "or" inserted, in the place of words and symbol "and/or." Any reference to this Master Declaration will automatically be deemed to include all amendments to this Master Declaration.

Section 11.08. Notices. Unless an alternative method for notification or the delivery of notices is otherwise expressly provided in the Master Association Documents, any notice that is permitted or required under the Master Association Documents must be delivered either by personal delivery or recognized next business day delivery service. Notices delivered personally shall be effective on the day so delivered, and notices sent by next business day delivery service shall be effective on the earlier of the second business day after timely deposit with the courier or the day of actual delivery by the courier. For the purpose of notice for the Master Association or the Board, notice must be sent to the principal office of the Master Association and the registered agent for the Master Association as specified in the Certificate of Incorporation. For the purpose of notice to any Owner, notice must be sent to a street or mailing address within the Project for the Owner. For the purpose of notice to any Member, notice must be sent to its principal place of business. The place for delivery of any notice to an Owner, any Member, or the Master Association may be changed from time to time by written notice from that Person specifying the new notice address for such Person.

Section 11.09. Management Agreements. Any property management agreement entered into by the Master Association or Master Declarant may be made with an affiliate of Master Declarant or a third-party manager, but, in all cases following the Period of Master Declarant Control, will be terminable by the Master Association with or without cause and without penalty, upon ninety (90) days' written notice. The term of any management agreement entered into by the Master Association or Master Declarant may be for a term of up to three (3) years and may be renewable only by affirmative agreement of the parties for successive periods of three (3) years or less. Any property manager for the Project or the Master Association will be deemed to have accepted these limitations, and no contrary provision of any management agreement will be enforceable. The property manager will be delegated those powers and duties of the Board of the Master Association that the Board determines as necessary or appropriate from time to time.

Section 11.10. Master Declarant's Right to Use Similar Name. The Master Association irrevocably consents to the use by any other Person (including the Community Association) that may be formed or incorporated by Master Declarant (or an affiliate) of a name that is the same or similar to the name of the Master Association, so long as one or more words

are added to the name to make the name of the Master Association distinguishable from the name of the other Person. Within five days after being requested to do so by Master Declarant, the Master Association will sign all letters, documents, or other writings as may be required by the Secretary of State of the State of Delaware (or any other Governmental Authority) in order for any other Person formed or incorporated by Master Declarant (or an affiliate) to use a name that is the same or similar to the name of the Master Association. Other than the foregoing, no Person shall use the words "Seashore Villas" or any derivative thereof in any printed or electronic material without the prior written consent of Master Declarant, except that any Owner may use the term "Seashore Villas" in printed or electronic sales or leasing promotional materials for the Owner's Unit where such term is used solely to specify that the Owner's own property is located within the Project.

Section 11.11. Survival of Liability. The termination of membership in the Master Association will not relieve or release any former Member from any liability or obligation incurred under or in any way connected with the Master Association during the period of membership or impair any rights or remedies that the Master Association may have against the former Member arising out of or in any way connected with the membership and the covenants and obligations incident to the membership.

Section 11.12. Waiver and Approvals. The waiver of, or failure to enforce, any breach or violation of the Master Association Documents will not be deemed a waiver or abandonment of any provision of the Master Association Documents or a waiver of the right to enforce any subsequent breach or violation of the Master Association Documents. The foregoing will apply regardless of whether any Person affected by the Master Association Documents (or having the right to enforce the Master Association Documents) has or had knowledge of the breach or violation. Whenever the approval or consent of Master Declarant, Master Association, or the Members is required under the Master Association Documents, the approval or consent may be given or withheld in the sole discretion of the approving Person or Persons, unless the Master Association Documents otherwise specify a different standard for approval.

Section 11.13. Attorney Fees. Without limiting the power and authority of the Master Association to incur (and assess against an Owner as a Master Special Assessment) attorney fees as part of the creation or enforcement of any Master Assessment, if an action is instituted to enforce any of the provisions contained in the Master Association Documents, the party prevailing in any action will be entitled to recover from the other party all legal fees and court costs in a reasonable amount. If the Master Association is the prevailing party in the action, the amount of attorney fees and court costs may be included as part of a Master Special Assessment against the Owner involved in the action and that Owner's Unit.

Section 11.14. No Partition. Except as is permitted in this Master Declaration or any amendments hereto, there shall be no judicial partition of the Master Common Area or any part thereof, nor shall any Person acquiring any interest in the Project or any part thereof seek any judicial partition, and each Owner is deemed to have waived any and all rights of partition, unless the applicable portion of the Project has been duly removed from the provisions of this Master Declaration. This Article shall not be construed to prohibit the Master Association from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Master Declaration.

ARTICLE XII

DEVELOPMENT PLAN

Section 12.01. Proposed Development. Master Declarant currently contemplates that the Project, if completed, may encompass more real property than that currently described as the Project. The foregoing, however, is not a representation, warranty, or assurance by Master Declarant that the contemplated development will be completed. Except for statements included in a public offering statement provided to an Owner as may be required by DUCIOA, each Owner acknowledges that it has not relied upon any representation, warranty, or expression, written or oral, made by Master Declarant, any Builder, or any of their respective agents, regarding whether: (i) the contemplated development will be completed or carried out; (ii) any land now or in the future owned by Master Declarant or any Builder will be subject to this Master Declaration, or if subject to this Master Declaration at any time, may not be withdrawn from the Project and the Master Declaration, or developed for a particular use; (iii) any land now or in the future owned by Master Declarant or any Builder was once or is used for a particular use or whether any prior or present use will continue in effect; or (iv) any common amenities (such as parks, playgrounds, community pools, and the like) contemplated for future phases or other portions of the Project actually will be constructed.

Section 12.02. Incorporation into the Project. If not subject to the Master Declaration at that time, Additional Property may be added to the Project in accordance with the provisions of Section 8.09(a) hereof by Master Declarant through execution and recording of a Supplemental Declaration for such Additional Property.

ARTICLE XIII

MORTGAGEE NOTICES, CONSENTS AND APPROVALS

The following provisions are for the benefit of holders, insurers and guarantors of Mortgages on Units.

Section 13.01. Rights of Eligible Mortgagees. Eligible Mortgagees shall be entitled to timely written notice of the following to the extent actually known by the Master Association:

- (a) Any property loss, condemnation or eminent domain proceeding affecting a material portion of the Property;
- (b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Mortgagee, where such delinquency has continued for a period of sixty (60) calendar days, or any other violation of the Governing Documents relating to such Unit or the owner or occupant which is not cured within sixty (60) calendar days;
- (c) Any termination, lapse, or material modification of any insurance policy required to be maintained by the Master Association;

(d) At least sixty (60) calendar days prior notice of any proposal to terminate this Declaration or dissolve the Master Association before such action is taken.

Section 13.02. No Priority. No provision of this Master Declaration gives or shall be construed as giving any Owner or other Person priority over any rights of the Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Property.


Section 13.03. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Master Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

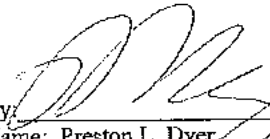
Section 13.04. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Master Association or Master Declarant to respond to or consent to any action shall be deemed to have approved such action if such Mortgagee is not an Eligible Mortgagee or, if an Eligible Mortgagee, the Master Association or Master Declarant, as applicable, does not receive a written response from the Eligible Mortgagee within thirty (30) calendar days of the date of the request for approval, provided such request for approval is delivered to the Eligible Mortgagee by certified or registered mail, return receipt requested.

IN WITNESS WHEREOF, Master Declarant has caused this Master Declaration to be executed, under seal, as of the date and year first above written.

DRC PROPERTIES, LLC, a Delaware
limited liability company

Signed, sealed and delivered
in the presence of:



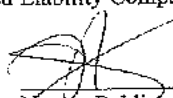
By  (SEAL)
Name: Preston L. Dyer,
Authorized Signatory

STATE OF DE)
COUNTY OF Sussex) SS

The foregoing instrument was acknowledged before me this 9th day of March, 2018, by Preston L. Dyer, Authorized Signatory of DRC Properties, LLC, a Delaware limited liability company, on behalf of the Limited Liability Company.

HEIDI J. A. GILMORE
ATTORNEY AT LAW WITH
POWER TO ACT AS NOTARY PUBLIC
PER 29 DEL. C SEC 4323 (A) 3

[Notary Seal]


Notary Public
Name:
My Commission Expires: 4-1

APPENDIX

"**Additional Property**" means the property described on Exhibit A-2 attached hereto, as the same may be amended, modified, altered, supplemented, revised or restated or from time to time, and otherwise subject to Master Declarant's development rights as set forth in Section 8.10 hereof.

"**Application**" means all of the processes for seeking approval for Improvements as described and defined in Section 7.07 of this Master Declaration.

"**Approved Plan**" means that Plan: (i) in the case where the Plan designates Master Common Area for ownership by the Master Association or Areas of Master Association Responsibility for maintenance by the Master Association, the Master Association has consented to the Plan and has accepted the ownership and/or maintenance obligations assigned to the Master Association; and (ii) in the case where the Plan designates Community Common Area for ownership by the Condominium Community Association, the Condominium Community Association has consented to the Plan and accepted the ownership and/or maintenance obligations assigned to the Condominium Community Association.

"**Architectural Review Committee**" means Master Declarant or the committee appointed by the Board as described in Section 7.03 hereof, as the case may be, during the time such entity has jurisdiction over Improvements pursuant to Article VII.

"**Areas of Master Association Responsibility**" means those portions or areas of the Project that, while not part of the Master Common Area owned by the Master Association, are required to be maintained by the Master Association at the common expense of all Owners within the Project or at the common expense of all Owners within the Community or a particular Section.

"**Board**" means the Board of Directors of the Master Association.

"**Bound Parties**" means the Master Association, Board, Master Declarant, any property manager or association manager for the Master Association, the Condominium Community Association, all Owners and Occupants of the Project, and any Person not party or subject to this Master Declaration who voluntarily agrees to be subject to this Master Declaration. The Bound Parties include all officers, directors, members, partners, principals, managers, and committee members of the foregoing. Unless they otherwise agree, Mortgagees and Institutional Guarantors are not Bound Parties.

"**Builder**" means any Person, other than Master Declarant, that: (i) owns one or more Parcel or Unit, or more than any of the foregoing within the Community; (ii) is engaged in the business of developing, constructing, leasing, and selling Parcels, Units or other portions of the Projects (with or without houses) within the Community; and (iii) is designated by Master Declarant as a "Builder" by a written instrument executed only by Master Declarant and the Builder. One or more Builders may be designated for each Parcel or Unit. Subsequent Owners other than the originally designated Builder or Builders for a Parcel or Unit may be designated by Master Declarant upon written request made by the new Owner so long as new and subsequent Owner otherwise satisfies the criteria for being a Builder, as established above.

"Bylaws" means the recorded bylaws of the Master Association (and any recorded amendments thereto) that contain the procedures for conduct of the affairs of the Master Association in accordance with Section 81-306 of DUCIOA, as the same may be amended, modified, altered, supplemented, revised or restated or from time to time.

"Certificate of Incorporation" means the Certificate of Incorporation of the Master Association that has been or will be filed in the office of the Secretary of State of the State of Delaware, as the same may be amended, modified, altered, supplemented, revised or restated from time to time in the manner established in the Certificate of Incorporation.

"Community" means the Seashore Village Project and any one or more other Parcels, Units designated hereunder as being subject to a Declaration and that comprise the Project from time to time, and as the same may be hereafter made a member of the Master Association and subject to part thereof by this Master Declaration.

"Community Amenities" means those portions of a particular Community (including any improvements and facilities located in those areas) that are reserved for private use by all Owners and Occupants within one or more (but less than all) Communities. Community Amenities may be owned by the Community Association or by all of the Owners within the applicable Communities as to an undivided interest as tenants in common. Community Amenities, when not maintained by the Owners or Occupants of the applicable Community or the Community Association formed for that purpose, may become: (i) Areas of Master Association Responsibility if the Master Association, in its sole discretion, agrees to be responsible for the repair and maintenance of such amenities; or (ii) areas that the Community Association is responsible to repair and maintain, if the Community Association, in its sole discretion, agrees to be responsible for the repair and maintenance of the same.

"Community Association" means the Condominium Association, a corporation or other entity (and its successors and assigns) that is or will be formed to govern the affairs of the Condominium Community.

"Community Declaration" means any additional or separate declaration of condominium with covenants, conditions, and restrictions or similar instrument (other than this Master Declaration) that will be recorded by Master Declarant for the Condominium Community, as the same may be amended, modified, altered, supplemented, revised or restated or from time to time as provided therein.

"Community Documents" means the organizational documents for the Condominium Community Association, including any certificates of incorporation, bylaws, or other governing documents applicable to the Community Association, any applicable Plans (whether or not Approved Plans), the Condominium Community Declaration, or any applicable rules, regulations, or design guidelines with respect to such Community, as any or all of the foregoing may be amended, modified, altered, supplemented, revised or restated or from time to time.

"Community Restrictions" means, as applicable, means those covenants and restrictions that may be imposed from time to time on the Community.

"Declarant Units" means the number of proposed, but not yet created, Units that results from subtracting (A) the number of actual Units that have been created and established as part of the Condominium Community from (B) the eighty seven (87) proposed condominium units that have been or will be created as part of the Condominium Community for independent use as residential dwellings, each as more particularly described and designated on the Seashore Villas Community Record Plan as planned condominium units (the **"Total Units"**), regardless of whether or not such units have been created at the time this Master Declaration is recorded.

"Declaration" means an instrument (including a deed) applicable to one or more Units but less than all of the Project that identifies one or more Units within the Project and/or creates additional easements or imposes additional covenants and restrictions and/or obligations on the Units described in the instrument, all as the same may be amended, modified, altered, supplemented, revised or restated or from time to time, as provided therein

"Design Guidelines" means the design guidelines to be provided and adopted by Master Declarant pursuant to Section 7.06 of this Master Declaration.

"Development Rights" means those rights of Master Declarant reserved in this Master Declaration as Development Rights in accordance with the requirements of DUCIOA.

"DUCIOA" has the meaning set forth in the recitals.

"Eligible Mortgagee" means a Mortgagee who has requested by written notice to the Master Association that the Master Association notify it of any proposed action that requires Eligible Mortgagee consent as herein required.

"Exempt Property" means the real property owned by Declarant or a Builder for which a certificate of occupancy has not yet been issued and the land on which Condominium Units are to be declared prior to the declaration of said units. Exempt property also includes other portions of the property not otherwise subject to this Master Declaration.

"Governmental Authorities" means the County and any other applicable county agency, state, or federal agency, council, commission, department, board, or similar authority having jurisdiction over the Project.

"Improvements" means all of the improvements described and defined in Section 7.01 of this Master Declaration.

"Institutional Guarantor" means, if applicable to the Project, a governmental insurer, guarantor, or secondary market mortgage purchaser, such as the Federal Housing Administration (FHA), the Veterans Administration (VA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Master Association (FNMA), that insures, guarantees, or purchases any note or similar debt instrument secured by a Mortgage.

"Laws" means all laws, statutes, codes, rules, ordinances, and regulations of the County or the other Governmental Authorities, as applicable.

"Master Amenities" means, to the extent permitted by applicable laws, the fitness center, the house/cabana, swimming pools, and Jacuzzis, the Parks, and all other pools, tot lots, and athletic courts that are designated on an Approved Plan or in the Master Declaration or a

Supplemental Declaration, for ownership by the Master Association for the common use or benefit of all Owners and Occupants of the Project, the public and/or other Persons.

"Master Annual Assessments" means those Master Assessments levied by the Master Association for the purpose of: (i) promoting the recreation, health, safety, welfare, and desirability of the Master Common Area or any Area of Master Association Responsibility which is intended for the benefit and use of the Community; (ii) operating the Master Common Area or any Area of Master Association Responsibility which is intended for the benefit and use of the Community; and (iii) constructing, restoring, improving, insuring, operating, maintaining, repairing, painting, and replacing improvements in the Master Common Area or the Areas of Master Association Responsibility which are intended for the benefit and use of the Community. Master Annual Assessments may include a reserve fund for taxes, insurance, insurance deductibles, construction, restoration, improvement, maintenance, repairs, painting, and replacements of the Master Common Area and the Areas of Master Association Responsibility which are intended for the benefit and use of the Community.

"Master Assessment" (whether capitalized or not) means all of the various assessments described and defined in Article IV of this Master Declaration that are made by the Master Association.

"Master Association" means the Seashore Villas Master Community Association, Inc., which has been or will be incorporated by Master Declarant and/or others as a Delaware corporation, and the Master Association's successors and assigns.

"Master Association Documents" means this Master Declaration, the Certificate of Incorporation, the Bylaws, the Master Association Rules, and the Seashore Villas Community Record Plan, as the same may be amended, modified, altered, supplemented, revised or restated or from time to time.

"Master Association Rules" means any rules and regulations adopted by the Master Association, as the rules and regulations may be amended, modified, altered, supplemented, revised or restated or from time to time.

"Master Common Area" means all real property and the improvements or amenities located on the applicable real property, including, without limitation, all streets, curbs and walks, the Master Amenities, the SWM Facilities and the Open Space Areas. The Master Common Area includes all rights and privileges running to the benefit of the Master Association and all rights and privileges intended for the common use and enjoyment of all Owners and Occupants of the Project. The Master Common Area does not include any common elements, common areas, limited common elements, or limited common areas created by an Approved Plan but owned by any of the Owners or Community Association.

"Master Community Assessment" means an annual or special assessment imposed by the Master Association against any one of the Communities (or the Owners within only that Community) for special services rendered by the Master Association to that particular Community Association or the Owners or Occupants within the particular Community (such as

maintaining the Community Common Area that has been designated as an Area of Master Association Responsibility).

"Master Declarant" means DRC Properties, LLC, a Delaware limited liability company, and its successors and assigns.

"Master Declaration" means this Master Declaration of the Project and the covenants and restrictions established in this entire document, as the same may be amended, modified, altered, supplemented, revised or restated or from time to time as provided herein.

"Master Special Assessment" (whether capitalized or not) means all of the assessments described and defined in Section 4.04(a) of this Master Declaration.

"Member" means each and every of the Class A Members and the Class B Members of the Master Association.

"Mortgage" (whether capitalized or not) means the consensual conveyance or assignment of any Unit, or the creation of a consensual lien on any Unit to secure the performance of an obligation. The Mortgage includes a deed of trust, mortgage, assignment, or any other agreement for the purpose of creating a lien to secure an obligation, and also includes the instrument evidencing the obligation.

"Mortgagee" (whether capitalized or not) means a Person to which a Mortgage is made and the applicable heirs, successors, and assigns.

"Notice and Claim of Lien" means all of the notice of lien for Master Assessments as described and defined in Section 4.08 of this Master Declaration.

"Seashore Villas Community Record Plan" means the Record Plan for the Project as depicted on the Record Plan.

"Occupant" means any Person other than an Owner that (where the context requires) either: (i) resides on a full-time or part-time basis within the Community, including family members of an Owner, and all of the Owner's guests, tenants, licensees, invitees, occupants, and agents.

"Open Space Areas" means those areas within the Project that have been designated or are used as open spaces permitting active and passive uses for the common use or benefit of all Owners and Occupants of the Project.

"Other Master Assessments" (whether capitalized or not) means all of the assessments described and defined in Section 4.04(b) of this Master Declaration.

"Condominium Community" is the Community subject to this Master Declaration and proposed to consist of up to 87 single family attached condominiums Units. A separate Declaration will be recorded to create and govern the Condominium Community and its Community Association.

"Owner" means the record owner, whether one or more Persons, of a fee simple legal title to any portion of the Project designated for separate ownership or occupancy. Owner includes Master Declarant and a Builder but does not include those Persons having an interest in a Unit merely as security for the performance of an obligation or duty (e.g., a Mortgagee).

"Parcel" means those areas within the Project that are identified by Master Declarant and that from time to time are separately described and defined.

"Parks" means those areas within the Project that have been designated or are used as parks permitting active and passive uses for the common use or benefit of all Owners and Occupants of the Project.

"Person" (whether capitalized or not) means a natural Person, corporation, partnership, limited liability company, trust, or other legal entity.

"Period of Master Declarant Control" means the period of time during which the Master Declarant, or Persons designated by the Master Declarant, may appoint and remove the officers and members of the Board, as more fully set forth in Section 3.03 hereof.

"Permitted Percentage Increase" means the amount that assessments may be increased, as described and defined in Section 4.03(c) of this Master Declaration.

"Plan" means the Seashore Villas Community Record Plan and any other subdivision plan for any of the Parcels recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware, that subdivides Parcel into one or more separate condominium units, or common area tracts for separate ownership or use.

"Project" has the meaning set forth in Recital A hereto .

"Project Documents" means the Master Association Documents, the Community Restrictions, any certificates of incorporation, bylaws, or other governing documents applicable to the Condominium Community Association, any Plans (whether or not Approved Plans), any Condominium Community Declarations, or any applicable rules, regulations, or design guidelines with respect to the Project as a whole, collectively, as any or all of the foregoing may be amended, modified, altered, supplemented, revised or restated or from time to time.

"Project Signage" means all temporary and permanent signs, emblems, logos, directories, or billboards of any kind that are erected within or adjacent to the Project, including major, secondary, and minor entry monuments, directional signage, and various temporary signs to be placed within the Project during construction (such as construction entrance, welcome, and parking signs).

"Project-Wide Standard" means the standard of conduct, maintenance, or other activity generally prevailing at the Project, or the minimum standards established pursuant to the Project Documents, whichever is a higher standard. The Master Association will establish the standard, and the standard may contain both objective and subjective elements. The Project-Wide Standard may evolve as development progresses and as the needs and desires within the Project change.

"Single Family" means any number of individuals legally related through blood, marriage, adoption, or guardianship, including individuals placed for foster care by an authorized agency, or up to four (4) unrelated individuals living and cooking together and functioning as a single housekeeping unit using certain rooms and housekeeping facilities in common.

"Special Master Declarant Rights" means those rights of Master Declarant reserved in this Master Declaration as Special Master Declarant Rights in accordance with the requirements of DUCIOA and Section 8.10 of this Master Declaration.

"SWM Facilities" means those storm-water management ponds and facilities associated thereto located within the Project.

"Supplemental Declaration" means any supplement to this Declaration executed by or consented to by Master Declarant for purposes of subjecting Additional Property to this Declaration or withdrawing any Property, including the Withdrawal Property, from this Declaration, or otherwise imposing additional restrictions or deleting restrictions on a portion of the Property in accordance with this Declaration, or doing anything else permitted by the terms of this Declaration.

"County" means the County of Sussex, in the State of Delaware, and all applicable councils, boards, commissions, departments, authorities, and agencies of the municipality.

"Total Units" has the meaning set forth in the definition of Declarant Units.

"Unit" means a portion of a Parcel within the Community that has been subjected to a condominium, each condominium unit being designated for separate ownership.

EXHIBIT A-1

LEGAL DESCRIPTION

TAX MAP 5-33-12, PARCELS 76.05

All that certain piece, parcel and tract of land lying and being situate in the Baltimore Hundred of Sussex County, Delaware and being more particularly described as follows:

BEGINNING, at a point, said point lying North 14 degrees, 01 minute, 02 seconds West, 273.36 feet, then North 57 degrees, 58 minutes, 57 seconds East, 33.17 feet from the northerly right-of-way of Delaware Route 54 (a.k.a. Lighthouse Road, said road of varying widths), 40 feet from the centerline thereof, said point being a corner for this Parcel and a point on the line of the lands now or formerly of Swann Cove West, LLC., thence from the Point of Beginning, by and with the common boundary between this Parcel and Parcel "B": 1) South 57 degrees, 58 minutes, 55 seconds West, 646.38 feet to a point, said point being a common boundary corner between this Parcel and Parcel "B", thence by and with the line of Parcel "B", 2) South 32 degrees, 01 minutes, 05 seconds East, 218.71 feet to a point on the northerly right of way of Delaware Route 54, 40 feet from the centerline thereof, thence by and with northerly right of way of Delaware Route 54, South 55 degrees, 35 minutes, 39 seconds West, 50.04 feet to a point, point being a corner for this Parcel and a point on the line of lands now or formerly of The State Of Delaware, thence leaving the right of way of Delaware Route 54 by and with the boundary line of lands now or formerly of The State Of Delaware, North 32 degrees, 01 minutes, 05 seconds West, 220.79 feet, to a point, said point being a common boundary corner for this Parcel and lands now or formerly of The State Of Delaware, thence by and with the line of The State Of Delaware the following two (2) courses and distances, 1) South 57 degrees, 58 minutes, 55 seconds west, 23.80 to a point, 2) thence South 72 degrees, 24 minutes, 50 seconds West, 403.99 feet to a point on the easterly right of way of Sussex County Road 381 (S.C.R. 381), 60 foot wide right-of-way and a common boundary corner for this Parcel and lands now or formerly of Sussex County, thence by the easterly right of way of S.C.R. 381, North 18 degrees, 00 minutes, 51 seconds West, 50.00 feet, to a point, said point being a common boundary corner between this Parcel and the lands now or formerly of Leonard and Maria Rodriguez; thence by and with the line of the lands of Rodriguez the following three (3) courses and distances: 1) North 72 degrees, 24 minutes, 50 seconds East, 210.86 feet to a found iron pipe; 2) thence, North 19 degrees, 03 minutes, 07 seconds West, 203.62 feet to a found iron pipe; 3) thence, South 72 degrees, 05 minutes, 29 seconds West, 79.98 feet to a found iron pipe marking the common corner for this Parcel, the lands of Rodriguez and the lands now or formerly of Benjamin and Minnie Singletary; thence by and with the line of Singletary, North 17 degrees, 51 minutes, 32 seconds West, 181.94 feet to a found concrete monument at the common corner for this Parcel, the lands of Singletary and the lands now or formerly of Delaware Electric Cooperative, Inc.; thence by and with the line of the lands of Delaware Electric Cooperative, Inc., North 35 degrees, 26 minutes, 02 seconds East, passing a found concrete monument at 610.97 feet and a found 'T' Bar at 814.34 feet, 828.11 feet to a point, said point being a common corner for this Parcel, the lands of Delaware Electric Cooperative, Inc. and the lands now or formerly of Swann Cove West, LLC; thence by and with the line of the lands of Swann Cove West, LLC, South 40 degrees, 17

minutes, 55 seconds East, 817.07 feet to a point, said point being the Point of Beginning for this description.

Be it noted that this Parcel is encumbered by a 50 foot wide public cross access easement that benefits Parcel "A" and Parcel "B" as shown on the plat referenced below.

This Parcel contains 565,669 square feet, or 12.99 acres of land, more or less, as shown on a plat prepared by Pennoni Associates INC., dated 2/18/2018 and recorded in Plot Book 26A Page 23.

141

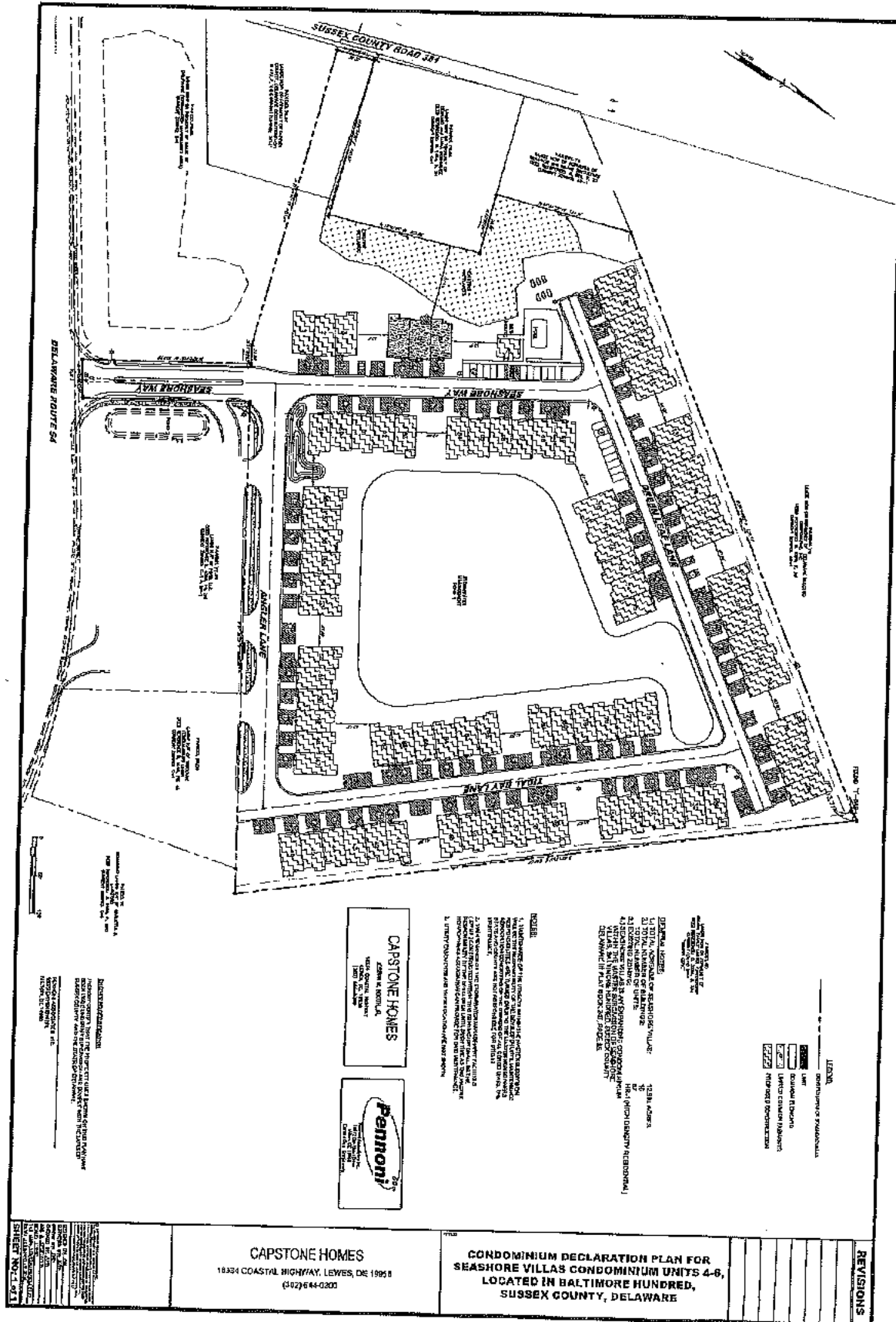
EXHIBIT A-2
ADDITIONAL PROPERTY

None

EXHIBIT B

[RECORD PLAN TO BE ATTACHED]

lix



LEGEND

CONDOMINIUM'S PROPORTIONATE SHARE

UNIT

UNITED COMMONS

UNITED COMMONS

UNITED COMMONS

DEVELOPER'S NOTES:

1. TO THE OWNER OF SEASHORE VILLAS:

2. TO THE OWNER OF SEASHORE VILLAS:

3. TO THE OWNER OF SEASHORE VILLAS:

4. TO THE OWNER OF SEASHORE VILLAS:

5. TO THE OWNER OF SEASHORE VILLAS:

6. TO THE OWNER OF SEASHORE VILLAS:

7. TO THE OWNER OF SEASHORE VILLAS:

8. TO THE OWNER OF SEASHORE VILLAS:

9. TO THE OWNER OF SEASHORE VILLAS:

10. TO THE OWNER OF SEASHORE VILLAS:

NOTES:

1. THE DEVELOPER OF THE SEASHORE VILLAS CONDOMINIUM PROJECT HAS BEEN ADVISED BY THE DELAWARE DEPARTMENT OF LAND AND NATURAL RESOURCES THAT THE SEASHORE VILLAS CONDOMINIUM PROJECT IS IN VIOLATION OF THE DELAWARE CONDOMINIUM ACT, 10 DEL. CODE TITLE 10, CHAPTER 11, SECTION 1101, WHICH PROVIDES THAT A CONDOMINIUM PROJECT MUST BE REGISTERED WITH THE DELAWARE DEPARTMENT OF LAND AND NATURAL RESOURCES BEFORE IT CAN BE OFFERED FOR SALE.

2. THE DEVELOPER OF THE SEASHORE VILLAS CONDOMINIUM PROJECT HAS BEEN ADVISED BY THE DELAWARE DEPARTMENT OF LAND AND NATURAL RESOURCES THAT THE SEASHORE VILLAS CONDOMINIUM PROJECT IS IN VIOLATION OF THE DELAWARE CONDOMINIUM ACT, 10 DEL. CODE TITLE 10, CHAPTER 11, SECTION 1101, WHICH PROVIDES THAT A CONDOMINIUM PROJECT MUST BE REGISTERED WITH THE DELAWARE DEPARTMENT OF LAND AND NATURAL RESOURCES BEFORE IT CAN BE OFFERED FOR SALE.

3. THE DEVELOPER OF THE SEASHORE VILLAS CONDOMINIUM PROJECT HAS BEEN ADVISED BY THE DELAWARE DEPARTMENT OF LAND AND NATURAL RESOURCES THAT THE SEASHORE VILLAS CONDOMINIUM PROJECT IS IN VIOLATION OF THE DELAWARE CONDOMINIUM ACT, 10 DEL. CODE TITLE 10, CHAPTER 11, SECTION 1101, WHICH PROVIDES THAT A CONDOMINIUM PROJECT MUST BE REGISTERED WITH THE DELAWARE DEPARTMENT OF LAND AND NATURAL RESOURCES BEFORE IT CAN BE OFFERED FOR SALE.

CAPSTONE HOMES

18394 COASTAL HIGHWAY, LEWES, DE 19958

(302) 644-0200



REVISIONS

NO. 1

DATE

DESCRIPTION

CAPSTONE HOMES

18394 COASTAL HIGHWAY, LEWES, DE 19958

(302) 644-0200

CONDOMINIUM DECLARATION PLAN FOR SEASHORE VILLAS CONDOMINIUM UNITS 4-6, LOCATED IN BALTIMORE HUNDRED, SUSSEX COUNTY, DELAWARE

REVISIONS

NO.	DATE	DESCRIPTION
1		

**Sussex County**

Scott Dailey
Recorder of Deeds
Georgetown, DE 19947

Instrument Number: 2018-18923

Parties:

Recorded As: EREC-DECLARATION

Direct- DRC PROPERTIES LLC

Recorded On: May 25, 2018

Indirect- DRC PROPERTIES LLC

Recorded At: 10:37:04 am

Receipt Number: 867994

Number of Pages: 68

Processed By: Sue D

Book-VI/Pg: Bk-D VI-4893 Pg-1

Total Rec Fee(s): \$634.00

**** Examined and Charged as Follows ****

Erec-D \$ 634.00

Tax Amount	Consid Amt	RS#/CS#
------------	------------	---------

I hereby certify that the within and foregoing was recorded in the Recorder's Office in Sussex County

*****DO NOT REMOVE - THIS PAGE IS PART OF THE RECORDED DOCUMENT*****

Tax Parcel No: 5-33 12.00 76.05

Prepared by and Return to:
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958

MASTER DECLARATION

OF

SEASHORE VILLAS

TABLE OF CONTENTS

ARTICLE I DEFINITIONS

Section 1.01. Definitions	2
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ARTICLE II GENERAL GOVERNANCE, COMMON AREA, AND DESIGNATION OF LAND USE

Section 2.01. General Governance	2
Section 2.02. Owners and Occupants Bound.....	3
Section 2.03. Community Association Bound.....	3
Section 2.04. Owners' Easements of Enjoyment	3
Section 2.05. Conveyance of Master Common Area	4
Section 2.06. Other Common Area.....	4
Section 2.07. Master Association Documents	5

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 3.01. Membership	5
Section 3.02. Classes of Membership.....	6
Section 3.03. Master Declarant Control	6
Section 3.04. Transfer of Control	6
Section 3.05. Board of Master Association	7

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 4.01. Lien and Personal Obligation for Master Assessments	7
Section 4.02. Differing Master Annual Assessment Levels	9
Section 4.03. Master Annual Assessments	9

Section 4.04. Master Special and Other Master Assessments	9
Section 4.05. Commencement and Verification of Master Assessments	10
Section 4.06. Effect of Nonpayment of Master Assessments; Remedies of the Master Association	12
Section 4.07. Subordination of Master Association Lien	13
Section 4.08. Notice of Lien	13
Section 4.09. Initial Working Capital	14
Section 4.10. Master Assessment Overview Chart.....	14
Section 4.11. Master Assessment Overview Chart.....	14

ARTICLE V COMMON AREA MAINTENANCE

Section 5.01. Master Common Area.....	15
Section 5.02. Repairs Necessitated by Owner	16
Section 5.03. Access at Reasonable Hours	16
Section 5.04. Maintenance of Each Community	16
Section 5.05. Owner's Failure to Maintain	16
Section 5.06. Maintenance of Owner's Property	17
Section 5.07. General Standards	17

ARTICLE VI POWERS OF THE MASTER ASSOCIATION

Section 6.01. Duties and Powers	17
Section 6.02. Insurance	18
Section 6.03. Damage and Destruction; Reconstruction	20
Section 6.04. Other Duties and Powers	21
Section 6.05. Master Association Rules	21

ARTICLE VII
DESIGN REVIEW AND ARCHITECTURAL CONTROL

Section 7.01. Architectural Control	22
Section 7.02. Design Review by Master Declarant	22
Section 7.03. Architectural Review Committee	23
Section 7.04. Design Review by the Architectural Review Committee.....	23
Section 7.05. Application Fees and Reimbursements.	23
Section 7.06. Design Guidelines.....	24
Section 7.07. Procedures.....	24
Section 7.08. Non-Precedential Nature of Approvals	25
Section 7.09. Waivers and Exceptions	26
Section 7.10. Limited Scope of Approval	26
Section 7.11. Enforcement.....	26
Section 7.12. Improvements by Master Declarant; Amendment.....	27
Section 7.13. Special Master Declarant Rights	27

ARTICLE VIII
COMMUNITY RESTRICTIONS, DEVELOPMENT RIGHTS,
AND SPECIAL MASTER DECLARANT RIGHTS

Section 8.01. Overall Structure.....	27
Section 8.02. Community Restrictions	28
Section 8.03. Right of Enforcement	28
Section 8.04. Conflicts Among Restrictions.....	28
Section 8.05. Application of Master Documents.....	28
Section 8.06. Recordation of Community Declaration.....	28
Section 8.07. Project-Wide Standard.....	28
Section 8.08. Rights to Develop	28

Section 8.09. Master Declarant Development Rights.....	28
Section 8.10. Special Master Declarant Rights	29
Section 8.11. Power of Attorney.....	32
Section 8.12. Transfer of Special Master Declarant Rights.....	32

ARTICLE IX
COMMUNITY ASSOCIATION

Section 9.01. Formation of Community Association	33
Section 9.02. Notice of Sale	34
Section 9.03. Management and Control	34
Section 9.04. Master Assessments Specifically.....	34
Section 9.05. Enforcement Under Community Declaration	35
Section 9.06. Community Association Meetings	35
Section 9.07. Remedies of Master Association	35

ARTICLE X
CREATION OF EASEMENTS

Section 10.01. Public Utility Easements	35
Section 10.02. Temporary Construction Easements.....	35
Section 10.03. Easement for Encroachments	36
Section 10.04. Easements for Ingress and Egress	36
Section 10.05. Water Easement	36
Section 10.06. Sewer Easements	37
Section 10.07. Additional Easements	37
Section 10.08 Easements for Maintenance, Emergency, and Enforcement	38
Section 10.09. No Easement for View.....	38
Section 10.10. Assignment of Responsibilities	38
Section 10.11. Surface Water Management System.....	38

Section 10.12. Withdrawal Property.....	39
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ARTICLE XI
GENERAL PROVISIONS

Section 11.01. Enforcement.....	40
Section 11.02. Approval of Litigation	40
Section 11.03. Condemnation of Master Common Area.....	42
Section 11.04. Severability	42
Section 11.05. Term.....	42
Section 11.06. Amendment.....	42
Section 11.07. Construction.....	43
Section 11.08. Notices	44
Section 11.09. Management Agreements	44
Section 11.10. Master Declarant's Right to Use Similar Name.....	44
Section 11.11. Survival of Liability.....	45
Section 11.12. Waiver and Approvals	45
Section 11.13. Attorney Fees.....	45
Section 11.14. No Partition.....	45

ARTICLE XII
DEVELOPMENT PLAN AND ANNEXATION

Section 12.01. Proposed Development.....	46
Section 12.02. Incorporation into the Project	46

ARTICLE XIII
MORTGAGEE NOTICES, CONSENTS AND APPROVALS

Section 13.01. Rights of Eligible Mortgagees	46
Section 13.02. No Priority	47
Section 13.03. Notice to Association.....	47

Section 13.04. Failure of Mortgagee to Respond47

APPENDIX - DEFINITIONS

EXHIBIT A-1 - SEASHORE VILLAS TAX PARCEL NUMBERS AND LEGAL DESCRIPTION

EXHIBIT A-2 - ADDITIONAL PROPERTY

EXHIBIT A-3 - WITHDRAWAL PROPERTY

EXHIBIT B- RECORD PLAN

**MASTER DECLARATION
OF
SEASHORE VILLAS**

This Master Declaration of Seashore Villas (the "**Master Declaration**" as the same may be amended, modified, altered, supplemented, revised or restated from time to time as provided herein) is made, as of the date set forth at the end of this Master Declaration, by DRC Properties, LLC, a Delaware limited liability company ("Master Declarant").

RECITALS

A. Master Declarant is the owner of fee simple title to the real property that is described on **Exhibit A-1** attached to this Master Declaration, as the same may be amended, modified, altered, supplemented, revised or restated from time to time ("**Project**") located in Sussex County, Delaware, and as shown on the Record Plan of Seashore Villas, a Condominium Community, prepared by Pennoni Associates, Inc. dated February 18, 2018 as recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware (the "**Recorder's Office**") in Plot Book 262 at Page 23 attached hereto as **Exhibit B** (as the same may be amended, modified, altered, supplemented, revised or restated from time to time, the "**Record Plan**").

B. In accordance with the Record Plan, Master Declarant desires to provide for the phased development of a planned community consisting primarily of one Condominium Community, Seashore Villas, together with common areas, amenities and accessory uses within the Project.

C. The Condominium Community may consist of up to Eighty-Seven (87) single family attached fee simple County home Units. A separate Condominium Declaration for the Condominium is simultaneously recorded to create and govern the Condominium and the Association.

D. The Seashore Villas Community Association, Inc. (the "**Master Association**"), governed by this Master Declaration is an organization to which the Condominium Community will belong. The Master Association is responsible for architectural control and review within the Project and may provide certain shared services within the Project. The Community, and not the individual Owners of the Units in the Project, are the members of the Master Association. The provisions of this Master Declaration are intended to facilitate completion of the Project and allow the Project to retain and coordinate its design principles as it matures.

E. In connection with the foregoing, the Project Documents provide for a flexible and reasonable procedure for the development of the Project and for the expansion of the Project to include all or part of that Additional Property described on **Exhibit A-2** hereto and to remove or withdraw from the Project any or all of the Withdrawal Property as described on **Exhibit A-3**.

F. This Master Declaration also creates a mechanism through which the Master Association can address the needs of the Owners by administering and managing the amenities and common areas described in this Master Declaration for and on behalf of the

Community/Project.

G. It is the intention of the Master Declarant to establish certain portions of the Project from time to time as one common interest community pursuant to the provisions of Chapter 81, Title 25 of the Delaware Code, such chapter also being known as the Delaware Uniform Common Interest Ownership Act ("DUCIOA"), as the same may be amended from time to time.

MASTER DECLARATION

Accordingly, Master Declarant declares that the Project, as described below, is to be held, sold, mortgaged, encumbered, leased, rented, used, occupied, improved, and conveyed subject to the following benefits, burdens, rights, reservations, easements, limitations, restrictions, servitudes, covenants, conditions, charges, duties, obligations, and liens, as well as those applicable covenants and restrictions in the other Project Documents (collectively referred to as "**covenants and restrictions**"). The covenants and restrictions are for the purpose of protecting the value, attractiveness, and desirability of the Project, and the covenants and restrictions will benefit, burden, and run with the title to the Project and will be binding upon all parties having any right, title, or interest in or to any part of the Project and their heirs, successors, and assigns. The covenants and restrictions will inure to the benefit of each Owner. In furtherance of the foregoing, Master Declarant establishes the Project as a planned common interest community, and in so doing, Master Declarant does submit the property described in Exhibit A-1 to this Master Declaration. Master Declarant further declares as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The Recitals are incorporated herein by reference. Terms that are used but not otherwise defined in this Master Declaration are defined in the Appendix attached hereto and made a part hereof.

ARTICLE II

GENERAL GOVERNANCE, COMMON AREA, AND DESIGNATION OF LAND USE

Section 2.01. General Governance. Master Declarant intends to develop the Project as a planned community as outlined in the Seashore Villas Community Record Plan and to sell and convey portions of the Project to affiliated or unaffiliated purchasers, subject to the Project Documents. As portions of the Project are developed or sold, Master Declarant intends to develop, impose, and record the Community Declaration which, among other things, may designate Master Common Areas, Areas of Master Association Responsibility, or Community Common Area; and may establish additional covenants, conditions, restrictions, and easements as may be appropriate for the portions of the Project that are developed or sold. Nothing in this Master Declaration, the Community Declaration, any recorded Plan or any other Project Documents will be construed to prevent Master Declarant from: (i) modifying any part of the

Seashore Villas Community Record Plan that does not materially and adversely modify a Parcel or Unit that has been transferred to an Owner (other than Master Declarant) other than with the consent of the affected Owner; (ii) dedicating portions of the Project for utilities or other public or municipal use; or (iii) conveying portions of the Project for uses different than those initially or subsequently contemplated, so long as the change in use is approved by the County to the extent required and generally consistent with the Seashore Villas Community Record Plan.

Section 2.02. Owners and Occupants Bound. Upon the recordation of this Master Declaration, the Master Association Documents are binding upon all present and future Owners and Occupants of the Project, whether or not stated in any document or deed transferring any interest in any portion of the Project.

Section 2.03. Community Association Bound. Upon the incorporation of the Community Association, the Master Association Documents will be binding on and will benefit the Community Association. In the case of any conflict or inconsistency between the Master Association Documents, on the one hand, and any Community Declaration or the organizational documents for the Community Association, on the other hand, the Master Association Documents will govern and control.

Section 2.04. Owners' Easements of Enjoyment. Every Owner will have a non-exclusive right and easement of use and enjoyment in and to the Master Common Area and Areas of Master Association Responsibility, in common with all other Persons entitled to use the Master Common Area and Areas of Master Association Responsibility under the terms and conditions of the Project Documents. The Master Common Area and Areas of Master Association Responsibility, however, are not intended to be used as places of public accommodation, as defined in the Americans with Disabilities Act of 1990, as amended, and the regulations thereunder. An Owner's right and easement to use and enjoy the Master Common Area and Areas of Master Association Responsibility will be appurtenant to and pass with the title to every Unit and will be subject to the limitations and restrictions contained in the Project Documents, including the following rights in favor of the Master Association:

(a) **Charges and Regulations.** The right of the Master Association to charge reasonable admission and other fees for the use of the Master Common Area or Areas of Master Association Responsibility and to publish and enforce rules and regulations regarding the use of the same; the right of the Master Association to limit the number of Persons who use the Master Common Area and Areas of Master Association Responsibility; the right of the Master Association to limit the number and type of pets that use the Master Common Area and Areas of Master Association Responsibility; the right of the Master Association to hold any Owner accountable for the conduct of the Owner's Occupants and pets; and the right of the Master Association to generally adopt rules and regulations from time to time for use of the Master Common Areas and Areas of Master Association Responsibility;

(b) **Suspension of Rights.** The right of the Master Association to suspend the rights and privileges (but not the right to vote) of any Owner or the Owner's Occupants or any other Person to the use of the Master Common Area if any assessment against that Owner is not paid within 15 days after its due date or if there exists any uncured non-monetary infraction of the

Project Documents, subject to compliance with any applicable notice and hearing requirements contained in the Bylaws;

(c) **Dedication Grant.** The right of the Master Association to dedicate or grant an easement or other interest (covering all or any part of the Master Common Area) to the County or any utility provider for the purposes, and subject to the conditions, that may be established by, on the one hand, the County or the utility provider and, on the other hand, Master Declarant during the Period of Master Declarant Control (as defined in Section 3.03) and, after the Period of Master Declarant Control, the Board;

(d) **Master Declarant.** The right of Master Declarant, and its agents and representatives, in addition to its rights established elsewhere in this Master Declaration and the other Project Documents, to the non-exclusive use, without extra charge, of the Master Common Area and Areas of Master Association Responsibility, in whole or in part, including, without limitation, for (i) sales, display, and exhibition purposes both during and after the Period of Master Declarant Control, (ii) to grant easements, to utilize reserved rights and easements, and to otherwise utilize the Project as it deems appropriate in connection with the development of the Project or the Additional Property, and (iii) such other rights of the Master Declarant as are not inconsistent with the Project Documents; and

(e) **Builder Use.** The right of the Master Declarant to grant and convey to a Builder, its agents, contractors, employees and assigns, a non-exclusive temporary easement for all purposes relating to the construction, development, and management of the Project in accordance with Article X of this Declaration.

Section 2.05. Conveyance of Master Common Area. At any time and from time to time no later than a date determined by Master Declarant consistent with the requirements of the County, any Governmental Authorities, or any Institutional Guarantor, legal title to all applicable portions of the Master Common Area will be conveyed by Master Declarant to the Master Association, and the Master Association shall be deemed to have accepted the same, by the delivery of a special warranty deed, free and clear of all monetary liens, but subject to the covenants and restrictions of the applicable Project Documents. Once conveyed by Master Declarant to the Master Association, each applicable portion of the Master Common Area will be maintained by the Master Association at the common expense of the Owners as provided herein.

Section 2.06. Master Association Documents. The Master Association Documents for the Project consist of:

(a) this Master Declaration and any Supplemental Declarations as may be recorded from time to time to expand the Project or to supplement this Master Declaration with additional covenants, restrictions, and easements applicable to particular areas within the Project;

(b) the Certificate of Incorporation and the Bylaws of Seashore Villas Master Community Association, Inc.;

(c) the Master Association Rules; and

(d) the Seashore Villas Community Record Plan;

as any or all may be amended, modified, altered, supplemented, revised or restated or from time to time.

Section 2.07. Project Documents and Master Association Documents Matrix.

<p>NOTE: The following chart is of key Project Documents only and is not intended to be a complete and exhaustive list of all documents related to the Project or each Community.</p> <p>NOTE: The following chart is not intended to limit or modify or otherwise change the text of this Master Declaration or any other Project Documents.</p>	
Certificate of Incorporation (filed with Secretary of State)	Establishes the Master Association as a non-profit corporation under Delaware law
Bylaws (adopted by the Board and recorded in the Office of the Recorder of Deeds)	Governs the Master Association's internal affairs, such as voting rights, elections, meetings, officers, etc.
Master Declaration (recorded in the Office of the Recorder of Deeds)	Creates obligations which are binding upon the Master Association and all present and future Owners of property in the Project
Condominium Community Declaration	An additional or separate declaration of covenants, conditions, and restrictions or similar instrument (other than this Master Declaration) that is to be recorded by Master Declarant or its assignee, including a Builder, for defining the Condominium
Project Design Guidelines (to be adopted prior to construction of the Project improvements)	Establishes architectural standards and guidelines for improvements and modifications to the Project, including structures, landscaping and other items

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 3.01. Membership. Membership in the Master Association is limited to the Members. Every Owner through its membership in the Community, which is in turn a member of the Master Association, (i) is bound by the provisions of the applicable Master Association Documents, (ii) is deemed to have personally covenanted and agreed to be bound by all

covenants and restrictions contained in the applicable Master Association Documents, and (iii) is deemed to have entered into a contract with the Master Association, the Condominium Community Association, and each other Owner within the Project for the performance of the respective covenants and restrictions. The personal covenant of each Owner described in the preceding sentence will be deemed to be in addition to the real covenants and equitable servitudes created by this Master Declaration, and this personal covenant of each Owner will not limit or restrict the intent that this Master Declaration benefit and burden, as the case may be, and run with title to, every portion of the Project. Each Community Association is bound by the provisions of the Master Association Documents and is deemed to have entered into a contract with the Master Association and each other Community Association for the performance of the respective covenants and restrictions in the Master Association Documents and each other Project Document. As may be required by DUCIOA and to the extent applicable to the Communities, such Owners shall receive a copy of this Master Declaration in accordance with the applicable provisions of DUCIOA.

Section 3.02. Classes of Membership. The Master Association will have two classes of Members, as provided below.

(a) **Class A Members.** The Class A Members will be the Community Association. Each Class A Member will be allocated votes equal to the number of Units.

(b) **Class B Members.** The Class B Member will be Master Declarant, who will be allocated votes equal to the number of Units, as applicable, owned or deemed owned by Master Declarant within the Community. If the Master Declaration is amended, modified, altered, supplemented, revised or restated from time to time to include additional land that was not originally described on Exhibits A-1 and A-2 to the Master Declaration when the Master Declaration was recorded or the Seashore Villas Community Record Plan is amended to increase the maximum number of Units, then the number of votes of the Class B owner described above shall be increased by the number of votes that would be appurtenant on such land if such land were fully developed under applicable zoning laws and submitted to the Master Declaration.

Section 3.03. Master Declarant Control. The Period of Master Declarant Control shall commence on the date that this Master Declaration is first recorded in the Recorder's Office and, to the fullest extent permitted by Law, will end no later than the earlier of: (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Owners other than Master Declarant or any Builder; (ii) two (2) years after Master Declarant or any applicable Builder has ceased to offer Units for residential purposes for sale in the ordinary course of business; (iii) two (2) years after any right to add new Units to this Master Declaration was last exercised; or (iv); or the day the Master Declarant, after giving written notice to Owners, records an instrument voluntarily surrendering all rights to control activities of the Association.

Section 3.04. Transfer of Control. When the Period of Master Declarant Control ends, the Class A Members will accept control of the Master Association and full responsibility for the operation of the Master Association and administration of the Project as provided in the Project Documents. Upon the expiration of the Period of Master Declarant Control, Master Declarant shall assign, and the Master Association shall, absolutely and irrevocably, accept,

succeed to, assume, and be bound by the following: all rights, privileges, obligations, and liabilities, whether past, present, or future, of the Master Declarant in and under all agreements (collectively, the "**Property Agreements**") which have been entered into by the Master Declarant and relating to the Project. Such acceptance and assumption by the Master Association shall be automatic and shall occur and be effective without any notice or instrument of any kind; provided that the Master Declarant may execute one or more instruments confirming the assignment by the Master Declarant of the foregoing rights, privileges, obligations, and liabilities. Upon the assignment by the Master Declarant, the Master Association shall indemnify, defend, and hold harmless the Master Declarant, its members, employees, and agents from and against any and all claims, actions, losses, liabilities, obligations, costs, or expenses (including reasonable attorneys' fees) of any kind or nature, asserted against or incurred by the Master Declarant, its members, employees, and agents, pursuant to, arising out of, or in connection with the Property Agreements.

Section 3.05. Board of Master Association. The business and affairs of the Master Association will be governed by the Board in accordance with the provisions of the Project Documents, as the same be amended, modified, altered, supplemented, revised or restated from time to time. During the Period of Master Declarant Control the Board shall have three (3) directors who shall be appointed, removed or replaced by the Master Declarant from time to time. Any appointed director may, but need not, be an Owner, as Master Declarant may determine in its sole discretion from time to time. Following the Period of Master Declarant Control, the Board shall have five (5) directors who shall be elected by the members of the executive board of the Community Association that is a Member of the Master Association. Each director of the Board shall be elected in accordance with the provisions of the Bylaws and shall serve for such terms as set forth in the Bylaws. After the Period of Master Declarant Control, and notwithstanding the foregoing, for so long as Master Declarant remains obligated pursuant to a bond or land development improvement agreement by a governmental entity to perform work at the Project, and to the maximum extent permitted by Law, the Board may not, without providing the Master Declarant with prior written notice of such action to be undertaken or decision to be made, undertake any action or make any decisions that will impede the satisfactory completion and obligation of the Master Declarant to complete the work that is subject to such bond and/or land development obligations with a governmental entity.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 4.01. Lien and Personal Obligation for Master Assessments.

(a) **Creation of Lien.** By accepting a deed for a Unit (whether or not explicitly disclosed in the deed or conveying instrument) or otherwise becoming an Owner of a portion of the Project, each Owner, through its membership in the Community, which is in turn a member of the Master Association, is deemed personally to covenant and agree to be bound by all covenants and restrictions of the Master Association Documents and to pay to the Master Association, to the fullest extent permitted by law: (i) the Master Annual Assessments described in Section 4.03 below; (ii) the Master Special Assessments described in Section 4.04 below; (iii) without limitation of the generality of the foregoing, any Master Community Assessment

applicable hereunder; (iv) such Owner's share of an amount sufficient, on demand, to indemnify and hold harmless the Master Association for, from, and against all obligations undertaken or incurred by the Master Association on account of any special request by any Owner or any of the Community Association and to repay the Master Association for all expenditures on account of the special services or benefits requested by the applicable Owner or the applicable Community Association; (v) such Owner's share of an amount sufficient to pay the Master Association for the cost of performing any obligation of the Community Association under the Master Association Documents or the Community Declaration that the Community Association has failed to timely pay or perform; and (vi) all other assessments or other similar charges that may be fixed, established, and collected from time to time as provided in the Master Association Documents. The amounts described above, together with all accrued interest, court costs, reasonable attorney fees, late fees, penalties, fines, and all other expenses, incurred in connection with the collection of the amounts described above, whether or not a lawsuit or other legal action is initiated, are referred to collectively in the Master Association Documents as a "Master Assessment" (whether capitalized or not).

(b) **Perfection of Lien.** The Master Association, by the recordation of this Master Declaration, is granted a perfected, consensual, and continuing lien upon those portions of the Project against which a Master Assessment is made or has been incurred for the payment of all Master Assessments, and the further recordation of any claim of lien or notice of lien is not required for perfection or enforcement of the Master Association's lien for the Master Assessments.

(c) **Personal Obligation.** Each Master Assessment under the Master Association Documents also will be the personal, joint, and several obligation of each Person who was the Owner at the time the Master Assessment became due, was incurred, or arose, as applicable. The personal obligation for delinquent Master Assessments will not pass to the applicable Owner's successors in title unless expressly assumed in writing by that Owner's successors; however, the personal obligation of the prior Owner that accrued prior to the transfer for the delinquent Master Assessments will not be deemed released or discharged by reason of any assignment, conveyance, or transfer of title of such Unit. The Master Association may enforce the personal obligation of an Owner to pay delinquent Master Assessments in any manner permitted under Delaware law or the Master Association Documents. Notwithstanding the previous sentences in this subsection, if there is an assignment, conveyance, or transfer of title to a Unit, applicable Master Assessments will continue as a lien against such Unit in the hands of the subsequent Owner, except in those circumstances described in Section 4.07 below.

(d) **Charge for Master Assessments.** All Master Assessments payable to the Master Association may, at the election of the Master Association, be charged to and collected from each applicable Community Association (who in turn will be responsible for collection of the Master Assessments from the Owners within the Community) or directly to the Owners within a particular Community in accordance with Section 4.03 of this Declaration.

(e) **Exempt Property.** Notwithstanding anything to the contrary in this Master Declaration, Exempt Property will not be subjected to any Assessments of any kind.

Section 4.02. Differing Master Annual Assessment Levels. To the extent any part of the Master Annual Assessment is attributable to an Area of Master Association Responsibility that is not reserved or designated for the benefit of all Owners (but rather only for the benefit of all Owners within the Community), the applicable part of the Master Annual Assessment will be allocated to the Community Association (to the extent the Master Assessment is charged to the Community Association) or the Owners within the Community (to the extent the Master Assessments are directly assessed against the Owners). In other words, the Master Annual Assessment paid by the Community Association (or the Owners within a particular Community if the Owners are directly assessed) may include amounts necessary to cover Master Community Assessments. To the extent any part of the Master Annual Assessment is attributable to an Area of Master Association Responsibility that is for the benefit of all Owners, the applicable part of the Master Annual Assessment will be allocated among all Owners in a manner consistent with the provisions of this Master Declaration. As a result of the application of the provisions of this Master Declaration, the Master Annual Assessment may be different among the Community Association or the Owners.

Section 4.03. Master Annual Assessments.

(a) **General Allocation.** In Master Declarant's sole discretion, all Master Annual Assessments (whether capitalized or not) may be levied against and charged to the Owners, in an amount necessary to pay the applicable Master Assessments based on the number of Units in the Communities.

(b) **Master Assessments Against Community Association.** Even though the payment of the Master Assessments is a personal obligation of each Owner, if Master Annual Assessments are charged to and collected from the Community Association, the Community Association, in turn, will be responsible for levying and collecting the amounts necessary to pay the Master Annual Assessments from the various Owners of such Community.

(c) **Increases in Master Annual Assessments.** The Master Annual Assessment may not be increased over the Master Annual Assessment in the previous year by more than the Permitted Percentage Increase (as defined below), unless the additional increase is approved by the Members of the Community, as provided in the Bylaws. Generally, this means that the Members must approve increases that affect the Community. Without the approval of the Members, the Master Association may increase the maximum Master Annual Assessments during each fiscal year of the Master Association by an amount ("**Permitted Percentage Increase**") equal to the greater of: (i) 10%; (ii) a percentage calculated by dividing the Consumer Price Index in the most recent October (identified by an A in the formula below) by the Consumer Price Index for the October one year prior (identified by a B in the formula below), minus one (i.e., $\text{CPI percentage} = (A/B) - 1$), or (iii) the percentage increase as permitted by Delaware state law, DUCIOA, or other applicable Law. The term "Consumer Price Index" will refer to the United States Bureau of Labor Statistics, Consumer Price Index, United States and selected areas, all items issued by the U.S. Bureau of Labor Statistics, or its equivalent, revised, or successor index identified by the Board.

Section 4.04. Master Special Assessment and Other Master Assessments.

(a) **Master Special Assessments.** The Master Association, at any time and from time to time in any Master Assessment year and in addition to the Master Annual Assessments authorized above or any other Master Assessments authorized elsewhere in this Master Declaration, may levy a special Master Assessment against the Community Association, or directly against the Owners, for the purpose of: (i) collecting, as applicable, the cost of any unexpected or extraordinary expenses incurred by the Master Association in connection with the maintenance of any Units or Community Amenities or defraying the cost for any special services rendered by the Master Association to the Community or its respective Owners or Occupants; or (ii) the cost of any other unexpected or extraordinary expenses incurred in connection with the construction, repair, restoration, improvement, replacement, maintenance, use, or operation of the Master Common Area or of those Areas of Master Association Responsibility that are reserved for the use of all Owners or other activities for which any Master Annual Assessments may be assessed. The foregoing assessments will be referred to as "**Master Special Assessments**" (whether capitalized or not). All Master Special Assessments must be approved by the Members of the Community that are to be assessed, as provided in the Bylaws and herein, and pursuant to the same process for approving a Budget under Section 4.05(b).

(b) **Other Master Assessments.** In addition to the Master Annual Assessments and Master Special Assessments described above, the Master Association may levy other Master Assessments (collectively called the "**Other Master Assessments**," whether the term is capitalized or not) against the Community Association or Owners within the Community arising out of: (i) the failure of the Community Association or any Owner within the Community to comply with the Master Association Documents; (ii) any negligent, grossly negligent, or intentional act or omission of the Owner or Occupants within the Community resulting in injury to any other Owner or any other Person within the Project or damage to any other Parcel, Unit, Master Common Area, or the Areas of Master Association Responsibility; (iii) those indemnification, reimbursement, or payment obligations described in the Master Association Documents (including the obligation to pay for the attorney fees incurred by the Master Association in the enforcement of the Master Association Documents); or (iv) to the extent not already covered by the preceding subsections, any of the items described in Section 4.01(a)(iv), (v), or (vi) above. The imposition of these types of Other Master Assessments will not require the vote or approval of the Members or any Owner so long as the notice and cure periods (if any) or grace periods (if any) contained in the Master Association Documents are satisfied with respect to the declaration of a default, breach, exercise of self-help, or other remedy.

Section 4.05. Commencement and Verification of Master Assessments.

(a) **Commencement and Collection.** It shall be an affirmative and perpetual obligation of the Master Association to establish Master Annual Assessments on at least an annual basis, in an amount at least sufficient to maintain, repair, and operate the Master Common Areas or any Areas of Master Association Responsibility. Such duties and responsibilities are hereby irrevocably delegated to the Master Association together with all other rights, powers, or duties of the Master Association or its Board as set forth in the Project Documents, or as otherwise provided by Law.

(b) **Budget.** The amount of money required for Master Annual Assessments of the Master Association shall be based on a budget adopted at least annually by the Master Association. During the Period of Master Declarant Control, the budget of the Master Association shall be subject to the approval of the Master Declarant, in its sole discretion. Following the Period of Master Declarant Control, the Board, within thirty (30) days after the adoption of the budget, shall provide to all Members a summary of the budget, including any reserves and a statement of the basis on which any reserves are calculated and funded. Simultaneously, the Board shall set a date for a meeting of the Members 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 a vote of a majority of the Members rejects the proposed budget, the budget shall be ratified, whether or not a quorum is present at such meeting. If a proposed periodic budget is rejected, the periodic budget last ratified by the Members must be continued until such time as the Members ratify a subsequent budget proposed by the Board.

(c) **Commencement of Master Assessments.** The Master Annual Assessments established in this Master Declaration will commence as to each Unit that has been then subjected to this Master Declaration on a date that is no later than sixty (60) days after the first conveyance of such Unit to an Owner other than a Builder. Until the Master Association makes a Master Assessment, the Master Common Area will be maintained by the Master Declarant at its cost. Each of the Areas of Master Association Responsibility must be maintained by its owner (whether the Community Association or the Owners thereof) unless and until the Master Association has accepted responsibility for the maintenance of the area in question, at which time the Master Assessments attributable to the Areas of Master Association Responsibility will commence with respect to the applicable Community Association. Master Special Assessments and Other Master Assessments will commence as and when assessed by the Master Association.

(d) **Adjustment and Establishment.** The first annual Master Assessment will be adjusted according to the number of months remaining in the calendar year. The Board will endeavor to fix the amount of each subsequent Master Annual Assessment at least thirty (30) days in advance of each Master Annual Assessment period; however, the Master Annual Assessment will be binding notwithstanding any delay, and all amounts due for Master Annual Assessments in any calendar year may be collected retroactively for that calendar year upon their determination or approval under the Project Documents. Written notice of the Master Annual Assessment, any Master Special Assessments and Other Master Assessments must be sent to the Members as described in the Bylaws. The due dates for Master Assessments will be established by the Board. Master Assessments will be payable in the full amount specified by the Master Assessment notice, and no offsets against this amount will be permitted for any reason whatsoever, including, without limitation, a claim that the Master Association is not properly exercising its duties in maintenance or enforcement, a claim against Master Declarant or its affiliates, the Master Association or the Board identified in the written demand, or the non-use or claim of non-use by a Member or by any Owner of all or any portion of the Master Common Area or the Areas of Master Association Responsibility. Master Assessments may be collected on a monthly or less frequent basis and may be collected in advance or in arrears as the Board may determine in its sole discretion. If a Master Annual Assessment is not made as required, a Master Annual Assessment shall be presumed to have been made in the amount of the previous year's Master Annual Assessment, and any installments of such Master Annual

Assessment shall be due upon each installment payment date until changed by an amended Master Annual Assessment.

(e) **Verification of Master Assessments.** The Master Association, acting through the Board, upon written demand and for a reasonable charge determined by the Board, will furnish to the Community Association or Owner, as applicable, a certificate signed by an officer of the Master Association setting forth the amount of any unpaid Master Assessments due from the Community Association or any particular Unit identified in the written demand. A properly executed certificate of the Master Association as to the status of the Master Assessments will be binding on the Master Association as of the date of issuance of the certificate. The Board is authorized to prescribe specific rules regarding these requests for certificates, including rules regulating the frequency of the requests and establishing a charge for furnishing the certificates. When the authority is delegated to a property management company by the Board, the property management company will have the authority to issue these certificates.

Section 4.06. Effect of Nonpayment of Master Assessments; Remedies of the Master Association.

(a) **Late Charge.** Any installment of any Master Assessment that is not paid within fifteen (15) days after the due date will be subject to a late charge equal to 10% of the unpaid Master Assessment and, additionally, will bear interest from the due date at the minimum rate of 18% per annum, or the highest rate of interest rate approved by the Board and permitted under the requirements of any applicable Institutional Guarantor and by applicable Laws.

(b) **Monetary Penalties.** The Board, after satisfaction of the notice and hearing requirements contained in the Bylaws, may impose monetary penalties or fines in a reasonable amount against an applicable Community Association or any Owner for any non-monetary violations of the Project Documents.

(c) **Protective Advances.** The Master Association may make, but is not obligated to make, payments of the amounts due under any Mortgage or any required payments for taxes, governmental assessments, or other payments on any Unit, as applicable. All advances made by the Master Association to cover the required payments will be due and payable immediately by the Owner of the applicable Unit, or Community Association, as applicable, as a Master Assessment of the Master Association secured by the Master Association's lien for Master Assessments.

(d) **Collection and Lien Actions.** Each Owner specifically vests in the Master Association and its agents the right and power to bring all actions against the applicable Owners and/or the Community Association for the collection of all Master Assessments due under the Master Association Documents as a debt to the Master Association and to enforce the lien securing the Master Assessment by all methods available for the enforcement or foreclosure of liens under the Master Association Documents or applicable Laws. In the case of a failure of the Community Association to pay all Master Assessments due to the Master Association, the Master Association will have the right to impose a lien on any common area owned by the applicable Community Association in addition to imposing a lien against all Units owned by

Owners that have failed to pay the Master Assessments due under the Master Association Documents.

(e) **Remedies.** The Master Association may bid in any foreclosure, sheriff's sale, or similar sale (whether or not the foreclosure was initiated by the Master Association or some other Person) and may acquire, hold, lease, mortgage, and convey the property purchased. The Master Association may institute suit to recover a money judgment for unpaid Master Assessments without being required to foreclose its lien on the property owned by each applicable Owner and/or Community Association and without waiving the lien that secures the unpaid Master Assessments. Any foreclosure action of the Master Association may be instituted without regard to the value of the property, the solvency of any Owner or Community Association, or the relative size of the default. The Master Association's assessment lien and its rights of enforcement under this Master Declaration are in addition to, and not in substitution of, all other rights and remedies that the Master Association may be entitled to exercise under the other Project Documents or applicable Laws.

Section 4.07. Subordination of Master Association Lien. Regardless of whether or not a Notice and Claim of Lien, as defined below, has been recorded by the Master Association, the Master Association's lien for the Master Assessments established in this Master Declaration is, to the fullest extent permitted by Law, superior to all liens, charges, homestead exemptions, and encumbrances that are imposed on or recorded against any part of the Project after the date of recordation of this Master Declaration (including the liens of the Community Association). The Master Association's lien for the Master Assessments established in this Master Declaration, however, will be automatically subordinate, to the fullest extent permitted by Law, to: (i) except as provided otherwise in this subsection 4.07, the lien of any Mortgagee holding a first or second security interest on a Unit recorded before the date on which the assessment sought to be enforced became delinquent; (ii) any liens for real estate taxes or other governmental assessments or charges that by Law are prior and superior to the Master Association's lien for the Master Assessments. The Master Association's lien on any Unit shall, to the fullest extent permitted by Law, have priority over the security interests described in clause (i) above for an amount not to exceed the aggregate Master Assessment against such Unit for six (6) months as determined by the periodic budget adopted by the Master Association pursuant to Section 4.05(b) above; provided that for the Master Association's lien to have priority over the security interests described in clause (i) above, the Master Association shall have recorded in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware a document which contains the name of the Master Association, the address, a contact telephone number, a contact email address, and a website address, if any, in accordance, but only to the extent applicable, with the requirements of DUCIOA.

Section 4.08. Notice of Lien. Without affecting the priority and perfection of any Master Assessment that has been perfected as of the date of recordation of this Master Declaration, the Master Association may give (but is not obligated to give) notice to the Community Association or Owner whose Master Assessment is due and unpaid by mailing to the Community Association or Owner a copy of a "Notice and Claim of Lien" stating, among other things, the following: (i) the last known name of the delinquent Owner and/or Community Association; (ii) the legal description or street address of the Unit against which the claim of lien is made; (iii) the amount claimed to be due and owing from the Community Association or

Owner and assessed against the Unit; (iv) a statement that the claim is made by the Master Association pursuant to the terms of the Master Declaration and the other Project Documents; and (v) the address, a contact telephone number, a contact e-mail address, and a website address, if any, for the Master Association. Each default in the payment of any assessment will constitute a separate basis for a claim of lien, but any number of defaults may be included within a single Notice and Claim of Lien. The Master Association may record a Notice and Claim of Lien against the delinquent Owner's Unit. The Notice and Claim of Lien may be executed by any officer of the Master Association, the managing agent for the Master Association, or legal counsel for the Master Association, but, in any case, the lien will remain that of the Master Association. Upon payment in full of the amounts due under the Notice and Claim of Lien, the Owner of such Unit shall be entitled to a recordable termination of lien for the amount paid. The liens recorded pursuant to this paragraph shall expire on the first day of the sixtieth (60th) month after recording.

Section 4.09. Initial Working Capital. To provide the Master Association with funds for working capital, reserves, or extraordinary or unexpected expenses, and unless otherwise agreed to by the Master Declarant, each initial and subsequent purchaser of a Unit will pay to the Master Association, immediately upon becoming the Owner, an amount as determined by the Master Declarant from time to time. All of these amounts will be non-refundable and will not act as a credit against any Master Assessment payable by an Owner pursuant to this Master Declaration. The initial working capital contribution is established to assist with the funding of the initial operation of the Master Association and shall be in addition to other Assessments and shall not be considered an advance payment of Assessments. Notwithstanding anything to the contrary contained herein, the Master Declarant shall have the right to adjust from time to time the amount of the initial working capital contribution provided for herein.

Section 4.10. Reserve Fund.

The Master Association shall establish and maintain a reasonable reserve fund for the repair and replacement of the Master Common Areas, Areas of Master Association Responsibility, or Community facilities situated thereon. Such reserve fund may also be established for the repair and replacement of any property, improvements or facilities otherwise required or intended to be maintained by the Master Association pursuant to any easement, agreement or the direction of any governmental authority or agency. The Board of Directors shall set the required reserve fund contribution in, an amount sufficient to meet the projected reserve needs of the Master Association. The Master Association may establish such other reserve funds as the Board of Directors may from time to time consider necessary or desirable, including, without limitation, a general operating reserve; however, the Board of Directors may temporarily utilize any reserve account for operating expenses, in its sole discretion. The amounts paid to a reserve fund established by the Master Association that are attributable to an Owner shall be considered an appurtenance of such Owner's Unit, as applicable, and shall not be separately withdrawn, assigned, transferred or otherwise separated from the Unit to which it appertains, and shall be deemed to be transferred with such Unit.

Section 4.11. Master Assessment Overview Chart.

	Master Assessment	
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	<p align="center">Chart</p> <p>NOTE: The following chart is not intended to limit or modify or otherwise change the text of this Master Declaration or any other Project Documents</p>	
Master Assessment Type	Purpose of Master Assessment	Paid by
Master Annual Assessment	Master Annual Assessments	Master Annual Assessments are paid by the Community
Master Community Assessments	Annual or special assessment imposed by the Master Association against the Community for special services rendered by the Master Association to the Community Association	Master Community Assessments are paid by the Community receiving the special services
Master Special Assessments	Levied to cover the cost of any unexpected or extraordinary expenses incurred in connection with the maintenance of Master Common Areas or Areas of Master Association Responsibility and other unexpected or extraordinary expenses incurred to the extent not included as part of the Master Annual Assessments	Varies depending on purpose of Master Special Assessment
Other Master Assessments	Levied for any of the purposes set forth in Section 4.04(b)	Paid by the Community Association or Owners within the Community

ARTICLE V

MASTER ASSOCIATION MAINTENANCE

Section 5.01. Master Common Area. Except as provided in Section 5.02 below, the Master Association will be responsible for the maintenance, repair, and replacement of the Master Common Area and the Areas of Master Association Responsibility, and, without any approval of the Owners, the Master Association may: (i) maintain, reconstruct, repair, replace, and refinish any landscaping or improvement located on or used in connection with the Master Common Area or any Areas of Master Association Responsibility; and (ii) do any other acts deemed necessary to use, operate, maintain, preserve, beautify, and protect the Master Common

Area or any Areas of Master Association Responsibility in accordance with the general purposes specified in the Project Documents. So long as the level of maintenance exceeds those minimum standards, if any, imposed by the County, the Board will be the sole and absolute judge as to the appropriate maintenance of the Master Common Area and the Areas of Master Association Responsibility (and, hence, the Project-Wide Standard for the maintenance of all common areas within the Project). The Master Association will have no obligation to perform any maintenance or repair work that is performed by the County or any utility provider that is responsible for the maintenance of any utilities or municipal improvements located within the Project. Without the express written consent of the Master Association, no Owner will alter, remove, injure, or interfere in any way with any landscaping, lawns, plants, irrigation systems, sprinklers, shrubs, trees, and the like, if any, placed on the Master Common Area or any Areas of Master Association Responsibility.

Section 5.02. Repairs Necessitated by Owner. If the need for maintenance or repair to any Master Common Area or any Areas of Master Association Responsibility is caused through the acts or omissions (including negligent acts or omissions) of an Owner, the Owner's Occupants, or any guest or pet of the Owner, the Master Association, in its discretion, may make a direct assessment of the cost of the maintenance or repairs, including the deductible portion of any applicable insurance policy, against the Unit owned by that Owner, without regard to the availability of any insurance proceeds payable to the Master Association for the cost of the maintenance or repairs.

Section 5.03. Access at Reasonable Hours. For the purpose of performing the maintenance, repairs, or replacements required or elected to be undertaken by the Master Association, the Master Association and its agents or employees will have the right, after reasonable notice to an Owner (except in the case of emergency, in which case no notice need be given), to enter onto the Owner's Unit at any reasonable time. Any entry by the Master Association or its agents will not be considered a trespass.

Section 5.04. Maintenance of Community. The Master Association will maintain all common areas owned by the the Community and any other property for which it has maintenance responsibility in a manner consistent with the Project Documents and the Project-Wide Standard, the maintenance costs thereof may include, without limitation, the costs of maintaining any entry features, right-of-way, open space, private streets, water features, and approved Project Signage. Unless otherwise agreed to be maintained and repaired by the Community Association, the Master Association will assume responsibility for maintaining and repairing the Community Common Area in accordance with the provisions of Section 2.06 hereof or if, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Project-Wide Standard. In the event of the latter, all related costs of maintenance will be assessed only to the Community as a Master Community Assessment.

Section 5.05. Owner's Failure to Maintain. If an Owner fails to perform any maintenance and repair required under the terms of this Article V, then, after not less than thirty (30) days' prior written notice to that Owner, the Master Association will have the right (but not the obligation) to enter upon or into that Unit and to provide the required maintenance or make the required repairs. Any entry by the Master Association or its agents will not be considered a trespass. The cost of these maintenance items and repairs will be an assessment against the

applicable Unit, will be paid promptly to the Master Association by that Owner, and will constitute a lien upon that Owner's Unit. The self-help rights of the Master Association described above are in addition to any other remedies available to the Master Association under the Project Documents or applicable Laws.

Section 5.06. Maintenance of Owner's Property. Notwithstanding any other provision of this Master Declaration to the contrary, the Master Association may elect to take responsibility for some or all routine maintenance and landscaping obligations for lawn areas (including lawns of Units owned by Owners) and other portions of Units as hereinafter described, regardless of whether such obligations would otherwise be the responsibility of individual Owners under this Master Declaration or any Community Declaration. In furtherance of the foregoing, Master Association shall have a non-exclusive easement in, upon, over, under, across and through any limited common elements or other portions of any Units in order to carry out such maintenance for which Master Association has elected to be responsible. The portions of Units for which Master Association may elect such maintenance responsibility are: (i) lawns, (ii) landscaped areas that other than foundation borders or those that are affixed to windows, walls, porches, stoops or patios, (iii) exterior surfaces of any semidetached, County house, multifamily or apartment building, whether in fee or condominium form of ownership, and (iv) sidewalks and driveways.

Section 5.07. General Standards. Except as may be otherwise provided in this Master Declaration or the other Project Documents, the Master Association and the Community Association or Owner will maintain the areas they are respectively responsible for at a level of general maintenance at least equal to the Project-Wide Standard.

ARTICLE VI

POWERS OF THE MASTER ASSOCIATION

Section 6.01. Duties and Powers. In addition to the powers enumerated in the other Master Association Documents or elsewhere in the Master Declaration or by applicable Law, the Master Association, through the sole discretion of the Board, is vested with the following powers and authority:

- (a) **Master Common Area.** Construct, improve, restore, maintain, repair, replace, and otherwise own, operate, and manage the Master Common Area and all other real and personal property that may be acquired by, or come within the control of, the Master Association (including the Areas of Master Association Responsibility), including the right to enter into contracts for the design, installation, or construction of capital improvements or other improvements or the Master Common Area;
- (b) **Legal and Accounting Services.** Obtain legal, accounting, and other services deemed by the Board, in its discretion, to be necessary or desirable in the operation of the Master Association;
- (c) **Easements.** Subject to the limitations, if any, imposed by the Project Documents, grant easements where necessary for utilities, sewer facilities, telecommunications, CATV, and

other services on, under, over, through, upon, or across the Master Common Area or Areas of Master Association Responsibility to serve the Master Common Area, Areas of Master Association Responsibility or any Parcel, Unit, Additional Property, or any other part of the Project;

(d) **Employment of Managers.** Employ affiliated or third-party managers or other persons and contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Master Association;

(e) **Purchase Insurance.** Purchase insurance for the Master Common Area and Areas of Master Association Responsibility for insurable risks with companies, and in amounts, as the Board determines to be necessary, desirable, or beneficial, subject to the provisions of Section 6.02 below;

(f) **Borrowing.** Borrow money on behalf of the Master Association when deemed necessary by the Board for any valid purpose of the Master Association; provided, however, that a majority vote of the Owners at a meeting held for such purpose shall be required to borrow any sum in excess of twenty percent (20%) of the total Master Assessment for the then-current fiscal year of the Master Association. The Board, by a two-thirds vote in accordance with the Bylaws, shall have the right and power to assign and pledge all revenues to be received by the Master Association, including, but not limited to, Master Annual Assessments, in order to secure the repayment of any sum borrowed by the Master Association;

(g) **Master Common Areas and Areas of Master Association Responsibility.** Contract with third parties who are not Owners, to permit the use of the Master Amenities, the Master Common Areas and Areas of Master Association Responsibility for recreational and related purposes, upon payment of fees and compliance with other terms as may be required by the Board, in its sole discretion;

(h) **Other.** Perform all other acts that are expressly or impliedly authorized under this Master Declaration, the other Project Documents, or applicable Laws, including, without limitation, the right to construct improvements anywhere in the Project as deemed by the Board to be necessary or desirable; and

(i) **Enforcement.** Enforce the provisions of the Master Association Documents and the other Project Documents by all available and proper means, including, without limitation, the expenditure of funds of the Master Association, the employment of legal counsel, the commencement of actions, and the establishment of a system of fines or penalties for the enforcement of this Master Declaration and the other Project Documents.

Section 6.02. Insurance.

(a) **Liability Insurance.** Commercial general liability insurance (or then-comparable equivalent) covering the Master Common Area and the activities of the Master Association within the Areas of Master Association Responsibility will be purchased and obtained by the Master Association (or acquired by assignment from Master Declarant) promptly following the conveyance to the Master Association of the first portion of Master Common Area and will be maintained thereafter in force at all times. The insurance will be carried with reputable

companies rated by A.M. Best at A-VIII or greater, and authorized and qualified to do business in the State of Delaware. The minimum limits of liability will be \$1,000,000.00 for bodily injury and property damage for each occurrence and in the aggregate. The policy will include coverage for contractual liability, and products and completed operations coverage. The policy will be purchased on an occurrence basis and will name as insureds the Master Association (its directors, officers, employees, and agents acting in the scope of their employment), and Master Declarant (its directors, officers, partners, employees, members, and agents acting in the scope of their employment). This policy will include, but need not be limited to, insurance against injury or damage occurring in or on or arising out of the Master Common Area.

(b) **Hazard and Multi-Peril Insurance Policy for Master Common Area.** A master or blanket hazard and special-peril insurance policy (or then-comparable equivalent) will be purchased or obtained by the Master Association promptly following the construction of any building or other similar permanent structure owned by the Master Association on the Master Common Area or Areas of Master Association Responsibility. Once purchased, obtained, or acquired, the hazard insurance policy will be maintained in force at all times. The hazard insurance policy will be carried with reputable companies rated by A.M. Best at A-VIII or greater, and authorized and qualified to do business in the State of Delaware and will insure against loss from fire and other hazards covered by the standard extended coverage endorsement and special perils endorsement to the hazard insurance policy (or the then-comparable equivalent) for the full replacement cost of all of the permanent improvements and the personal property contained in and around the structures, upon the Master Common Area and the Areas of Master Association Responsibility or as otherwise determined from time to time by the Board in its sole discretion. The hazard insurance policy will name Master Declarant, Master Association, and any Mortgagee of the insured permanent improvements on the Master Common Area or Areas of Master Association Responsibility as insureds, as their respective interests may appear, or in such other capacity as such Person may elect to be insured.

(c) **Other Hazard Insurance.** The Master Association has the option, but will not be obligated to obtain flood insurance or any other type of hazard insurance covering the Community Common Area or any Units. The procurement and maintenance of these types of insurance will be the sole obligation of the applicable Owners.

(d) **Directors and Officers Liability.** The Master Association will purchase and maintain fidelity insurance for the protection of the Board members and the Association against claims of "Wrongful Acts." This policy will carry limits of not less than \$1,000,000, and will be written with a carrier with an A.M. Best's rating of A-VIII or greater, and authorized to do business in Delaware.

(e) **Crime/Fidelity Insurance.** The Master Association will purchase and maintain Employee Dishonesty or Crime insurance or a policy of bonds that protects against fraudulent or dishonest acts of the Board, its officers, affiliates or employees, in an amount not less than \$100,000 each occurrence, and be written with a carrier with an A.M. Best at A-Vii or greater, and authorized to do business in Delaware.

(f) **Other Insurance.** The Master Association may purchase (but is not obligated to purchase) additional insurance that the Board determines to be advisable or necessary,

including, but not limited to, worker's compensation insurance, boiler and machinery insurance, demolition insurance, flood insurance, and insurance on personal property owned by the Master Association. The Master Association may assess the Owners in advance for the estimated cost of all types of insurance required or elected to be maintained hereunder.

(g) **General Provisions on Insurance.** The Board of the Master Association is granted the authority to negotiate loss settlements with the appropriate insurance carriers covering insurance purchased and obtained by the Master Association. During the Period of Master Declarant Control, any policy of insurance obtained by the Master Association may contain a reasonable deductible no higher than \$10,000 without prior approval by Master Declarant. The deductible will be paid by the Person who would be responsible for the repair in the absence of insurance, as determined by the Board. Where possible, each insurance policy maintained by the Master Association must require the insurer to notify the Master Association in writing at least 10 days before the cancellation or any substantial change to the Master Association's insurance.

(h) **No Liability of Master Association.** Notwithstanding the requirement of the Master Association to obtain insurance coverage as stated in this Master Declaration, neither Master Declarant (nor its officers, directors, partners, or employees), the Master Association, nor any director, officer, or agent of the Master Association will, to the fullest extent permitted by Law, be liable to any Owner or any other if any risks or hazards are not covered by the insurance to be maintained by the Master Association or if the amount of insurance is not adequate, and it will be the responsibility of each Owner to ascertain the coverage and protection afforded by the Master Association's insurance and to procure and pay for any additional insurance coverage and protection that the Owner may desire.

(i) **Governmental Requirements.** The Master Association will maintain any other forms or types of insurance applicable to the ownership and operation of the Master Common Areas or Areas of Master Association Responsibility as may be required from time to time by any applicable guidelines issued by any Institutional Guarantor having jurisdiction over the Project. Additionally, all insurance maintained by the Master Association must meet the rating requirements of any Institutional Guarantor having jurisdiction.

Section 6.03. Damage and Destruction; Reconstruction.

(a) If the Master Common Area or the Areas of Master Association Responsibility are damaged or destroyed, the Board will obtain bids and contract for repair or reconstruction of those improvements. If the proceeds of any insurance policies payable as a result of the damage or destruction, together with the amounts paid by a responsible Owner under Section 5.02 of this Master Declaration, are insufficient to complete the repair or reconstruction, the deficiency will be the subject of a special assessment against, in the case of the Master Common Area, the entire Project and, in the case of the Areas of Master Association Responsibility, the Community or Units.

(b) In the event that any dwelling(s) and/or other structures constructed on a Parcel (other than a Unit within a condominium regime) is (are) destroyed in whole or in part, the Owner of that Parcel shall, within four (4) months, or such longer time as is permitted in writing

by the Master Association, repair or reconstruct the dwelling(s) and/or other damaged structures in a manner consistent with the original construction, or clear away all debris and restore such Parcel to a condition satisfactory to the Master Association and compatible with the remainder of the Project, unless written approval to do otherwise is obtained from the Master Association. All such repairs and reconstruction remain subject to the provisions of Article VII hereof. In the event that any dwelling(s) and/or other structures within a condominium regime is (are) destroyed in whole or in part, the Owners of such Unit(s) and/or other structures shall be repaired or reconstructed in accordance with the Community Declaration for such condominium regime within four (4) months, or such longer time as is permitted in writing by the Master Association, unless written approval to do otherwise is obtained from the Master Association. All such repairs and reconstruction remain subject to the provisions of Article VII hereof. If an Owner or Community Association fails to repair or reconstruct the site to a condition satisfactory to the Master Association and compatible with the Master Declaration or Community Declaration, as applicable, then, after not less than thirty (30) days' prior written notice to that Owner, the Master Association will have the right (but not the obligation) to enter upon or into that Parcel or Unit and to repair or reconstruct such dwelling or other structure. Any entry by the Master Association or its agents will not be considered a trespass. The cost of these repairs or reconstruction will be an assessment against the applicable Parcel or Unit, will be paid promptly to the Master Association by that Owner, and will constitute a lien upon that Owner's Parcel or Unit. The self-help rights of the Master Association described above are in addition to any other remedies available to the Master Association under the Project Documents or applicable Laws.

Section 6.04. Other Duties and Powers. The Master Association may exercise any other right or privilege given to it by the Project Documents and every other right or privilege implied from the existence of the Project Documents.

Section 6.05. Master Association Rules. By a majority vote of the Board, the Master Association, from time to time and subject to the provisions of this Master Declaration, may adopt, amend, and repeal rules and regulations for the Master Common Areas and Areas of Master Association Responsibility in accordance with section 81-320 of DUCIOA. These rules and regulations may restrict and govern the use of the Master Common Areas and Areas of Master Association Responsibility and, additionally, may establish a system of fines and charges for violations of the Master Association Documents. If adopted, a copy of the rules will be available for inspection by the Owners at reasonable times. The rules will be interpreted in a manner consistent with this Master Declaration or the other Master Association Documents, and, upon adoption, the rules will have the same force and effect as if they were established in full within and were a part of this Master Declaration. The Master Association, the Board, and the officers of the Master Association will have no liability to the Community or any other Person for the failure to enforce (or any delay in the enforcement of) the rules.

ARTICLE VII

DESIGN REVIEW AND ARCHITECTURAL CONTROL

Section 7.01. Architectural Control. Unless and until the requirements of this Article have been fulfilled, no construction or development activities, including, without limitation, staking, clearing, landscaping, excavation, grading, or other site work, shall be commenced or maintained on any Parcel or the Common Areas; no building, structure, or other improvement of any kind, including, without limitation, garages, sheds, fences, walls, mailboxes, decks, porches, gazebos, pools, hot tubs, and tennis courts, ground level patios, grills and barbeques, ground level or free-standing fire pits, landscape plantings with root-balls greater than 18" in diameter, shall be commenced, erected, or maintained within the Project; and no exterior addition, change, or alteration of any nature to the Parcels or other existing improvements within the Project, including, without limitation, changes in building materials, color, changes or additions to driveway or walkway surfaces, and landscaping modifications (all of the foregoing being individually and collectively referred to as "**Improvements**"). Master Declarant hereby reserves rights of architectural review, approval, or control over all or any portion of the Project. To the extent Master Declarant has expressly assigned in writing any or all of its reserved rights pursuant to this Article to the Architectural Review Committee, then any such assigned rights shall be exercisable by the Architectural Review Committee, as set forth herein. Notwithstanding any other provision of this Master Declaration to the contrary, until Master Declarant has expressly assigned in writing its reserved rights pursuant to this Article to an Architectural Review Committee, then references to the Architectural Review Committee in this Article VII shall be deemed a reference to any other Person that currently has the rights of architectural review, approval, or control over all or any portion of the Project, including the Master Declarant or, upon succeeding to the rights of Master Declarant under this Master Declaration, the Master Association.

For the avoidance of doubt and notwithstanding any other provision of this Master Declaration to the contrary, the Master Declarant shall not be required to submit an Application (as defined herein) to the Architectural Review Committee prior to commencing any Improvements on the Project or in exercising any of its other Development Rights hereunder, and Master Declarant may, at its sole discretion, waive any and all such requirements for any Builder.

Section 7.02. Design Review by Master Declarant. Each Owner, by a deed or other instrument conveying an interest in any portion of the Project, acknowledges that, as the developer and initial owner of the Project, Master Declarant has a significant and substantial interest in ensuring that the Improvements within the Project enhance the community and do not adversely impact the ability of Master Declarant to market, sell, or lease any portion of the Project. Each Owner, by acceptance of a deed or other instrument conveying an interest in any portion of the Project, agrees that no Improvements shall be commenced within or upon a Unit or Parcel unless and until Master Declarant has given its prior written approval for such Improvements pursuant to this Article VII. In reviewing and acting upon any request for an approval, Master Declarant shall be acting in its own interest and shall owe no duty to any other Person, including, without limitation, the Master Association or any of its Members.

The rights reserved to Master Declarant pursuant to this Article shall be applicable for the

duration of the Period of Master Declarant Control, unless earlier assigned or terminated by a written instrument executed by Master Declarant.

Section 7.03. Architectural Review Committee. Master Declarant may, but shall not be obligated to, assign all or a portion of its reserved rights under this Article to the Architectural Review Committee, subject to (i) the right of Master Declarant to revoke such assignment at any time and thereafter resume jurisdiction over the matters previously assigned to the Architectural Review Committee and (ii) the right of Master Declarant to veto any decision of the Architectural Review Committee which Master Declarant believes, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as Master Declarant has retained any rights under this Article, the authority of the Architectural Review Committee shall be limited to such matters as are specifically assigned to it by Master Declarant. Unless and until such time as Master Declarant assigns all or a portion of its reserved rights, neither the Architectural Review Committee nor the Master Association shall have any authority over design matters, and upon any such assignment, the Architectural Review Committee shall accept and exercise the authority so assigned strictly in accordance with this Article and in accordance with any such assignment.

The Architectural Review Committee, if and when appointed, shall consist of at least three (3) members, who shall serve and may be removed and replaced in the discretion of the Board. The members of the Architectural Review Committee need not be Members of the Master Association or representatives of Members, and may, but need not, include architects, engineers, or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The duties of the Architectural Review Committee established under this Article shall be exercised by the Board in the event that an Architectural Review Committee is not appointed by the Board or to the extent any such duties are not delegated by the Board to the Architectural Review Committee.

Section 7.04. Design Review by the Architectural Review Committee. Upon expiration or termination of the rights of Master Declarant under this Article, the Architectural Review Committee, shall assume responsibility for design matters hereunder and shall be entitled to exercise all those powers previously reserved to Master Declarant pursuant to this Article.

Section 7.05. Application Fees and Reimbursements. The Architectural Review Committee may establish and charge reasonable fees for review of applications hereunder. In addition, the Architectural Review Committee may retain architects, engineers, or other design professionals to assist in the review of any application, and the Architectural Review Committee may require payment by the applicant of fees charged by any architect, engineers, or other design professionals in connection therewith. The Architectural Review Committee shall be permitted to collect a deposit in advance, as a condition to any application for approval, for purposes of covering estimated costs and expenses related to the architectural review of applicants, including, without limitation, fees charged by architects, engineers, or other design professionals. The amount of such deposit shall be set by the Architectural Review Committee in its sole discretion.

Section 7.06. Design Guidelines. The Design Guidelines shall be adopted by the Master Declarant during the Period of Master Declarant Control prior to construction of the Improvements at the Project and, when adopted, a copy of such guidelines will be available for inspection by the Owners at reasonable times. The Design Guidelines provide guidance to Owners and Builders regarding matters deemed to be of relevance or importance to the Architectural Review Committee in considering applications for design approval and set forth minimum requirements for all Improvements with the Project. The Design Guidelines shall not be the exclusive basis for decisions hereunder, and compliance with the Design Guidelines shall not guarantee approval of an application. The Design Guidelines may contain general provisions applicable to all of the Project, as well as specific provisions that vary from one portion of the Project to another, depending upon the location, type of construction or use, and unique characteristics of the property.

The Design Guidelines adopted pursuant to this Article shall be subject to modification and amendment from time to time in the sole discretion of the Architectural Review Committee in accordance with Section 81-320 of DUCIOA. Modifications and amendments to the Design Guidelines shall not apply to or require modifications to or removal of Improvements previously approved once all applicable building or comparable permits have been applied for from authorities having jurisdiction over such Improvements. There shall be no limitation on the scope of modifications or amendments to the Design Guidelines. All modifications and amendments to the Design Guidelines shall be published by the Master Association by means calculated to give reasonable notice to Owners of such modifications or amendments; provided, however, that the failure of any Owner to receive any Design Guideline or modification or amendment to the Design Guidelines pursuant to this Article shall not affect the validity of any such Design Guideline or modification or amendment thereto.

The Architectural Review Committee shall make copies of the Design Guidelines available to Owners and Builders and may charge a reasonable fee to cover the costs of providing copies of the Design Guidelines.

Section 7.07. Procedures. Prior to commencing any Improvements for which review and approval is required under this Article, an application for approval ("**Application**") of such Improvements shall be submitted to the Architectural Review Committee in such form as may be required by the Architectural Review Committee or by the Design Guidelines. The Application shall include detailed plans showing the site layout, including grading, exterior elevations, exterior materials and colors, landscaping, drainage, lighting, irrigation, and other features of the Improvements, as required by the Design Guidelines and the Architectural Review Committee. The Architectural Review Committee may also require the submission of such additional information as it deems necessary to consider any Application.

The Architectural Review Committee may consider (but shall not be restricted to consideration of) visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, location in relation to other parts of the Project, surrounding structures and plant life, compliance with the general intent of the Design Guidelines, and architectural merit. In many instances, decisions will be based solely on aesthetic considerations, and each applicant acknowledges that determinations as to such matters may be highly subjective and opinions

may vary as to the desirability and/or attractiveness of particular Improvements.

The Architectural Review Committee shall, within forty-five (45) days after receipt of a complete Application, advise the applicant, in writing, at an address specified by the applicant at the time of the Application, of (i) the approval of the Application or (ii) the disapproval of the Application, providing a reasonable explanation of the segments or features of the Application that are objectionable and suggestions, if any, for addressing such objections. In the event the Architectural Review Committee fails to advise the applicant by written notice within forty-five (45) days of receipt of a complete Application of either the approval or disapproval of the Application, the applicant may give the Architectural Review Committee written notice of such failure to respond, stating that unless the Architectural Review Committee responds within ten (10) days of receipt of such notice, approval shall be deemed granted. Upon such further failure of the Architectural Review Committee to grant an approval or disapproval, approval shall be deemed to have been given, subject to the right of Master Declarant (during the Period of Master Declarant Control) to veto approval by the Architectural Review Committee as set forth in this Article. Notwithstanding the foregoing, no approval, whether expressly granted or deemed granted pursuant to this Section, shall be materially inconsistent with the Design Guidelines unless an exception has been granted in writing as set forth below. The notices contemplated herein shall be deemed to have been given at the time the envelope containing such notice, properly addressed and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall also be sufficient and shall be deemed to have been given at the time of delivery.

During the Period of Master Declarant Control and if Master Declarant has delegated any design review authority to the Architectural Review Committee, within three (3) business days after the Architectural Review Committee has approved any Application relating to proposed Improvements within the scope of matters delegated to the Architectural Review Committee by Master Declarant, but prior to providing such approval to the applicant, the Architectural Review Committee shall give written notice of such action to Master Declarant together with such other information as Master Declarant may require. Master Declarant (during the Period of Master Declarant Control), in Master Declarant's sole discretion, shall have fifteen (15) days after receipt of such notice to veto any such action by written notice to the Architectural Review Committee and/or the applicant.

If construction does not commence on any Improvements for which approval has been granted within twelve (12) months of such approval or some longer period as may be provided for in the approval, such approval shall be deemed withdrawn, and it shall be necessary for the applicant to resubmit an Application for reconsideration and approval in accordance with such Design Guidelines as are then in effect. Once approved, the applicant shall commence construction of the Improvements within six (6) months of the approval date and shall diligently pursue construction to completion within twelve (12) months following such approval or such other period as may be specified in the notice of approval, unless completion is delayed due to causes beyond the reasonable control of the applicant, as determined in the sole discretion of the Architectural Review Committee.

Section 7.08. Non-Precedential Nature of Approvals. Each applicant acknowledges that the composition of the Architectural Review Committee will change from time to time and

that decisions regarding aesthetic matters and interpretation and application of the Design Guidelines may vary from time to time. In addition, each applicant acknowledges that it may not always be possible to identify objectionable features of proposed Improvements until the Improvements are completed, in which case it may be unreasonable to require changes to the Improvements previously approved, but the Architectural Review Committee may refuse to approve similar Improvements in the future. Approval of Improvements for any particular applicant or portion of the Project shall not be deemed a waiver of the right to withhold approval as to any similar Improvements subsequently submitted for approval, whether by the same Owner or any other Person.

Section 7.09. Waivers and Exceptions. The Architectural Review Committee may, in its sole discretion, but shall not be required to, authorize waivers or exceptions from compliance with any of the provisions of the Design Guidelines when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations, architectural merit, or other reasonable considerations warrant such a waiver or exception. Such exceptions shall be granted only if and when, in the reasonable judgment of the Architectural Review Committee, unique circumstances exist, and no applicant shall have any right to demand or obtain a waiver or exception. No waiver or exception may (i) be effective unless in writing, (ii) be contrary to this Master Declaration, (iii) estop the Architectural Review Committee from denying a waiver or exception in other circumstances, or (iv) be inconsistent with the goals or objectives of Master Declarant. Notwithstanding anything in this Master Declaration to the contrary, during the Period of Master Declarant Control, Master Declarant shall have the right to veto or void any waiver granted by the Architectural Review Committee pursuant to this Section 7.09.

Section 7.10. Limited Scope of Approval. The standards and procedures established by this Article are intended to provide a mechanism for maintaining and enhancing the overall aesthetics of the Community. Neither Master Declarant, the Master Association, the Board, the Architectural Review Committee, or any member of any of the foregoing, shall bear any responsibility for ensuring structural integrity or soundness or compliance with building codes and other governmental approvals or requirements or ensuring that any Improvements are located so as to avoid impairing views from or having other negative impacts on other portions of the Project.

No representation is made by Master Declarant with respect to the quality, size, value, or design of future Improvements. Neither Master Declarant, the Master Association, the Board, the Architectural Review Committee, or any member of any of the foregoing, shall be liable for soil conditions, drainage problems, availability or suitability of any portions of the Project for well and septic systems, or other site work, or for defects or errors in any plans or specifications submitted as part of an Application, nor for any structural or other defects in Improvements constructed according to an approved Application, or for any injury, damages, or loss arising out of the manner, design, or quality of any approved Improvements.

Section 7.11. Enforcement. Any Improvements constructed in violation of this Article or in a manner inconsistent with the approved Application shall be deemed to be nonconforming. Upon written request from Master Declarant, the Board, or the Architectural Review Committee if the Master Declarant has delegated any design review authority to the Architectural Review Committee, the defaulting Owner shall, at such Owner's own cost and

expense, promptly remove any nonconforming Improvement and restore the property to substantially the same condition as existed prior to the nonconforming Improvements. Should an Owner fail to remove and restore as required, Master Declarant, the Board, the Architectural Review Committee if such authority has been delegated to the Architectural Review Committee, or their designees shall have the right to enter portions of the Project, remove the violation, and restore the effected property to substantially the same condition as previously existed, and any such action shall not be deemed a trespass. Upon demand, the Owner shall promptly pay all costs paid or incurred by any of the foregoing in exercising their rights under this Section.

Master Declarant (during the Period of Master Declarant Control) or the Master Association (after expiration of the Period of Master Declarant Control) may fine or preclude any contractor, subcontractor, agent, employee, or other invitee of any Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines from continuing or performing any further activities in the Project, subject to the notice and hearing procedures contained in the Bylaws. Neither Master Declarant, the Master Association, nor their officers, directors, or agents shall be held liable to any Person for exercising the rights granted by this Article.

During the Period of Master Declarant Control, in the event that the Master Association fails to take enforcement action within thirty (30) days after receipt of a written demand from Master Declarant identifying the violator and/or specifying the nature of the violation, the Master Association shall pay Master Declarant for all costs reasonably incurred by Master Declarant in taking enforcement action with respect to such violation plus ten percent (10%), but only to the extent Master Declarant prevails in such action.

Section 7.12. Improvements by Master Declarant; Amendment. This Article shall not apply to any Improvements to the Project made by Master Declarant or any Builder or on behalf of the Master Association. This Article may not be amended without Master Declarant's prior written consent so long as Master Declarant owns any portion of the Project or the Additional Property.

Section 7.13. Special Master Declarant Rights. The rights reserved unto Master Declarant in this Article VII constitute Special Master Declarant Rights, as such term is defined herein.

ARTICLE VIII

COMMUNITY RESTRICTIONS, DEVELOPMENT RIGHTS, AND SPECIAL MASTER DECLARANT RIGHTS

Section 8.01. Overall Structure. The Community that eventually comprises the Project is intended to be the Community with specifically designed covenants and restrictions applicable to the uses permitted within the Community. The Master Association has been formed in part to facilitate the development, operation, and maintenance of the Improvements that will be used in common by the Owners and Occupants of the Community. The Master Association also may undertake operational and maintenance duties with respect to portions of

the Project as Areas of Master Association Responsibility that are not for the common use of all Owners and Occupants within the Project but, rather, are limited to use by only those Owners and Occupants of the Community or one or more specific Units.

Section 8.02. Community Restrictions. The Condominium Community is subject to a set of Condominium Community Restrictions under the applicable Community Declaration, the primary administration and enforcement of which will rest with the Community Association (except to the extent provided herein). The Condominium Community Restrictions is intended to apply to all Units (whether or not subdivided into separate lots or condominium units) that are a part of the Community.

Section 8.03. Right of Enforcement. The Master Association reserves the right to enforce, on behalf of the Community Association, the Community Declaration. The Master Association may exercise this right of enforcement after written notice to the Community Association identifying a reasonable time period (not more than thirty (30) days) within which enforcement measures must be commenced and diligently pursued to resolution.

Section 8.04. Conflicts Among Restrictions. If any conflicts arise in the interpretation of the Project Documents, the Master Association Documents will control over the Community Declaration and related Community Association documents.

Section 8.05. Application of Master Documents. The Master Association Documents will apply to the Community Association and all Owners and Occupants within the Project.

Section 8.06. Recordation of Community Declaration. To ensure conformity and compliance with the Seashore Villas Community Record Plan, Master Declarant, during the Period of Master Declarant Control, and the Master Association, after the Period of Master Declarant Control, must approve in writing the form and content of all Community Declarations and any other Community Documents, and all amendments to any Community Declarations or other Community Documents prior to their recordation in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware, or any other land records office. Any attempted recordation of any Community Declarations, other Community Documents or amendments to any Community Declarations or other Community Documents without the prior written approval of Master Declarant or Master Association, as applicable, will be void and of no force or effect.

Section 8.07. Project-Wide Standard. The Master Declarant during the Period of Master Declarant Control and, thereafter, the Master Association through its Board, will be the sole and final judge as to what constitutes the Project-Wide Standard and whether a particular activity, course of conduct, or set of circumstances satisfies the Project-Wide Standard.

Section 8.08. Rights to Develop. The Master Declarant and the Master Association will have an unrestricted right of access over the entire Project to install, construct, maintain, and repair the Master Common Areas or, to the extent applicable, any Areas of Master Association Responsibility. By becoming an Owner or Occupant in the Community, each Owner and Occupant (excluding Master Declarant) specifically: (i) acknowledges that the Project is a Planned community, the development of which is likely to extend over many years.

Section 8.09. Master Declarant Development Rights. The following Section 8.09 is included in this Master Declaration in accordance with the requirements of DUCIOA. In addition to all other Development Rights set forth in this Master Declaration, the Master Declarant hereby reserves the following Development Rights:

(a) **To Add the Additional Property.** In accordance with the provisions of Section 12.02 hereof, Master Declarant hereby reserves the Development Right to add to the Project the Additional Property, as described on Exhibit A-2, together with the right to add to, improve, and connect to the Master Common Area, including any right-of-ways and the SWM Facilities and any other public utilities as may be necessary for the development of the Additional Property. This Development Right must be exercised not later than thirty (30) years from the date that this Master Declaration is recorded in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware.

(b) **To Withdraw Real Estate from the Project.** Subject to DUCIOA, the Master Declarant hereby reserves the Development Right to withdraw from the Project any or all of the Withdrawal Property, as described on Exhibit A-3, or any portion of the Project that is part of the Community provided that such property has not yet been conveyed to any Owners and such withdrawal does not have an actual substantial and material adverse impact on the remaining portion of the Project. This Development Right must be exercised within one (1) year from the expiration of the last date on which the right to add the Additional Property expires pursuant to subsection (a) above.

Section 8.10. Special Master Declarant Rights. The following Section 8.10 is included in this Master Declaration in accordance with the requirements of DUCIOA. The following Special Master Declarant Rights are reserved in this Master Declaration to be exercised by Master Declarant, and to such other Persons as the Master Declarant may specifically, and in writing, assign such rights, for the benefit of the Project and for the Master Declarant and its agents, from time to time in its sole discretion, to the maximum extent permitted by Law, and if not exercised prior to the fiftieth (50th) anniversary of the recording of this Master Declaration in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware, these Special Master Declarant Rights shall terminate:

(a) to complete the Improvements within the Project and the Master Common Area that are the subject of and are consistent with this Master Declaration or the Approved Plan or described in any public offering statement required to be delivered by Master Declarant pursuant to DUCIOA;

(b) to amend, restate, modify or supplement the Seashore Villas Community Record Plan, including change the interior design and arrangement of, or alter the boundaries between, Units owned by the Declarant at any time and from time to time after this Master Declaration or any amendment thereto is filed;

(c) to maintain and utilize, anywhere within the Project and perform such operations as in the sole opinion of the Master Declarant may be reasonably required, convenient or incidental to the construction and sale of Units and improvements, including, without limitation, sales offices, management offices, rental offices, storage areas, construction yards, signs,

displays and models in any part of the Project and to remove any of the foregoing located within the Project;

(d) to maintain advertising signs anywhere within the Project;

(e) to use easements through the Master Common Area for the purposes of making Improvements within the Project for the benefit of the Project, or the Additional Property;

(f) for the benefit of the Project, the Additional Property, to create and grant blanket easements upon, across and under the Project for vehicular and pedestrian ingress and egress, curb cuts, slope, or grading easements, as well as for the installation, replacement, repair and maintenance of all utilities, including, but not limited to, water, sewer, drainage, storm water detention and/or siltation, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Project from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles, pipes, lines and other equipment within the Project to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Project, including any improvements constructed thereon, and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress within the Project. There is further reserved unto the Master Declarant the right to grant specific easements, both temporary and permanent, to any Person or entity, including all public authorities and utility companies, over any part of the Project in furtherance of the blanket easement created by this subsection. Further, without limiting the generality of the foregoing, the Master Declarant reserves the right to unilaterally execute and record such additional easements and agreements as may be necessary to give effect to the foregoing easements and other rights, which additional easements and other agreements need not be consented to or joined in by any Person having an interest in the Project; provided, however, that if requested by the Master Declarant, any Person having an interest in the Project shall promptly join in and execute such confirmatory easements and other agreements. Each Unit shall further be subject to a public pedestrian access easement over and upon any sidewalk, alley or pathway (or the replacement thereof) constructed within the Unit by the Master Declarant, Builder, or an Owner of a Unit, which sidewalk or pathway is reasonably deemed to be for the use of the Project;

(g) to use, grant, and reserve easements, both temporary and permanent, and rights of way through, under, over, and across the Project for the benefit of the Project, the Additional Property, for the installation, maintenance, inspection, repair, and replacement of lines and appurtenances for public or private sewer, water, drainage, gas, electricity, telephone, and other utilities, such as, but not limited to, a master television communications system, cable television system, a security system, or the like;

(h) to merge or consolidate the Master Association with another common interest community;

(i) to appoint or remove any officer of the Master Association or any member of the Board during the Period of Master Declarant Control (except to the extent appointed by Owners pursuant to the Master Declaration);

(j) to control any construction, design review, or aesthetic standards committee or process as set forth in Article VII hereof;

(k) to attend meetings of the all Owners and Occupants of the Project and, except during an executive session after the Period of Master Declarant Control, the Board of the Master Association;

(l) to have access to the records of the Master Association to the same extent as an Owner hereunder;

(m) to amend, restate, modify or supplement the Master Association Documents without the consent of the Owners or any other Person, to (A) comply with applicable Law or correct any error or inconsistency in the Master Association Documents or (B) conform with the requirements of (i) DUCIOA, (ii) any rules or guidelines of any Institutional Guarantor, or (iii) the requirements of any governmental or quasi-governmental agency having regulatory jurisdiction over the Project in accordance with Section 11.06;

(n) to alter any boundaries of any portions of the Project;

(o) to assign all or part of its rights under this Master Declaration;

(p) to exercise the rights of Master Declarant to amend, restate, modify or supplement this Declaration without consent of the Owners or any other Person in accordance with Section 11.06 of this Declaration;

(q) to enter any portion of the Project for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Project or the improvements thereon. There is further reserved unto the Master Declarant and its agent(s) a non-exclusive easement over, across and through all of the Project for the purpose of access, the storage of building supplies, materials and equipment and, without any limitation, for any and all purposes reasonably related to the completion of the development, construction or repair of the Project. This Section 8(r) shall not create any responsibility on the part of the Master Declarant for any improvements constructed by or on behalf of a Builder, Owner or any other entity other than Master Declarant;

(r) for the benefit of the Property, the Additional Property, to grant a blanket easement and right on, over and under the Project to maintain and to correct drainage of surface or subsurface water in order to maintain reasonable standards of health, safety and appearance; provided, however, that the Master Declarant shall have no obligation to exercise such right. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary, following which the Master Declarant shall restore the affected property to its original condition as near as practicable. The Master Declarant shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Master Declarant an emergency exists which precludes such notice. There is further reserved unto the Master Declarant the right to grant specific easements, both temporary and permanent, to any Person, including all public authorities and utility companies, over any part of the Project in furtherance of the blanket easement created by this subsection; and

(s) to exercise any other Special Master Declarant Rights identified in this Master Declaration.

Section 8.11. Power of Attorney

(a) Each and every Owner by accepting and recording the deed to a Unit, and each Mortgagee or other lienholder or Person having a legal or equitable interest in any Unit or the Project does automatically and irrevocably name, constitute, appoint and confirm the Master Declarant and/or the Master Association, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

(b) No such agreement, document, amendment, supplement or other instrument which adversely affects the value of a Unit, or substantially increases the financial obligations of an Owner, or reserves any additional or special privileges for the Master Declarant not previously reserved, shall be made without the prior written consent of the affected Owner(s) and all Eligible Mortgagees of any Mortgage(s) encumbering the Units owned by the affected Owner(s). Any such agreement, document, amendment, supplement or instrument which adversely affects the validity of any Mortgage which encumbers any Unit or Project shall not be made without the prior written consent of the Mortgagees of all such Mortgages.

The power of attorney established by this Section 8.11 is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Units and the Project and shall not be affected by subsequent disability or incapacity of the Owner, a Mortgagee or other lienholder or Person having a legal or equitable interest in any Unit or Project, and such power of attorney shall be binding upon such Person, and such Person's heirs, executors, administrators, personal representatives, successors and assigns (including, without limitation, all Mortgagees). Said power of attorney shall be vested in the Master Declarant, its successors, transferees and assigns until twenty (20) years after the recordation of this Declaration, or until such time as the Master Declarant no longer owns any portion of the Property or Additional Property, whichever shall occur later. Thereafter, said power of attorney shall automatically vest in the Master Association to be exercised by its Board of Directors.

Section 8.12. Transfer of Special Master Declarant Rights. The Master Declarant may unilaterally transfer (without the approval or joinder of the Master Association or any Owner or Mortgagee) Special Master Declarant Rights created or reserved under the Master Association Documents to (i) any Person acquiring any portion of the Project owned by the Master Declarant or others at the time of transfer or (ii) any lender holding a Mortgage on any portion of the Project owned by the Master Declarant or others at the time of transfer. Such transfer shall be evidenced by an instrument recorded in the Recorder's Office. The instrument is not effective unless signed by the transferor and transferee; provided, however, that a Person may unilaterally sign and record an instrument to acquire some or all of the Special Master Declarant Rights with respect to the land acquired if such Person acquires any or all of the Project owned by the Master Declarant or others at the time of transfer pursuant to a mortgage

or deed of trust by foreclosure or deed in lieu of foreclosure. Such instrument must be recorded within a reasonable time after acquisition of any such portion of the Project.

A successor to Special Master Declarant Rights held by a transferor who succeeded to those rights pursuant to a mortgage or a foreclosure or a deed in lieu of foreclosure may declare the intention in an instrument recorded in the Recorder's Office to hold those rights solely for transfer to another Person. Thereafter, until transferring the Special Master Declarant Rights to a Person acquiring title to any portion of the Project owned by such successor, or until such successor records an instrument assuming the right to exercise the Special Master Declarant Rights, that successor may not exercise any of the Special Master Declarant Rights other than to approve or disapprove: (A) amendments to the Master Association Documents, (B) dissolution of the Master Association, or (C) termination of the Master Declaration. So long as a successor does not exercise Special Master Declarant Rights (except the rights described above) under this subsection, such successor is not subject to any liability or obligation as a declarant.

A partial transfer of Special Master Declarant Rights does not prevent the transferor declarant from continuing to exercise Special Master Declarant Rights with respect to any portion of the Project retained by such Person. The instrument providing for a partial transfer of Special Master Declarant Rights shall allocate voting rights between the transferor and the transferee as such Persons shall agree among themselves or based on the relative square footages of the portion of the Project owned by each declarant if not otherwise provided. Each Person having declarant rights under the Master Association Documents has the right to transfer such rights unilaterally with respect to any portion of the Project owned by such Person except to the extent provided otherwise in an instrument assigning the Special Master Declarant Rights to such Person. If at any time the Master Declarant ceases to exist and has not made an assignment of the Special Master Declarant Rights, a successor may be appointed by an amendment to the Master Declaration made pursuant to Section 11.06.

ARTICLE IX

COMMUNITY ASSOCIATION

Section 9.01. Formation of Community Association. Master Declarant will establish a Condominium Community Association for the purposes of collecting all assessments due under this Master Declaration or the other Project Documents and for enforcing the rights and remedies of any Condominium Community Declaration. The documents that govern or establish the Condominium Community Association are created and approved by the Master Declarant. Without limitation, the Community Association's governing documents provide for:

(a) the establishment of an annual budget that includes the payment of an amount sufficient to cover the pro rata portion of the Master Assessments due under this Master Declaration;

(b) the right (but not the obligation) of the Master Association to take temporary control of the Community Association if the Community Association fails to collect

assessments in an amount sufficient to pay and satisfy the Master Assessments due to the Master Association;

(c) the right (but not the obligation) of the Master Association, as a third-party beneficiary, to enforce the Condominium Community Association's rights and remedies under the Condominium Community Declaration, if the Condominium Community Association refuses or neglects to enforce the rights and remedies after reasonable written notice from the Master Association (not more than thirty (30) days); and

(d) the ability of the Condominium Community Association to determine how to exercise any voting rights (if any) for purposes of the Master Association and this Master Declaration reserved to the various Owners within the applicable Community affected by the Condominium Community Declaration.

Section 9.02. Notice of Sale. Master Declarant establishing a Condominium Community Association must provide the Master Association with full and complete copies of all governing documents applicable to the Condominium Community Association, including the Condominium Community Declaration and all amendments that may be enacted from time to time. All information must be promptly provided to the Master Association and, in all cases, no later than thirty (30) days after written request from the Master Association.

Section 9.03. Management and Control. To the extent applicable and except to the extent the Master Association elects to take temporary control over the Condominium Community Association or elects to enforce any Condominium Community Declaration under Sections 8.03, 9.01(b), or 9.01(c), respectively, all administrative and management services provided under any Condominium Community Declaration will be provided solely by the Condominium Community Association and not the Master Association.

Section 9.04. Master Assessments Specifically. The Master Association will have the rights described in Section 9.01(b) above to take control of the Condominium Community Association for any period of time that may be necessary to bring about collection of the Master Assessments. Control may be accomplished through the removal and substitution of officers and directors of the Condominium Community Association or any other manner permitted under applicable Laws. Without limitation of any other remedies available to the Master Association, the Master Association also will have the right to file a lien against the Unit of any delinquent Owner in an amount equal to:

- (a) all amounts owed by the delinquent Owner for Master Assessments or otherwise;
- (b) all costs of collection (including attorney fees); and
- (c) all applicable late charges and interest.

To enforce and collect these amounts, the Master Association may enforce an assessment lien against the applicable portion of the Project or may exercise any other remedy available to the Master Association under the Master Association Documents or the Condominium Community Declaration.

Section 9.05. Enforcement Under Community Declaration. To the fullest extent permitted under applicable Laws, all disputes solely between or among Owners of a Unit subject to a Condominium Community Declaration will be handled and resolved by the Condominium Community Association, and, unless the Master Association otherwise elects to be involved, the Master Association will not be involved or joined in these types of disputes.

Section 9.06. Community Association Meetings. If requested by the Master Association, the Condominium Community Association will provide notice to the Master Association of all regular or special meetings of the Condominium Community Association's members or directors, including providing all agendas and all other relevant information and materials for such meetings. A representative of the Master Association may attend these meetings at the discretion of the Master Association, including any that are held in executive session.

Section 9.07. Remedies of Master Association. Without limiting the remedies of the Master Association outlined above, the Master Association will have all rights and remedies available under applicable Laws to enforce this Master Declaration or any Condominium Community Declaration, including the right to commence an action in contract against any Owner and/or the Condominium Community Association.

ARTICLE X

CREATION OF EASEMENTS

Section 10.01. Public Utility Easements. Master Declarant grants and creates a perpetual and non-exclusive easement upon, across, over, and under the Master Common Area and all other areas that may be depicted and described on any Approved Plan as a public utility easement for the installation and maintenance of utilities, including electricity, telephone, water, gas, cable television, telecommunications, drainage facilities, sanitary sewer, or other utility lines servicing the Project, the Additional Property, and any other portion of the Project, or any other real property owned by Master Declarant or its affiliates. All of these public utility easements may be used by the utility provider or the County without the necessity of any additional recorded easement instrument. These public utility easements will not affect the validity of any other recorded easements affecting the Project. All utilities and utility lines will be placed underground except for those that by their operational nature must be aboveground and if approved by Master Declarant. No provision of this Master Declaration, however, will act to prohibit the use of aboveground and temporary power or telephone structures incident to the construction of buildings or structures as needed by Master Declarant or any Builder. Public or private sidewalks may be located in the public utility easements. The public utility easements described above will be perpetual unless and until abandoned by the utility provider or by resolution of the County.

Section 10.02. Temporary Construction Easements. During the period of any construction activities within the Project by Master Declarant or any Builder, Master Declarant reserves for the benefit of itself and, as applicable, any Builder, and their respective agents, employees, and independent contractors, a non-exclusive easement on, over, and under those portions of the Master Common Areas, Areas of Master Association Responsibility, or other

portions of the Project that may not be owned by Master Declarant or the particular Builder, as applicable, but that are reasonably necessary to construct Improvements on the Master Common Area, Areas of Master Association Responsibility, or on any Unit. The burden associated with this temporary construction easement will terminate automatically as to any particular Unit on the completion of all initial construction activities on adjoining portions of the Project. Similarly, the benefit associated with this temporary construction easement will terminate automatically on the completion of all initial construction activities on the Unit. This temporary construction easement will not be deemed to affect any portion of a Unit upon which a physical structure or other permanent Improvements are already located as of the date of this Master Declaration. In utilizing this temporary construction easement, Master Declarant and the Builder, as applicable, will, to the fullest extent permitted by Law, not be liable or responsible for any damage to any landscaping or Improvements located within the temporary construction easement; however, Master Declarant and the Builder, as applicable, will use (and cause its agents, employees, and independent contractors to use) reasonable care to avoid material and unreasonable damage to any landscaping or Improvements.

Section 10.03. Easement for Encroachments. Each Parcel or Unit or common area within the Parcel or Unit (including any Master Common Area and Community Common Area) will be subject to a reciprocal and appurtenant easement benefiting the area in question and burdening any affected area for minor encroachments created by construction, settling, and overhangs as originally designed or constructed by Master Declarant, any Builder, or any Owner. This easement will remain in existence for so long as any encroachment of the type described in the preceding sentence exists and will survive the termination of this Master Declaration or other Project Documents. This easement is non-exclusive of other validly created easements.

Section 10.04. Easements for Ingress and Egress. A perpetual and non-exclusive easement for pedestrian ingress and egress is created and reserved by Master Declarant for the benefit of Master Declarant and all Owners over, through, and across all roadways, sidewalks, paths, recreation trails, walks, and lanes that may be constructed within the Project, except to the extent designated as Community Common Area (solely for use of Owners within a particular Community). Additionally, a perpetual and non-exclusive easement for vehicular and pedestrian ingress and egress is created and reserved by Master Declarant for the benefit of all Owners over and across any Master Common Area and all sidewalks or public or private easements that separate the Unit from any adjacent public or private street. The right of access described above is and will remain at all times an unrestricted right of ingress and egress.

The costs for maintenance of the roadway area shall be assessed per Unit on an average ratio basis calculated based on trips/day. Said maintenance costs shall cover snow removal, roadway repair and/or replacement and shall include the common area shared with Royal Farms. The formula for cost sharing is (1) 11% assessed to Seashore Villas Homeowners Association, Inc., (2) 76% to Royal Farms, and/or its assigns, and (3) 13% to Tidewater Federal Credit Union, and/or its assigns.

Section 10.05. Water Easement. Master Declarant grants to Artesian Water, and its successors and assigns, a non-exclusive and blanket easement on, under, and across the Project for the purpose of installing, repairing, reading, and replacing water meter boxes. This

permanent easement will not be deemed to affect any portion of the Project upon which a permanent structure is located. This easement will be perpetual unless and until abandoned by Tidewater Utilities, Inc., its successors, and assigns.

Section 10.06. Sewer Easement. Master Declarant grants to Sussex County, Delaware, and its successors and assigns, a non-exclusive and blanket easement on, under, and across the Project for the purpose of installing, repairing, maintaining, and replacing sewer lines. This permanent easement will not be deemed to affect any portion of the Project upon which a permanent structure is located. This easement will be perpetual unless and until abandoned by Sussex County, Delaware.

Section 10.07. Additional Easements. To the extent not established as part of this Master Declaration, Master Declarant may establish through grant or reservation various easements over those portions of the Project that have not been sold to a Builder or other Owner as may be necessary, in the sole discretion of Master Declarant, in connection with the orderly development of any property in accordance with the Seashore Villas Community Record Plan. Furthermore, Master Declarant may also establish through grant, reservation or pursuant to any other agreement, including a cross-access agreement, various easements over the Master Common Area, all areas that may be depicted and described on any Approved Plan as sidewalks, paths, recreation trails, walkways, lanes, streets, or utility easements and those portions of the Project that have not been sold to an Owner (except with the consent of such affected Owner) as may be necessary, in the sole discretion of Master Declarant, in connection with the orderly development of any portion of the Additional Property, any Withdrawal Property, any other portion of the Project or other real property owned by Master Declarant or its affiliates, whether or not such Additional Property, any Withdrawal Property, any other portion of the Project or other real property is added to the Project. Additionally, after the conveyance of all or part of a Unit to a Builder or other Owner, Master Declarant or the Master Association may require, as part of any approvals required under the Master Association Documents or any conveyance or development documents, that the Builder or Owner of the respective Parcel or Unit create, grant, or reserve various easements (either in a plan or separate recorded instrument) that may be necessary for the orderly and efficient development of any property within the Seashore Villas Community Record Plan (including utility, access, drainage, open space, encroachment, trail, or other easements) or any portion of the Additional Property, any Withdrawal Property, any other portion of the Project or other real property owned by Master Declarant or its affiliates, whether or not such Additional Property or other real property is added to the Project. Any of the easements described above in this Section 10.07 may be of a blanket or specific nature and may be permanent, temporary, or for a fixed period of time. The location of these easements will be subject to the written approval of the Owner of the burdened property, whose approval will not unreasonably be withheld, delayed, or conditioned. These easements may be established under an Approved Plan or separate recorded instrument. All work associated with the exercise of any rights granted under these easements will be performed in a manner so as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement right will restore the property, to the extent reasonably possible, to substantially its condition prior to the commencement of the work. The exercise of these easements will not extend to permitting entry into any structures in or near the easement area, nor, except in an emergency, will the

exercise unreasonably interfere with the use of any Unit, and, except in an emergency, entry will be made only after reasonable notice to the Owner or Occupant.

Section 10.08. Easements for Maintenance, Emergency, and Enforcement. Master Declarant grants to the Master Association a non-exclusive easement over those portions of the Project that are necessary to enable the Master Association to fulfill its maintenance responsibilities. The Master Association also will have the right, but not the obligation, to enter upon any Unit to exercise any self-help remedies reserved by the Master Association or for emergency, security, and safety reasons. This right may be exercised by any member of the Board and its duly authorized agents and assignees, and by all emergency personnel in the performance of their duties. Except in an emergency situation, entry will only be during reasonable hours and after reasonable notice to the Owner or Occupant.

Section 10.09. No Easement for View. Each Owner acknowledges that neither Master Declarant nor any Builder, nor any Person acting on behalf of Master Declarant or any Builder, has made or is authorized to make any representation or commitment that any views or any vistas shall be preserved, protected, or remain unobstructed, and there are no express or implied easements for view purposes appurtenant to any portion of the Project.

Section 10.10. Assignment of Responsibilities. Within or adjacent to the Project, there may be various types of property such as wetlands, drainage areas, conservation areas, open spaces, and buffers upon which restrictions, monitoring requirements, or other obligations may be imposed by the County or other Governmental Authorities. Master Declarant may deed, convey, transfer, or assign, from time to time and at any time, any or all of the foregoing areas or responsibilities to the Master Association. After conveyance, the Master Association will accept, own, maintain, and preserve these areas in accordance with the applicable requirements of the County or other Governmental Authorities. All of the foregoing areas that are conveyed to the Master Association will become part of the Master Common Area, and the ownership, operation, and maintenance of these areas will be a common expense of all Owners. Alternatively, Master Declarant may deed, convey, transfer, or assign any or all of the foregoing areas or responsibilities to an improvement district, the Community Association, a foundation, or similar type entity which will own, operate, and maintain these areas for the benefit of some or all of the Owners within the Project.

Section 10.11. Surface Water Management System. Master Declarant establishes a Stormwater management area, which shall be a non-exclusive and blanket easement on, under, and across the Project for the purpose of installing, repairing, maintaining, and replacing stormwater drainage. This permanent easement will not be deemed to affect any portion of the Project upon which a permanent structure is located. This easement will be perpetual unless and until abandoned. There shall also be a perpetual blanket easement and right on, over and under the Property and Project to establish, maintain, change and correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Any provision hereof to the contrary notwithstanding, the Declarant shall have no obligation whatsoever to perform any work or to take any action regarding drainage of surface water within the Property or Project. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action as may be reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near

as practicable. The Declarant shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Declarant an Emergency exists which precludes such notice. There is further reserved unto the Declarant the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property or Project in furtherance of the blanket easement created by this subsection. In addition,

(a) No Owner may erect any structure, construct any improvements, or otherwise change, alter, impede, revise, or interfere with in any material way the flow and the volume of water in any tax ditches, canals, channels, ponds, lakes, retention areas, bodies of water, waterways, drainage ways, or other areas designed and constructed for the disposal or accumulation of runoff waters, as reflected in any permits, the Seashore Villas Community Record Plan, or any plan or other instrument of record, without the specific written permission of the Master Association and, during the Period of Master Declarant Control, Master Declarant.

(b) No Owner may deny or prevent access by Master Declarant or the Master Association to establish or repair these drainage areas for purposes that any appropriate Governmental Authority or quasi-governmental agency may reasonably require.

(c) No Unit will be increased in size by filling in any water retention or drainage areas on which it abuts. Owners will not fill, dike, rip-rap, block, divert, or change the established drainage ways within the Project without the prior written consent of the Master Association and, so long as Master Declarant owns any portion of the Project, Master Declarant.

(d) The use of pesticides and herbicides in any lake or wetland is prohibited, except only any use of pesticides or herbicides by the Master Association and, during the Period of Master Declarant Control, Master Declarant.

(e) No wells may be drilled, dug, or installed within the Project except by Master Declarant or, so long as Master Declarant owns any portion of the Project, with Master Declarant's written consent.

The costs for maintenance of the Stormwater Management Area shall be assessed per Unit on an average ratio basis. The formula for cost sharing is (1) 81.2% assessed to Seashore Villas Homeowners Association, Inc., (2) 12.5% to Royal Farms, and/or its assigns, and (3) 6.3% to Tidewater Federal Credit Union, and/or its assigns.

Section 10.12 Withdrawal Property. Any and all of the easement rights granted or reserved hereunder as set forth in this Article X shall run to and benefit the Withdrawal Property, except as may otherwise be expressly modified, limited, qualified, conditioned or eliminated by Master Declarant.

ARTICLE XI

GENERAL PROVISIONS

Section 11.01. Enforcement.

(a) **Rights to Enforce.** The Master Association, in the first instance, or the Community Association, in the second instance, or any Owner, if both the Master Association and Community Association fail to act within a reasonable time, will have the right to enforce by any available legal means all covenants and restrictions now or in the future imposed by the provisions of the Master Association Documents. The right to enforce all covenants and restrictions includes the right to bring an action at law, in equity, or both.

(b) **Failure to Enforce.** Failure of the Master Association, Condominium Community Association, or any Owner to enforce any covenant and restriction in this Master Declaration or any of the matters detailed in the other Master Association Documents will not be deemed a waiver of the right of the Master Association, the Condominium Community Association, or any Owner to enforce the covenants and restrictions in the future for the same or similar violation. Failure of the Master Association, the Condominium Community Association, or any Owner to enforce any covenant or restriction in this Master Declaration or any of the matters detailed in the other Master Association Documents will not subject the Master Association, the Condominium Community Association, or any Owner to liability for its actions or inactions.

(c) **Binding Covenants.** Deeds of conveyance of all or any part of the Project may incorporate the covenants and restrictions by reference to this Master Declaration; however, each and every covenant and restriction will be valid and binding upon the respective grantees whether or not any specific or general reference is made to this Master Declaration in the deed or conveying instrument.

(d) **Remedies for Violation.** Without limiting the preceding portions of this Section, violators of any one or more of the covenants and restrictions in the Master Association Documents may be restrained by any court of competent jurisdiction, and damages may be awarded against the violators. The remedies established in this Master Declaration may be exercised jointly, severally, cumulatively, successively, and in any order. A suit to recover a money judgment for unpaid Master Assessments, obtain specific performance, or obtain injunctive relief may be maintained without extinguishing, waiving, releasing, or satisfying the Master Association's liens under this Master Declaration.

Section 11.02. Approval of Litigation.

(a) **Limits on Initiation of Litigation.** The Master Association will not incur any expenses (including, without limitation, attorney fees and costs) to initiate legal proceedings or to join as a plaintiff in legal proceedings without the prior approval of the Members, except for any legal proceedings initiated or joined by the Master Association pursuant to Section 11.02(b) hereof:

(i) to subject to DUCIOA, enforce this Master Declaration or the other Project Documents against any Owner other than Master Declarant or the Community Association through injunctive relief or otherwise;

(ii) to enforce any rules or regulations of the Master Association through injunctive relief or otherwise;

(iii) to collect any unpaid Master Assessments, enforce or foreclose any lien in favor of the Master Association, or determine the priority of any lien for Master Assessments; or

(iv) to claim a breach of fiduciary duty by any one or more of the members of the Board or officers of the Master Association.

(b) **Member Approval of Master Association Litigation.** The Members' approval to initiate legal proceedings or join as a plaintiff in legal proceedings must be given by voting in accordance with the provisions of the Bylaws by more than 75% of the total number of eligible votes of the Members.

(c) **Prior Approval Disclosures.** Prior to any vote of the Members to initiate legal proceedings or join as a plaintiff in legal proceedings, as described above, the Master Association will provide full disclosure to the Members of: (i) the nature of the claim; (ii) the name and professional background of the attorney proposed to be retained by the Master Association to pursue the matter; (iii) a description of the relationship (if any) between the attorney and the Board (or any member of the Board) or the property management company; (iv) a description of the fee arrangement with the attorney; (v) an estimate of the fees and costs (including those for attorneys and experts) necessary to pursue the claim; and (vi) the estimated time necessary to complete the proceedings.

(d) **Litigation Fund.** The costs of any legal proceedings initiated or joined by the Master Association that are not included in Sections 11.02(a)(i) through (iv) above must be financed by the Master Association with monies that are specifically collected for that purpose by properly initiated Master Special Assessments, and the Master Association will not borrow money, use reserve funds, use general funds, or use monies collected for other Master Association obligations to initiate or join any legal proceeding.

(e) **Exceptions for Certain Board Actions.** These limitations on the commencement of litigation do not preclude the Board from incurring expenses for legal advice in the normal course of operating the Master Association, including, among other things: (i) to enforce the Project Documents, including the imposition of fines; (ii) to comply with the Project Documents or any Laws related to the operation of the Master Association, Master Common Area, or the Areas of Master Association Responsibility; (iii) to amend the Project Documents as provided in this Master Declaration; (iv) to grant easements or convey Master Common Area as provided in this Master Declaration; or (v) otherwise to perform the obligations of the Master Association as provided in this Master Declaration.

(f) **Legal Proceedings.** As used above, the term "legal proceedings" includes administration, arbitration, and judicial actions.

(g) **Legal Proceedings Against Declarant.** Notwithstanding any other provision of this Agreement to the contrary, any litigation against Master Declarant shall comply with the requirements of DUCIOA, including, without limitation, Section 81-321.

Section 11.03. Condemnation of Master Common Area. Subject to the provisions of applicable Laws, if a portion of the Master Common Area is taken by eminent domain, the award will be paid to the Master Association, and the Master Association will cause the award to be utilized for the purpose of repairing and restoring the Master Common Area, including, if the Board deems it necessary or desirable, the replacement of any Improvements. Any portion of the award not used for any restoration or repair of the Master Common Area will be added to the reserve funds of the Master Association.

Section 11.04. Severability. Invalidation of any one or any portion of these covenants and restrictions by judgment or court order will not affect the validity of any other provisions of the Master Association Documents, and these other provisions of the Master Association Documents will remain in full force and effect.

Section 11.05. Term. The covenants and restrictions of this Master Declaration will run with and bind the land in perpetuity unless terminated by an affirmative vote in accordance with the provisions of the Bylaws of 90% of the total number of eligible votes of the Members in the Master Association and, so long as Master Declarant owns any portion of the Project, the consent of the Master Declarant.

Section 11.06. Amendment.

(a) This Master Declaration and the Seashore Villas Community Record Plan may be amended, modified, altered, supplemented, revised or restated or from time to time as provided in this Master Declaration. Amendments will be made only by a recorded instrument executed on behalf of the Master Association by an officer of the Master Association designated for that purpose or, in the absence of designation, by the president of the Master Association. Any amendment will be deemed adopted if approved at a duly called regular or special meeting by the affirmative vote in accordance with the provisions of the Bylaws of 67% or more of the total number of eligible votes of the Members in the Master Association. So long as Master Declarant owns any portion of the Project, no amendment to this Master Declaration shall be effective without the consent of Master Declarant. No amendment altering this Master Declaration in any manner that would render it contrary to or inconsistent with any mandatory requirements of DUCIOA shall be valid.

(b) Notwithstanding any other provision of this Declaration to the contrary, the Master Declarant (during the Period of Master Declarant Control) or the Master Association (after the Period of Master Declarant Control) may amend this Declaration in its sole and absolute discretion and without the approval of any other Person, including any Owner or Builder, at any time and from time to time if such amendment is:

(i) necessary to bring any provisions hereof into compliance with any applicable Laws or judicial determination;

(ii) necessary to enable any reputable title insurance company to issue title insurance coverage on a Unit;

(iii) required by an institutional lender or a government mortgage agency or purchaser of mortgage loans, to enable the same to make, insure or purchase mortgage loans on a Unit;

(iv) necessary to enable any governmental agency, including, for example FHA, VA, the Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, or reputable private insurance company to make, purchase, insure or guarantee mortgage loans on a Unit subject to this Master Declaration;

(v) correct any stenographic, scrivener's error or any error of a like nature; provided, however, any such amendment shall not adversely affect the title to a Unit unless the Owner thereof shall consent thereto in writing;

(vi) necessary to satisfy the requirements of any governmental or quasi-governmental agency, (g) for any other purpose reasonably related to the completion of the Project in accordance with the Record Plan; or

(vii) pursuant to the rights granted under Section 8.10(m) of this Master Declaration.

(c) In the event that Master Declarant (during the Period of Master Declarant Control) or the Master Association (after the Period of Master Declarant Control), in its sole discretion, determines that it no longer intends to comply with provisions and amendments to the Declaration, Condominium Plan and Bylaws that were included for the purposes identified above in this subsections (b)(iii) and (b)(iv), amendments may be made by Master Declarant (during the Period of Master Declarant Control) or the Master Association (after the Period of Master Declarant Control) without the consent, signature or other action of any other Person to remove or unwind the provisions that were included pursuant to subsections (b)(iii) and (b)(iv)(provided that any amendment desired to be made by the Master Association pursuant to this subsection (c) requires the written consent of Master Declarant so long as Master Declarant is the owner of any portion of the Property).

(d) Any Owner who receives from the Master Declarant or Master Association, as applicable, a written request to approve amendments, and who does not deliver or post to the requesting Person a written response within thirty (30) days after receipt shall be conclusively deemed to have approved such request; provided that if such request is made to a Mortgagee, then such request shall have been delivered to such Mortgagee by certified or registered mail, return receipt requested in accordance with Section 13.04.

Section 11.07. Construction. This Master Declaration will be liberally construed (i) to effectuate its purpose of creating a uniform plan and scheme for the development of a Record Planned community consisting of those uses described in the Seashore Villas Community Record Plan, with maintenance as provided in this Master Declaration and the other Project Documents, and (ii) to render it consistent with any mandatory requirements of DUCIOA to the fullest extent possible. Section and Article headings have been inserted for convenience only

and will not be considered or referred to in resolving questions of interpretation or construction. Any charts, tables, or diagrams included in or attached to this Master Declaration are intended to be illustrative only and shall not be used in the interpretation or construction of this Master Declaration. All terms and words used in this Master Declaration (including any defined terms), regardless of the number (singular or plural) and gender in which they are used, will be deemed and construed to include any other number and any other gender as the context or sense of this Master Declaration may require, with the same effect as if the number and words had been fully and properly written in the required number and gender. Whenever the words and symbol "and/or" are used in this Master Declaration, it is intended, if consistent with the context, that this Master Declaration be interpreted and the sentence, phrase, or other part be constituted in both its conjunctive and disjunctive sense, and as having been written twice, once with the word "and" inserted, and once with the word "or" inserted, in the place of words and symbol "and/or." Any reference to this Master Declaration will automatically be deemed to include all amendments to this Master Declaration.

Section 11.08. Notices. Unless an alternative method for notification or the delivery of notices is otherwise expressly provided in the Master Association Documents, any notice that is permitted or required under the Master Association Documents must be delivered either by personal delivery or recognized next business day delivery service. Notices delivered personally shall be effective on the day so delivered, and notices sent by next business day delivery service shall be effective on the earlier of the second business day after timely deposit with the courier or the day of actual delivery by the courier. For the purpose of notice for the Master Association or the Board, notice must be sent to the principal office of the Master Association and the registered agent for the Master Association as specified in the Certificate of Incorporation. For the purpose of notice to any Owner, notice must be sent to a street or mailing address within the Project for the Owner. For the purpose of notice to any Member, notice must be sent to its principal place of business. The place for delivery of any notice to an Owner, any Member, or the Master Association may be changed from time to time by written notice from that Person specifying the new notice address for such Person.

Section 11.09. Management Agreements. Any property management agreement entered into by the Master Association or Master Declarant may be made with an affiliate of Master Declarant or a third-party manager, but, in all cases following the Period of Master Declarant Control, will be terminable by the Master Association with or without cause and without penalty, upon ninety (90) days' written notice. The term of any management agreement entered into by the Master Association or Master Declarant may be for a term of up to three (3) years and may be renewable only by affirmative agreement of the parties for successive periods of three (3) years or less. Any property manager for the Project or the Master Association will be deemed to have accepted these limitations, and no contrary provision of any management agreement will be enforceable. The property manager will be delegated those powers and duties of the Board of the Master Association that the Board determines as necessary or appropriate from time to time.

Section 11.10. Master Declarant's Right to Use Similar Name. The Master Association irrevocably consents to the use by any other Person (including the Community Association) that may be formed or incorporated by Master Declarant (or an affiliate) of a name that is the same or similar to the name of the Master Association, so long as one or more words

are added to the name to make the name of the Master Association distinguishable from the name of the other Person. Within five days after being requested to do so by Master Declarant, the Master Association will sign all letters, documents, or other writings as may be required by the Secretary of State of the State of Delaware (or any other Governmental Authority) in order for any other Person formed or incorporated by Master Declarant (or an affiliate) to use a name that is the same or similar to the name of the Master Association. Other than the foregoing, no Person shall use the words "Seashore Villas" or any derivative thereof in any printed or electronic material without the prior written consent of Master Declarant, except that any Owner may use the term "Seashore Villas" in printed or electronic sales or leasing promotional materials for the Owner's Unit where such term is used solely to specify that the Owner's own property is located within the Project.

Section 11.11. Survival of Liability. The termination of membership in the Master Association will not relieve or release any former Member from any liability or obligation incurred under or in any way connected with the Master Association during the period of membership or impair any rights or remedies that the Master Association may have against the former Member arising out of or in any way connected with the membership and the covenants and obligations incident to the membership.

Section 11.12. Waiver and Approvals. The waiver of, or failure to enforce, any breach or violation of the Master Association Documents will not be deemed a waiver or abandonment of any provision of the Master Association Documents or a waiver of the right to enforce any subsequent breach or violation of the Master Association Documents. The foregoing will apply regardless of whether any Person affected by the Master Association Documents (or having the right to enforce the Master Association Documents) has or had knowledge of the breach or violation. Whenever the approval or consent of Master Declarant, Master Association, or the Members is required under the Master Association Documents, the approval or consent may be given or withheld in the sole discretion of the approving Person or Persons, unless the Master Association Documents otherwise specify a different standard for approval.

Section 11.13. Attorney Fees. Without limiting the power and authority of the Master Association to incur (and assess against an Owner as a Master Special Assessment) attorney fees as part of the creation or enforcement of any Master Assessment, if an action is instituted to enforce any of the provisions contained in the Master Association Documents, the party prevailing in any action will be entitled to recover from the other party all legal fees and court costs in a reasonable amount. If the Master Association is the prevailing party in the action, the amount of attorney fees and court costs may be included as part of a Master Special Assessment against the Owner involved in the action and that Owner's Unit.

Section 11.14. No Partition. Except as is permitted in this Master Declaration or any amendments hereto, there shall be no judicial partition of the Master Common Area or any part thereof, nor shall any Person acquiring any interest in the Project or any part thereof seek any judicial partition, and each Owner is deemed to have waived any and all rights of partition, unless the applicable portion of the Project has been duly removed from the provisions of this Master Declaration. This Article shall not be construed to prohibit the Master Association from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Master Declaration.

ARTICLE XII

DEVELOPMENT PLAN

Section 12.01. Proposed Development. Master Declarant currently contemplates that the Project, if completed, may encompass more real property than that currently described as the Project. The foregoing, however, is not a representation, warranty, or assurance by Master Declarant that the contemplated development will be completed. Except for statements included in a public offering statement provided to an Owner as may be required by DUCIOA, each Owner acknowledges that it has not relied upon any representation, warranty, or expression, written or oral, made by Master Declarant, any Builder, or any of their respective agents, regarding whether: (i) the contemplated development will be completed or carried out; (ii) any land now or in the future owned by Master Declarant or any Builder will be subject to this Master Declaration, or if subject to this Master Declaration at any time, may not be withdrawn from the Project and the Master Declaration, or developed for a particular use; (iii) any land now or in the future owned by Master Declarant or any Builder was once or is used for a particular use or whether any prior or present use will continue in effect; or (iv) any common amenities (such as parks, playgrounds, community pools, and the like) contemplated for future phases or other portions of the Project actually will be constructed.

Section 12.02. Incorporation into the Project. If not subject to the Master Declaration at that time, Additional Property may be added to the Project in accordance with the provisions of Section 8.09(a) hereof by Master Declarant through execution and recording of a Supplemental Declaration for such Additional Property.

ARTICLE XIII

MORTGAGEE NOTICES, CONSENTS AND APPROVALS

The following provisions are for the benefit of holders, insurers and guarantors of Mortgages on Units.

Section 13.01. Rights of Eligible Mortgagees. Eligible Mortgagees shall be entitled to timely written notice of the following to the extent actually known by the Master Association:

- (a) Any property loss, condemnation or eminent domain proceeding affecting a material portion of the Property;
- (b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Mortgagee, where such delinquency has continued for a period of sixty (60) calendar days, or any other violation of the Governing Documents relating to such Unit or the owner or occupant which is not cured within sixty (60) calendar days;
- (c) Any termination, lapse, or material modification of any insurance policy required to be maintained by the Master Association;

(d) At least sixty (60) calendar days prior notice of any proposal to terminate this Declaration or dissolve the Master Association before such action is taken.

Section 13.02. No Priority. No provision of this Master Declaration gives or shall be construed as giving any Owner or other Person priority over any rights of the Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Property.

Section 13.03. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Master Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

Section 13.04. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Master Association or Master Declarant to respond to or consent to any action shall be deemed to have approved such action if such Mortgagee is not an Eligible Mortgagee or, if an Eligible Mortgagee, the Master Association or Master Declarant, as applicable, does not receive a written response from the Eligible Mortgagee within thirty (30) calendar days of the date of the request for approval, provided such request for approval is delivered to the Eligible Mortgagee by certified or registered mail, return receipt requested.

APPENDIX

"Additional Property" means the property described on Exhibit A-2 attached hereto, as the same may be amended, modified, altered, supplemented, revised or restated or from time to time, and otherwise subject to Master Declarant's development rights as set forth in Section 8.10 hereof.

"Application" means all of the processes for seeking approval for Improvements as described and defined in Section 7.07 of this Master Declaration.

"Approved Plan" means that Plan: (i) in the case where the Plan designates Master Common Area for ownership by the Master Association or Areas of Master Association Responsibility for maintenance by the Master Association, the Master Association has consented to the Plan and has accepted the ownership and/or maintenance obligations assigned to the Master Association; and (ii) in the case where the Plan designates Community Common Area for ownership by the Condominium Community Association, the Condominium Community Association has consented to the Plan and accepted the ownership and/or maintenance obligations assigned to the Condominium Community Association.

"Architectural Review Committee" means Master Declarant or the committee appointed by the Board as described in Section 7.03 hereof, as the case may be, during the time such entity has jurisdiction over Improvements pursuant to Article VII.

"Areas of Master Association Responsibility" means those portions or areas of the Project that, while not part of the Master Common Area owned by the Master Association, are required to be maintained by the Master Association at the common expense of all Owners within the Project or at the common expense of all Owners within the Community or a particular Section.

"Board" means the Board of Directors of the Master Association.

"Bound Parties" means the Master Association, Board, Master Declarant, any property manager or association manager for the Master Association, the Condominium Community Association, all Owners and Occupants of the Project, and any Person not party or subject to this Master Declaration who voluntarily agrees to be subject to this Master Declaration. The Bound Parties include all officers, directors, members, partners, principals, managers, and committee members of the foregoing. Unless they otherwise agree, Mortgagees and Institutional Guarantors are not Bound Parties.

"Builder" means any Person, other than Master Declarant, that: (i) owns one or more Parcel or Unit, or more than any of the foregoing within the Community; (ii) is engaged in the business of developing, constructing, leasing, and selling Parcels, Units or other portions of the Projects (with or without houses) within the Community; and (iii) is designated by Master Declarant as a "Builder" by a written instrument executed only by Master Declarant and the Builder. One or more Builders may be designated for each Parcel or Unit. Subsequent Owners other than the originally designated Builder or Builders for a Parcel or Unit may be designated by Master Declarant upon written request made by the new Owner so long as new and subsequent Owner otherwise satisfies the criteria for being a Builder, as established above.

"Bylaws" means the recorded bylaws of the Master Association (and any recorded amendments thereto) that contain the procedures for conduct of the affairs of the Master Association in accordance with Section 81-306 of DUCIOA, as the same may be amended, modified, altered, supplemented, revised or restated or from time to time.

"Certificate of Incorporation" means the Certificate of Incorporation of the Master Association that has been or will be filed in the office of the Secretary of State of the State of Delaware, as the same may be amended, modified, altered, supplemented, revised or restated from time to time in the manner established in the Certificate of Incorporation.

"Community" means the Seashore Village Project and any one or more other Parcels, Units designated hereunder as being subject to a Declaration and that comprise the Project from time to time, and as the same may be hereafter made a member of the Master Association and subject to part thereof by this Master Declaration.

"Community Amenities" means those portions of a particular Community (including any improvements and facilities located in those areas) that are reserved for private use by all Owners and Occupants within one or more (but less than all) Communities. Community Amenities may be owned by the Community Association or by all of the Owners within the applicable Communities as to an undivided interest as tenants in common. Community Amenities, when not maintained by the Owners or Occupants of the applicable Community or the Community Association formed for that purpose, may become: (i) Areas of Master Association Responsibility if the Master Association, in its sole discretion, agrees to be responsible for the repair and maintenance of such amenities; or (ii) areas that the Community Association is responsible to repair and maintain, if the Community Association, in its sole discretion, agrees to be responsible for the repair and maintenance of the same.

"Community Association" means the Condominium Association, a corporation or other entity (and its successors and assigns) that is or will be formed to govern the affairs of the Condominium Community..

"Community Declaration" means any additional or separate declaration of condominium with covenants, conditions, and restrictions or similar instrument (other than this Master Declaration) that will be recorded by Master Declarant for the Condominium Community, as the same may be amended, modified, altered, supplemented, revised or restated or from time to time as provided therein.

"Community Documents" means the organizational documents for the Condominium Community Association, including any certificates of incorporation, bylaws, or other governing documents applicable to the Community Association, any applicable Plans (whether or not Approved Plans), the Condominium Community Declaration, or any applicable rules, regulations, or design guidelines with respect to such Community, as any or all of the foregoing may be amended, modified, altered, supplemented, revised or restated or from time to time.

"Community Restrictions" means, as applicable, means those covenants and restrictions that may be imposed from time to time on the Community.

"Declarant Units" means the number of proposed, but not yet created, Units that results from subtracting (A) the number of actual Units that have been created and established as part of the Condominium Community from (B) the eighty seven (87) proposed condominium units that have been or will be created as part of the Condominium Community for independent use as residential dwellings, each as more particularly described and designated on the Seashore Villas Community Record Plan as planned condominium units (the **"Total Units"**), regardless of whether or not such units have been created at the time this Master Declaration is recorded.

"Declaration" means an instrument (including a deed) applicable to one or more Units but less than all of the Project that identifies one or more Units within the Project and/or creates additional easements or imposes additional covenants and restrictions and/or obligations on the Units described in the instrument, all as the same may be amended, modified, altered, supplemented, revised or restated or from time to time, as provided therein

"Design Guidelines" means the design guidelines to be provided and adopted by Master Declarant pursuant to Section 7.06 of this Master Declaration.

"Development Rights" means those rights of Master Declarant reserved in this Master Declaration as Development Rights in accordance with the requirements of DUCIOA.

"DUCIOA" has the meaning set forth in the recitals.

"Eligible Mortgagee" means a Mortgagee who has requested by written notice to the Master Association that the Master Association notify it of any proposed action that requires Eligible Mortgagee consent as herein required.

"Exempt Property" means the real property owned by Declarant or a Builder for which a certificate of occupancy has not yet been issued and the land on which Condominium Units are to be declared prior to the declaration of said units. Exempt property also includes other portions of the property not otherwise subject to this Master Declaration.

"Governmental Authorities" means the County and any other applicable county agency, state, or federal agency, council, commission, department, board, or similar authority having jurisdiction over the Project.

"Improvements" means all of the improvements described and defined in Section 7.01 of this Master Declaration.

"Institutional Guarantor" means, if applicable to the Project, a governmental insurer, guarantor, or secondary market mortgage purchaser, such as the Federal Housing Administration (FHA), the Veterans Administration (VA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Master Association (FNMA), that insures, guarantees, or purchases any note or similar debt instrument secured by a Mortgage.

"Laws" means all laws, statutes, codes, rules, ordinances, and regulations of the County or the other Governmental Authorities, as applicable.

"Master Amenities" means, to the extent permitted by applicable laws, the fitness center, the house/cabana, swimming pools, and Jacuzzis, the Parks, and all other pools, tot lots, and athletic courts that are designated on an Approved Plan or in the Master Declaration or a

Supplemental Declaration, for ownership by the Master Association for the common use or benefit of all Owners and Occupants of the Project, the public and/or other Persons.

"Master Annual Assessments" means those Master Assessments levied by the Master Association for the purpose of: (i) promoting the recreation, health, safety, welfare, and desirability of the Master Common Area or any Area of Master Association Responsibility which is intended for the benefit and use of the Community; (ii) operating the Master Common Area or any Area of Master Association Responsibility which is intended for the benefit and use of the Community; and (iii) constructing, restoring, improving, insuring, operating, maintaining, repairing, painting, and replacing improvements in the Master Common Area or the Areas of Master Association Responsibility which are intended for the benefit and use of the Community. Master Annual Assessments may include a reserve fund for taxes, insurance, insurance deductibles, construction, restoration, improvement, maintenance, repairs, painting, and replacements of the Master Common Area and the Areas of Master Association Responsibility which are intended for the benefit and use of the Community.

"Master Assessment" (whether capitalized or not) means all of the various assessments described and defined in Article IV of this Master Declaration that are made by the Master Association.

"Master Association" means the Seashore Villas Master Community Association, Inc., which has been or will be incorporated by Master Declarant and/or others as a Delaware corporation, and the Master Association's successors and assigns.

"Master Association Documents" means this Master Declaration, the Certificate of Incorporation, the Bylaws, the Master Association Rules, and the Seashore Villas Community Record Plan, as the same may be amended, modified, altered, supplemented, revised or restated or from time to time.

"Master Association Rules" means any rules and regulations adopted by the Master Association, as the rules and regulations may be amended, modified, altered, supplemented, revised or restated or from time to time.

"Master Common Area" means all real property and the improvements or amenities located on the applicable real property, including, without limitation, all streets, curbs and walks, the Master Amenities, the SWM Facilities and the Open Space Areas. The Master Common Area includes all rights and privileges running to the benefit of the Master Association and all rights and privileges intended for the common use and enjoyment of all Owners and Occupants of the Project. The Master Common Area does not include any common elements, common areas, limited common elements, or limited common areas created by an Approved Plan but owned by any of the Owners or Community Association.

"Master Community Assessment" means an annual or special assessment imposed by the Master Association against any one of the Communities (or the Owners within only that Community) for special services rendered by the Master Association to that particular Community Association or the Owners or Occupants within the particular Community (such as

maintaining the Community Common Area that has been designated as an Area of Master Association Responsibility).

"Master Declarant" means DRC Properties, LLC, a Delaware limited liability company, and its successors and assigns.

"Master Declaration" means this Master Declaration of the Project and the covenants and restrictions established in this entire document, as the same may be amended, modified, altered, supplemented, revised or restated or from time to time as provided herein.

"Master Special Assessment" (whether capitalized or not) means all of the assessments described and defined in Section 4.04(a) of this Master Declaration.

"Member" means each and every of the Class A Members and the Class B Members of the Master Association.

"Mortgage" (whether capitalized or not) means the consensual conveyance or assignment of any Unit, or the creation of a consensual lien on any Unit to secure the performance of an obligation. The Mortgage includes a deed of trust, mortgage, assignment, or any other agreement for the purpose of creating a lien to secure an obligation, and also includes the instrument evidencing the obligation.

"Mortgagee" (whether capitalized or not) means a Person to which a Mortgage is made and the applicable heirs, successors, and assigns.

"Notice and Claim of Lien" means all of the notice of lien for Master Assessments as described and defined in Section 4.08 of this Master Declaration.

"Seashore Villas Community Record Plan" means the Record Plan for the Project as depicted on the Record Plan.

"Occupant" means any Person other than an Owner that (where the context requires) either: (i) resides on a full-time or part-time basis within the Community, including family members of an Owner, and all of the Owner's guests, tenants, licensees, invitees, occupants, and agents.

"Open Space Areas" means those areas within the Project that have been designated or are used as open spaces permitting active and passive uses for the common use or benefit of all Owners and Occupants of the Project.

"Other Master Assessments" (whether capitalized or not) means all of the assessments described and defined in Section 4.04(b) of this Master Declaration.

"Condominium Community" is the Community subject to this Master Declaration and proposed to consist of up to 87 single family attached condominiums Units. A separate Declaration will be recorded to create and govern the Condominium Community and its Community Association.

"Owner" means the record owner, whether one or more Persons, of a fee simple legal title to any portion of the Project designated for separate ownership or occupancy. Owner includes Master Declarant and a Builder but does not include those Persons having an interest in a Unit merely as security for the performance of an obligation or duty (e.g., a Mortgagee).

"Parcel" means those areas within the Project that are identified by Master Declarant and that from time to time are separately described and defined.

"Parks" means those areas within the Project that have been designated or are used as parks permitting active and passive uses for the common use or benefit of all Owners and Occupants of the Project.

"Person" (whether capitalized or not) means a natural Person, corporation, partnership, limited liability company, trust, or other legal entity.

"Period of Master Declarant Control" means the period of time during which the Master Declarant, or Persons designated by the Master Declarant, may appoint and remove the officers and members of the Board, as more fully set forth in Section 3.03 hereof.

"Permitted Percentage Increase" means the amount that assessments may be increased, as described and defined in Section 4.03(c) of this Master Declaration.

"Plan" means the Seashore Villas Community Record Plan and any other subdivision plan for any of the Parcels recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware, that subdivides Parcel into one or more separate condominium units, or common area tracts for separate ownership or use.

"Project" has the meaning set forth in Recital A hereto .

"Project Documents" means the Master Association Documents, the Community Restrictions, any certificates of incorporation, bylaws, or other governing documents applicable to the Condominium Community Association, any Plans (whether or not Approved Plans), any Condominium Community Declarations, or any applicable rules, regulations, or design guidelines with respect to the Project as a whole, collectively, as any or all of the foregoing may be amended, modified, altered, supplemented, revised or restated or from time to time.

"Project Signage" means all temporary and permanent signs, emblems, logos, directories, or billboards of any kind that are erected within or adjacent to the Project, including major, secondary, and minor entry monuments, directional signage, and various temporary signs to be placed within the Project during construction (such as construction entrance, welcome, and parking signs).

"Project-Wide Standard" means the standard of conduct, maintenance, or other activity generally prevailing at the Project, or the minimum standards established pursuant to the Project Documents, whichever is a higher standard. The Master Association will establish the standard, and the standard may contain both objective and subjective elements. The Project-Wide Standard may evolve as development progresses and as the needs and desires within the Project change.

"Single Family" means any number of individuals legally related through blood, marriage, adoption, or guardianship, including individuals placed for foster care by an authorized agency, or up to four (4) unrelated individuals living and cooking together and functioning as a single housekeeping unit using certain rooms and housekeeping facilities in common.

"Special Master Declarant Rights" means those rights of Master Declarant reserved in this Master Declaration as Special Master Declarant Rights in accordance with the requirements of DUCIOA and Section 8.10 of this Master Declaration.

"SWM Facilities" means those storm-water management ponds and facilities associated thereto located within the Project.

"Supplemental Declaration" means any supplement to this Declaration executed by or consented to by Master Declarant for purposes of subjecting Additional Property to this Declaration or withdrawing any Property, including the Withdrawal Property, from this Declaration, or otherwise imposing additional restrictions or deleting restrictions on a portion of the Property in accordance with this Declaration, or doing anything else permitted by the terms of this Declaration.

"County" means the County of Sussex, in the State of Delaware, and all applicable councils, boards, commissions, departments, authorities, and agencies of the municipality.

"Total Units" has the meaning set forth in the definition of Declarant Units.

"Unit" means a portion of a Parcel within the Community that has been subjected to a condominium, each condominium unit being designated for separate ownership.

EXHIBIT A-1**LEGAL DESCRIPTION****TAX MAP 5-33-12, PARCELS 76.05**

All that certain piece, parcel and tract of land lying and being situate in the Baltimore Hundred of Sussex County, Delaware and being more particularly described as follows:

BEGINNING, at a point, said point lying North 14 degrees, 01 minute, 02 seconds West, 273.36 feet, then North 57 degrees, 58 minutes, 57 seconds East, 33.17 feet from the northerly right-of-way of Delaware Route 54 (a.k.a. Lighthouse Road, said road of varying widths), 40 feet from the centerline thereof, said point being a corner for this Parcel and a point on the line of the lands now or formerly of Swann Cove West, LLC., thence from the Point of Beginning, by and with the common boundary between this Parcel and Parcel "B": 1) South 57 degrees, 58 minutes, 55 seconds West, 646.38 feet to a point, said point being a common boundary corner between this Parcel and Parcel "B", thence by and with the line of Parcel "B", 2) South 32 degrees, 01 minutes, 05 seconds East, 218.71 feet to a point on the northerly right of way of Delaware Route 54, 40 feet from the centerline thereof, thence by and with northerly right of way of Delaware Route 54, South 55 degrees, 35 minutes, 39 seconds West, 50.04 feet to a point, point being a corner for this Parcel and a point on the line of lands now or formerly of The State Of Delaware, thence leaving the right of way of Delaware Route 54 by and with the boundary line of lands now or formerly of The State Of Delaware, North 32 degrees, 01 minutes, 05 seconds West, 220.79 feet, to a point, said point being a common boundary corner for this Parcel and lands now or formerly of The State Of Delaware, thence by and with the line of The State Of Delaware the following two (2) courses and distances, 1) South 57 degrees, 58 minutes, 55 seconds west, 23.80 to a point, 2) thence South 72 degrees, 24 minutes, 50 seconds West, 403.99 feet to a point on the easterly right of way of Sussex County Road 381 (S.C.R. 381), 60 foot wide right-of-way and a common boundary corner for this Parcel and lands now or formerly of Sussex County, thence by the easterly right of way of S.C.R. 381, North 18 degrees, 00 minutes, 51 seconds West, 50.00 feet, to a point, said point being a common boundary corner between this Parcel and the lands now or formerly of Leonard and Maria Rodriquez; thence by and with the line of the lands of Rodriquez the following three (3) courses and distances: 1) North 72 degrees, 24 minutes, 50 seconds East, 210.86 feet to a found iron pipe; 2) thence, North 19 degrees, 03 minutes, 07 seconds West, 203.62 feet to a found iron pipe; 3) thence, South 72 degrees, 05 minutes, 29 seconds West, 79.98 feet to a found iron pipe marking the common corner for this Parcel, the lands of Rodriquez and the lands now or formerly of Benjamin and Minnie Singletary; thence by and with the line of Singletary, North 17 degrees, 51 minutes, 32 seconds West, 181.94 feet to a found concrete monument at the common corner for this Parcel, the lands of Singletary and the lands now or formerly of Delaware Electric Cooperative, Inc.; thence by and with the line of the lands of Delaware Electric Cooperative, Inc., North 35 degrees, 26 minutes, 02seconds East, passing a found concrete monument at 610.97 feet and a found 'T' Bar at 814.34 feet, 828.11 feet to a point, said point being a common corner for this Parcel, the lands of Delaware Electric Cooperative, Inc. and the lands now or formerly of Swann Cove West, LLC; thence by and with the line of the lands of Swann Cove West, LLC, South 40 degrees, 17

minutes, 55 seconds East, 817.07 feet to a point, said point being the Point of Beginning for this description.

Be it noted that this Parcel is encumbered by a 50 foot wide public cross access easement that benefits Parcel "A" and Parcel "B" as shown on the plat referenced below.

This Parcel contains 565,669 square feet, or 12.99 acres of land, more or less, as shown on a plat prepared by Penmoni Associates INC., dated 2/18/2018 and recorded in Plot Book 262 Page 23.

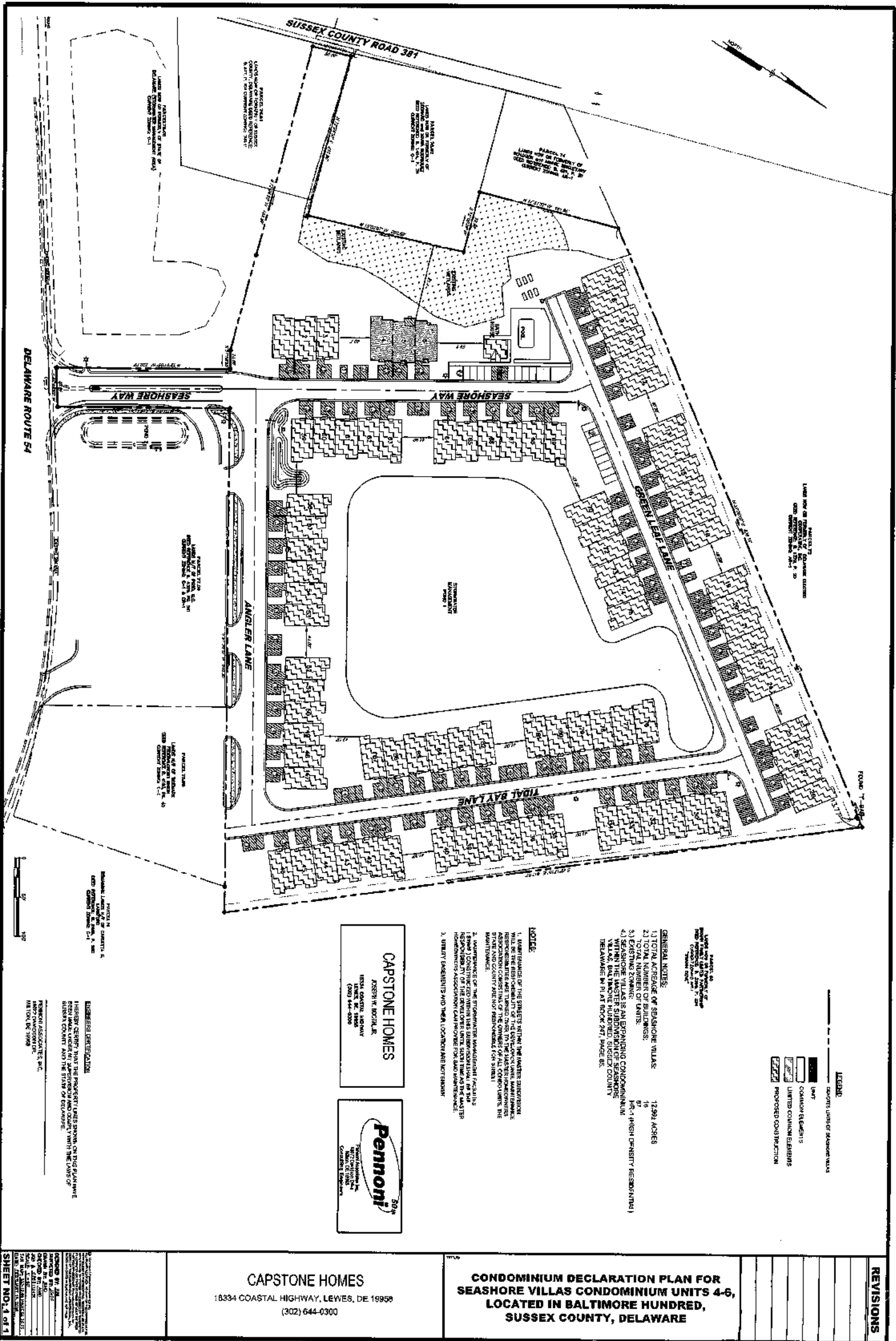
EXHIBIT A-2
ADDITIONAL PROPERTY

None

EXHIBIT B

[RECORD PLAN TO BE ATTACHED]

lin



LEGEND

--- DROVE LINES OF SEASHORE VILLAS

--- LAKE

--- COMMON ELEMENTS

--- LIMITED COMMON ELEMENTS

--- PROPOSED CONSTRUCTION

GENERAL NOTES:

1) TOTAL ACRES OF SEASHORE VILLAS: 12.991 ACRES

2) TOTAL NUMBER OF BUILDINGS: 16

3) EXISTING ZONING OF UNITS: HFC-1 (HIGH DENSITY RESIDENTIAL)

4) SEASHORE VILLAS IS AN EXPANDING CONDOMINIUM WITHIN THE MASTER SUBDIVISION OF SEASHORE VILLAS, A SUBDIVISION OF SUSSEX COUNTY, DELAWARE, MAP AT BOOK 271, PAGE 65.

NOTES:

1. EXISTING LOTS OF THE SUBJECTS WITHIN THE MASTER SUBDIVISION OF SEASHORE VILLAS, A SUBDIVISION OF SUSSEX COUNTY, DELAWARE, MAP AT BOOK 271, PAGE 65, ARE SHOWN IN THE ATTACHED MAP. THE MASTER SUBDIVISION OF SEASHORE VILLAS IS A SUBDIVISION OF SUSSEX COUNTY, DELAWARE, MAP AT BOOK 271, PAGE 65.
2. THE MASTER SUBDIVISION OF SEASHORE VILLAS IS A SUBDIVISION OF SUSSEX COUNTY, DELAWARE, MAP AT BOOK 271, PAGE 65. THE MASTER SUBDIVISION OF SEASHORE VILLAS IS A SUBDIVISION OF SUSSEX COUNTY, DELAWARE, MAP AT BOOK 271, PAGE 65.
3. THE MASTER SUBDIVISION OF SEASHORE VILLAS IS A SUBDIVISION OF SUSSEX COUNTY, DELAWARE, MAP AT BOOK 271, PAGE 65. THE MASTER SUBDIVISION OF SEASHORE VILLAS IS A SUBDIVISION OF SUSSEX COUNTY, DELAWARE, MAP AT BOOK 271, PAGE 65.

CAPSTONE HOMES

JOSEPH W. LUCIA, JR.
VIRGINIA G. LUCIA, JR.
LEWES, DE 19658
(302) 444-0300

Pennoni

30+ YEARS OF EXPERIENCE
IN THE CONSTRUCTION OF
COMMERCIAL BUILDINGS

BUSINESS CERTIFICATION

HIGHWAY CERTIFY THAT THE PROPERTY LINES SHOWN ON THIS PLAN HAVE BEEN LAYED OUT IN ACCORDANCE WITH THE DELAWARE CONVEYANCE ACT AND THE DELAWARE CONVEYANCE ACT AND THE DELAWARE CONVEYANCE ACT.

PENNONI ASSOCIATES, INC.
1000 N. W. 10TH AVE.
MIAMI, FL 33136

CAPSTONE HOMES
18334 COASTAL HIGHWAY, LEWES, DE 19958
(302) 644-0300

CONDOMINIUM DECLARATION PLAN FOR SEASHORE VILLAS CONDOMINIUM UNITS 4-6, LOCATED IN BALTIMORE HUNDRED, SUSSEX COUNTY, DELAWARE

REVISIONS

SHEET NO. 1 OF 1

DESIGNED BY: JLL
DRAWN BY: JLL
CHECKED BY: JLL
DATE: 1/1/00
BY: JLL
DATE: 1/1/00

**Sussex County**

Scott Dailey
Recorder of Deeds
Georgetown, DE 19947

Instrument Number: 2018-18924

Parties:

Recorded As: EREC-DECLARATION

Direct- DRC PROPERTIES LLC

Recorded On: May 25, 2018

Indirect- DRC PROPERTIES LLC

Recorded At: 10:41:02 am

Receipt Number: 867994

Number of Pages: 107

Processed By: Sue D

Book-VI/Pg: Bk-D VI-4893 Pg-69

Total Rec Fee(s): \$985.00

**** Examined and Charged as Follows ****

Erec-D \$ 985.00

Tax Amount	Consid Amt	RS#/CS#
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I hereby certify that the within and foregoing was recorded in the Recorder's Office in Sussex County

*****DO NOT REMOVE - THIS PAGE IS PART OF THE RECORDED DOCUMENT*****

Tax Parcel Nos: 5-33 12.00 76.05

Prepared by and Return to:
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958

DECLARATION OF CONDOMINIUM

SEASHORE VILLAS CONDOMINIUM COMMUNITY

ARTICLE I
DEFINITIONS

Section 1.01. Recitals and Definitions.....	2
---	---

ARTICLE II
ESTABLISHMENT OF CONDOMINIUM

Section 2.01. Establishment of Condominium	2
Section 2.02. Condominium Property	3
Section 2.03. General Description of Condominium.....	3
Section 2.04. Description of Units.....	3
Section 2.05. Description of Common Elements.....	5
Section 2.06. Unit Owners and Occupants Bound	8
Section 2.07. Association Bound by Master Association Documents.....	8
Section 2.08. Estates Acquired; Interest in Common Elements; Voting; Common Expenses.....	8
Section 2.09. Unit Owners' Use and Enjoyment.....	9
Section 2.10. Other Common Area.....	10
Section 2.11. Condominium Documents	10

ARTICLE III
ASSOCIATION

Section 3.01. Association Membership	11
Section 3.02. Declarant Control.....	11
Section 3.03. Transfer of Control	11
Section 3.04. Board of Association	12

ARTICLE IV
ASSESSMENTS

Section 4.01. Lien and Personal Obligation for Assessments	12
Section 4.02. Differing Master Annual Assessment Levels.....	13

Section 4.03. Annual Assessments; Repair and Replacement Reserve	13
Section 4.04. [Reserved]	14
Section 4.05. Master Assessments Against Association	15
Section 4.06. Increases in Annual Assessments	15
Section 4.07. Special Assessments and Other Assessments	15
Section 4.08. Calculation of Assessments	16
Section 4.09. Effect of Nonpayment of Assessments; Remedies of the Association	18
Section 4.10. Subordination of Association Lien	19
Section 4.11. Notice of Lien	19
Section 4.12. Initial Working Capital	20
Section 4.13. Excess Reserves	20
Section 4.14. Use of Assessments	20

ARTICLE V MAINTENANCE

Section 5.01. Association Responsibility	21
Section 5.02. Unit Owners Responsibility	21
Section 5.03. Repairs Necessitated by Unit Owner Responsibility	21
Section 5.04. Access at Reasonable Hours	22
Section 5.05. Maintenance of Property	22
Section 5.06. Unit Owner's Failure to Maintain	22
Section 5.07. General Standards	22
Section 5.08. Maintenance Responsibility Chart	22

ARTICLE VI POWERS OF THE ASSOCIATION

Section 6.01. General Duties and Powers	23
Section 6.02. Environmental Powers	23

Section 6.03. Insurance.....	24
Section 6.04. Damage and Destruction; Reconstruction	29
Section 6.05. Condemnation of Common Elements.....	30
Section 6.06. Other Duties and Powers	31
Section 6.07. Liability of Board Members	31
Section 6.08. Association Rules	31

ARTICLE VII
DESIGN REVIEW AND ARCHITECTURAL CONTROL

Section 7.01. Architectural Control	32
Section 7.02. Design Review by Master Declarant	32
Section 7.03. Improvements by Master Declarant; Amendment.....	33
Section 7.04. Master Declarant Rights	33

ARTICLE VIII
COMMUNITY RESTRICTIONS, DEVELOPMENT RIGHTS
AND SPECIAL MASTER DECLARANT RIGHTS

Section 8.01. Overall Structure.....	33
Section 8.02. Community Restrictions	33
Section 8.03. Right of Enforcement	33
Section 8.04. Conflicts Among Restrictions.....	34
Section 8.05. Application of Master Documents.....	34
Section 8.06. Recordation of Community Declaration.....	34
Section 8.07. Project-Wide Standard.....	34
Section 8.08. Rights to Develop	34
Section 8.09. Declarant Development Rights.....	34
Section 8.10. Special Declarant Rights.....	35
Section 8.11. Power of Attorney.....	36

Section 8.12. Transfer of Special Master Declarant Rights.....	37
--	----

ARTICLE IX MASTER ASSOCIATION

Section 9.01. Community	38
Section 9.02. Delivery of Information.....	39
Section 9.03. Management and Control	39
Section 9.04. Master Assessments Specifically.....	39
Section 9.05. Enforcement Under Section Declaration	39
Section 9.06. Association Meetings.....	39
Section 9.07. Remedies of Master Association	40

ARTICLE X CREATION OF EASEMENTS

Section 10.01. Master Declarant Easements	40
Section 10.02. Unit Owner Easements	40
Section 10.03. Public Utility Easements.....	41
Section 10.04. Declarant Easements.....	41
Section 10.05. Easements for Ingress and Egress.....	42
Section 10.06. Water Easement	42
Section 10.07. Sewer Easement.....	42
Section 10.08. Additional Easements	43
Section 10.9 Easements for Maintenance, Emergency, and Enforcement	43
Section 10.10. No Easement for View.....	44
Section 10.11. Assignment of Responsibilities	44
Section 10.12. Surface Water Management System.....	44
Section 10.13. Withdrawal Property.....	45
Section 10.14. Survival of Easements	45

ARTICLE XI
USE RESTRICTIONS

Section 11.01. Use Restrictions	45
Section 11.02. Leases	47

ARTICLE XII
EXPANSION

Section 12.01. Expansion	47
--------------------------------	----

ARTICLE XIII
MORTGAGEE NOTICES, CONSENTS AND APPROVALS

Section 13.01. Rights of Eligible Mortgagees	49
Section 13.02. No Priority	49
Section 13.03. Notice to Association.....	50
Section 13.04. Failure of Mortgagee to Respond	50

ARTICLE XIV
GENERAL PROVISIONS

Section 14.01. Enforcement.....	50
Section 14.02. Approval of Litigation	51
Section 14.03. Applicability of Condominium Documents.....	52
Section 14.04. Severability	52
Section 14.05. Term and Termination	52
Section 14.06. Amendment.....	53
Section 14.07. Construction.....	56
Section 14.08 Notices	57
Section 14.09. Mechanics Liens	57
Section 14.10. Management Agreements	57
Section 14.11. Master Declarant's Right to Use Similar Name	57

Section 14.12. Survival of Liability.....	58
Section 14.13. Waiver and Approvals	58
Section 14.14. Legal Fees.....	58
Section 14.15. No Partition.....	58
Section 14.16. Consent of Master Declarant	58

APPENDIX A - DEFINITIONS

EXHIBIT A-1 - PROPERTY

EXHIBIT A-2 - ADDITIONAL PROPERTY

EXHIBIT B - BYLAWS

EXHIBIT C -1 - PERCENTAGE INTERESTS OF UNITS

EXHIBIT C-2 - PROPOSED PERCENTAGE INTERESTS OF ALL UNITS

EXHIBIT D - ASSOCIATION RULES

EXHIBIT E - MAINTENANCE RESPONSIBILITY CHART

**DECLARATION OF CONDOMINIUM
OF
SEASHORE VILLAS
CONDOMINIUM COMMUNITY**

This Declaration of Condominium (this "**Declaration**", as the same may be amended, modified, altered, supplemented, revised or restated from time to time as provided herein), as of the date set forth at the end of this Declaration, by DRC Properties, LLC, a Delaware limited liability company (the "**Declarant**").

RECITALS

A. Declarant is the owner of fee simple title to the real property located in the Sussex County, Delaware that is more fully described on **Exhibit A-1** attached to this Declaration, as the same may be amended, modified, altered, supplemented, revised or restated from time to time (the "**Land**"). The Land is a portion of the planned community known as SEASHORE VILLAS (the "**Project**"), located in Sussex County, Delaware, and as shown on the Record Plan of SEASHORE VILLAS, Residential Planned Community, prepared by Pennoni Associates, Inc. dated February 18, 2018, as amended, and recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware (the "**Recorder's Office**") in Plot Book 262 at Page 23, as the same may be amended, modified, altered, supplemented, revised or restated from time to time (the "**Record Plan**"). The Project is subject to the Master Declaration, which contemplates that the Community (as defined therein) shall be subject to a condominium form of ownership and accordingly subject to a Condominium Declaration (as defined therein). The Condominium Community Association, and not the individual Owners (as defined in the Master Declaration), is automatically a member of the Master Association (as defined hereinafter) established by the Master Declaration and subject to its assessments. The condominium community established by this Declaration is a Community (as defined in the Master Declaration) and each Unit Owner (as defined hereinafter) is automatically a member of the Association (as defined hereinafter) established by this Declaration. Nothing herein is intended to derogate from the controlling authority of the Master Association and Master Declaration.

B. Declarant has constructed or will cause to be constructed up to a total of eighty-seven (87) residential condominium units (the "**Total Units**"), together with certain interior private roadways, parking areas, walkways, open spaces, and other improvements on the Land, to the extent not the responsibility of Master Declarant (as defined in the Master Declaration) or the Master Association, as more particularly shown on that certain Condominium Declaration Plan for SEASHORE VILLAS Condominium prepared by Pennoni Associates, Inc. dated 2/18, 2018 and recorded in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware in Plot Book 262 at Page 23 (the "**Declaration Plan**", as the same may be amended, modified, altered, supplemented, revised or restated from time to time as provided herein). The Declarant intends to construct the Condominium in Phases as described herein.

C. It is the intention of Declarant to establish the form of ownership of the Property (as defined hereinafter) as a condominium pursuant to the provisions of Chapter 81, Title 25 of the Delaware Code, such Chapter also being known as the Delaware Uniform Common Interest

Ownership Act ("**DUCIOA**" as the same may be amended from time to time), governed by this Declaration, together with the Bylaws attached hereto as **Exhibit B** and made a part hereof.

D. The Declarant has established or intends to establish The SEASHORE VILLAS Condominium Association Inc., a Delaware corporation (the "**Association**"), as provided herein, for the administration, ownership, operation and management of The SEASHORE VILLAS Condominium (the "**Condominium**") and other improvements intended for the common use and enjoyment of the residents of the Condominium.

DECLARATION

Accordingly, Declarant declares that the Property is to be held, sold, mortgaged, encumbered, leased, rented, used, occupied, improved, and conveyed subject to the following benefits, burdens, rights, reservations, easements, limitations, restrictions, servitudes, covenants, conditions, charges, duties, obligations, and liens, as well as those applicable covenants and restrictions in the other Condominium Documents (as defined hereinafter) and other Project Documents (as defined in the Master Declaration) (collectively referred to as "**covenants and restrictions**"). The covenants and restrictions will benefit, burden, and run with the title to the Property and will be binding upon all parties having any right, title, or interest in or to any part of the Property and their heirs, successors, and assigns. The covenants and restrictions will inure to the benefit of each Unit Owner.

ARTICLE I

RECITALS AND DEFINITIONS

Section 1.01. Recitals and Definitions. The Recitals are incorporated herein by reference. For the purposes hereof, capitalized terms used herein but not otherwise defined in the body of this Declaration or stated herein to be as defined in the Master Declaration are defined in the Appendix attached hereto and made a part hereof.

ARTICLE II

ESTABLISHMENT OF CONDOMINIUM

Section 2.01. Establishment of Condominium. Declarant intends to develop the Land as a condominium as outlined in the Record Plan, which condominium will constitute a Community under and subject to the Master Declaration. In that regard, Declarant does hereby declare and establish the "The SEASHORE VILLAS Condominium," in accordance with DUCIOA, and in so doing, Declarant does submit the Land described in Exhibit A-1 aforesaid and as more particularly shown on the Declaration Plan to DUCIOA. As additional Phases of the Condominium are completed, the Parcels containing such additional Phases will be submitted to DUCIOA and the Condominium Documents (as defined below), and Exhibit A and the Declaration Plan will be amended in accordance with Article XII hereof to reflect the addition of such Phases. The right of Declarant to complete the Parcels and to amend the Declaration and the Declaration Plan to add the Phases to the Condominium is a reserved Development Right. Nothing in this Declaration will be construed to prevent Declarant from:

(i) modifying, with approval of the County if required by applicable Laws, any part of the Declaration Plan for purposes of exercising the expansion rights pursuant to Article XII or otherwise provided the modification does not materially modify a Unit that has not been transferred to any Unit Owner (other than Declarant or a Builder) other than with the consent of such Unit Owner; (ii) when required by the County, dedicating portions of the Property for utilities or other public or municipal use; or (iii) conveying portions of the Property for uses different than those initially or subsequently contemplated, so long as the change in use is approved by the County, to the extent required by the Laws of the County, and generally consistent with the Declaration Plan and the Master Plan.

Section 2.02. Condominium Property. The lands and premises owned by Declarant which are hereby made subject to this Declaration consist of the Property, provided that the Property may be expanded to include the Parcels or the Additional Property, as provided herein.

Section 2.03. General Description of Condominium. Without limiting the generality of the definition of Condominium herein, the Condominium will consist of (A) up to eighty-seven (87) townhome style Units (the "**Townhouse Units**"), as shown on the Record Plan containing all of the Total Units, together with their respective percentage interests in all Common Elements. The Townhouse Units are intended to be established and built on the Parcel of land (as defined in Exhibit A of the Master Declaration), which include the Parcels as more particularly described on the Record Plan recorded in Plot Book 262, Page 23

Section 2.04. Description of Units. The dimensions, area and location of the Buildings and all of the Units within the Condominium are as shown graphically on the Declaration Plan. The identification number of each Unit is shown on the Declaration Plan.

(a) **Townhouse Unit.** Each Townhouse Unit is intended to contain all space within the area bounded by the interior unfinished surface of the exterior walls (including the dry wall located on the interior of each such Townhouse Unit), the ceiling (up to, but not including, the innermost roof structure surface) and the floor of each such Townhouse Unit, plus any Outdoor Living Area containing a patio, deck, porch or balcony, further defined as follows:

(i) bottom: the bottom of each Townhouse Unit is an imaginary horizontal plane through the uppermost point of the interior unfinished surface of the basement or crawlspace floor, slab floor and garage floor, and extending in every direction to the point where it closes with the side of such Townhouse Unit;

(ii) top: the top of each type of Townhouse Unit is an imaginary plane along and coinciding with the unfinished and exposed interior surfaces of the roof structure, which forms the roof of the Townhouse Unit, to where it closes at every side of such Unit;

(iii) sides: the sides (including front and rear) of each Townhouse Unit are imaginary vertical planes along and coinciding with the interior unfinished surface of the exterior perimeter walls or, in the case of interior perimeter walls (walls contiguous to adjoining Townhouse Unit), the exterior surface of the wall material facing the firewall located between adjoining Townhouse Units. Where

no wall exists, an imaginary vertical plane will be extended along and coinciding with the interior surface of the windows or doors located on the perimeter of such Townhouse Unit (but expressly excluding windows and exterior doors). Each side extends upwards and downwards so as to close the area in each said Townhouse Unit bounded by the bottom and top of the Townhouse Unit. Notwithstanding the foregoing, Townhouse Units do not include any load-bearing and related structural elements that are deemed to be Limited Common Elements under Section 2.05 below.

(iv) rear: all space within the area bounded by the vertical planes that form the outermost boundaries of any Outdoor Living Area that is located along the rear exterior perimeter wall.

The imaginary planes referred to above and in other provisions of this Declaration may change directions to reflect the actual configuration of Buildings and other physical features of the Condominium.

Each Townhouse Unit also includes all built-in appliances, fixtures, interior doors (but not exterior doors, screen doors or storm doors), any elevators (including the elevator shaft and all systems appurtenant to the elevator), interior non-bearing walls and partitions, wall facing material, if any, on the walls and ceilings thereof, the inner-decorated and/or finished surfaces of the floors (including all flooring, tile, ceramic tile, finished flooring and the like) and all other improvements located within such Townhouse Unit described or which are exclusively appurtenant to such Townhouse Unit, although all or part thereof may not be located within the Townhouse Unit, and includes, but is not limited to, the following individual appurtenances: (1) complete heating system and air conditioning system (including compressors); (2) hot water heater; (3) the plumbing system serving a Townhouse Unit; (4) all electrical wires and utility pipes serving a Townhouse Unit; (5) all utility meters not owned by the public utility agency supplying such service; (6) any mailbox affixed to a Townhouse Unit; (7) interior partitions or non-bearing walls within the confines of each Townhouse Unit; and (8) all exterior light fixtures attached to the Building or a Townhouse Unit. In the event a Unit Owner removes or replaces any or all of the foregoing, no amendment of the Declaration will be necessary or required. With respect to any front or back porch or balcony appurtenant to a Townhouse Unit, the space bounded by the following is deemed to be part of such Townhouse Unit: an imaginary plane along the unfinished surface of the slab or other structure forming the base of the porch or balcony; an imaginary plane along the unfinished surface of the roof structure forming the ceiling of the porch or balcony; and imaginary vertical planes extending from the edges of the slab or other structure forming the base of the porch or balcony up to the aforesaid imaginary plane defining the top of the space. A Unit Owner may not alter the size of or enclose any front porch. Alterations or enclosure of any back porches or balconies is subject to approval pursuant to Article VII. Townhouse Units also include the spaces within the garage appurtenant to or otherwise designated for the use of each Townhouse Unit, if any, with the bottom, top and sides of such space as defined above with respect to Townhouse Units. No Townhouse Unit may be subdivided without the prior written approval of the Board. All Townhouse Unit interior partition walls, other Townhouse Unit interior features, construction materials and methods, material specifications, fixtures, appliances, cabinetry, fireplaces, exterior visual appearance of Buildings and other such items shown on the Declaration Plan and not expressly identified herein

as part of a Townhouse Unit are for general illustrative purposes only and are subject to change based on as-built conditions.

Section 2.05. Description of Common Elements. All appurtenances and facilities and other items that are not part of the Units hereinbefore described in Section 2.03 comprise the Common Elements (including the Limited Common Elements) as graphically shown on the Declaration Plan.

(a) The Common Elements also include by way of description, but not by way of limitation:

- (i) all of the Land, whether improved or unimproved;
- (ii) all private streets, curbs and walks subject to the easements and provisions set forth in this Declaration;
- (iii) the parking spaces as shown on the Declaration Plan;
- (iv) lawn areas (subject to those areas designated as Limited Common Elements on the Declaration Plan), shrubbery, conduits and utility lines, subject to the easements and provisions set forth in Article X hereof;
- (v) mail boxes (regardless of where located except if mounted directly on a Building or Unit and subject to the same being a Limited Common Element for a Unit in that Building) and public connections and meters for gas, electricity, cable television, telephone and water not owned by the public utility or other agencies providing such services;
- (vi) the firewall located between adjacent Units;
- (vii) the roof structure and roof surface of each Building, including chimneys, subject to the same being a Limited Common Element for a Unit in that Building;
- (viii) the foundations, slabs, load-bearing walls (including, without limitation, party walls), and exterior surfaces of each Building, subject to all of the same being a Limited Common Element for a Unit in that Building;
- (ix) the storm water management facilities (if any) and all other private utilities outside the Units to the extent not Master Common Areas (as defined in the Master Declaration);
- (x) exterior lighting not attached to a Building or Unit (including all light poles and related facilities regardless of where located, but subject to any light fixture located within the Limited Common Element appurtenant to any Unit that is intended to service only such Unit being a Limited Common Element for that Unit) and other facilities necessary to the maintenance and safety of the Building(s) and grounds;

(xi) any easement or other right which may now or hereafter be granted for the benefit of the Unit Owners for access to or use of the Master Common Areas not included within the Condominium or for any other purpose;

(xii) all tangible personal property required for the operation, maintenance and administration of the Condominium that is owned by the Association;

(xiii) any rights under the Master Declaration of the Unit to property owned by the Master Association;

(xiv) any rights of the Unit to property owned by the Association; and

(xv) all other elements of any improvement necessary or convenient to the existence, management, operation, maintenance and safety of the Condominium or normally in common use.

(b) Certain of the Common Elements are reserved as Limited Common Elements appurtenant to each of the Units or appurtenant to certain Unit, as described herein or as shown on the Declaration Plan. These Limited Common Elements are defined as and include, without limitation, the following:

(i) With respect to the Townhouse Units:

- (1) exterior doors (including screen doors or storm doors), windows (including storm windows, screens and grills), decks and/or patios (to the extent not included in the Unit or Outdoor Living Area), if any, attached to a Unit;
- (2) the front lawn area, if any, directly in front of a Unit, excluding any porch or balcony included in such a Unit, extending from the front exterior wall of the a Unit (including any porch or balcony) to an imaginary vertical plane, being approximately parallel to said front exterior wall, and located at nine (9) feet from the interior edge of the curbs in front of the Units or an imaginary line extended between the interior edges of such curbs, as applicable, and ending at the intersection with the imaginary vertical planes that are an extension of the center line of the firewall between adjoining Units or the side yard of end Units (to the extent not included in the Unit or Outdoor Living Area);
- (3) to the extent applicable, any side yard area between two adjacent Units that are less than fifty (50) feet apart being the area from the Unit to the center line measured as a straight line between and parallel to such Units (as if each Unit is of a uniform width), and for adjacent Units that are more than fifty (50) feet apart measured from the side of each at the closest point to one another, or on sides of a Unit with no adjacent Unit, to an imaginary vertical plane being approximately parallel to the side of the Unit at its widest

point and located fifteen (15) feet from that exposed exterior wall at its widest point (as if the Unit were of a uniform width) to the intersections with the front lawn area and the rear lawn area;

- (4) the back lawn area, if any, directly behind each Unit, extending from the rear exterior wall of each Unit to an imaginary vertical plane fifteen (15) feet distant and parallel to said rear exterior wall and intersecting, at a right angle, the imaginary vertical planes that are an extension of the center line between each neighboring Unit at their closest point (except for end Units where the vertical plane is measured from a point that is fifteen (15) feet from the outside of the exposed exterior wall at its widest), but except, and subject to, as otherwise depicted on the Declaration Plan;
- (5) to the extent applicable, the driveway for a Unit extending from the Unit to the closest edge of the sidewalk located in front of the Unit;
- (6) the front and back steps of a Unit;
- (7) the basement/crawl space or ventilation wells under a Unit and not included in the definition of the Unit;
- (8) all utility pads located within the front, back and side yards of a Unit for utilities serving that Unit;
- (9) those Limited Common Elements referred to in Section 2.04(a) and applicable to Townhouse Units;
- (10) the Townhouse Limited Common Elements; and
- (11) those Limited Common Elements otherwise identified as such herein or on the Declaration Plan as for the Townhouse Units.

(c) The Limited Common Elements are reserved for the use of the Unit(s) immediately adjacent thereto (or as otherwise designated herein or on the Declaration Plan for the use thereof) to the exclusion of all other Units as designated herein or on the Declaration Plan (but subject to the restrictions, easements and other terms set forth in this Declaration) and there passes with the Units, as appurtenant thereto, the exclusive right to use the Limited Common Elements, as applicable, in all events subject to the use restrictions set forth in this Declaration, the Master Declaration and as otherwise adopted pursuant to the Condominium Documents. The driveways included in the Limited Common Elements for each of the adjacent units sharing a driveway as shown on the Declaration Plan (or any other Units shown on the Declaration Plan as sharing driveways) are shared driveways subject to the easements in Section 10.02(g) hereof. The as-built driveways are in the locations established by the governmentally approved construction plans, which may differ from the locations shown on the Declaration Plan.

(d) Except as provided in the Master Declaration, maintenance, repair and replacement of Limited Common Elements must be performed by the Unit Owner of the Unit to which the Limited Common Elements are appurtenant. In furtherance of the foregoing and notwithstanding any other provision of this Declaration to the contrary, the Master Association may, in its sole discretion, elect under the Master Declaration to take responsibility for some or all routine maintenance and landscaping obligations for lawn areas (including lawns of a Unit owned by a Unit Owner) and other portions of Units as hereinafter described, regardless of whether such obligations would otherwise be the responsibility of individual Unit Owners under this Declaration or any other Condominium Documents. In furtherance of the foregoing, Master Association has a non-exclusive easement in, upon, over, under, across and through any limited common elements or other portions of any Units in order to carry out such maintenance for which Master Association has elected to be responsible pursuant to the Master Declaration. The portions of Units for which Master Association may elect such maintenance responsibility are: (i) lawns, (ii) landscaped areas that other than foundation borders or those that are affixed to windows, walls, porches, stoops or patios, (iii) exterior surfaces of any semidetached, townhouse, multifamily or apartment building, whether in fee or condominium form of ownership, and (iv) sidewalks and driveways.

Section 2.06. Unit Owners and Occupants Bound. The Condominium Documents are binding upon all present and future Unit Owners and Occupants of the Property, whether or not stated in any document or deed transferring any interest in any portion of the Property.

Section 2.07. Association Bound by Master Association Documents. The Master Association Documents are binding on and benefit the Association and the Unit Owners. In the case of any conflict or inconsistency between the Master Association Documents, on the one hand, and this Declaration or the other Condominium Documents, on the other hand, the Master Association Documents will govern and control to the fullest extent permitted by Law.

Section 2.08. Estates Acquired; Interest in Common Elements; Voting; Common Expenses. The Unit Owner of each Unit has such an estate therein as may be acquired by grant, by purchase or by operation of law, including an estate in fee simple, and acquires as an appurtenance thereto an undivided percentage interest in the Common Elements of the Condominium, which is not divisible from the Unit to which it appertains. The percentage interest is allocated to each Unit based on the number of Units held by Unit Owners divided by the total number of Units then in the Condominium. Such percentage interests for each Unit may vary from the percentage interests of other Units in a Parcel. The aforesaid percentage interest appurtenant to each Unit is set forth on Exhibit C-1 attached hereto. The percentage interest that will be appurtenant to each Unit upon the complete expansion of the Condominium and incorporation of all Phases is set forth on Exhibit C-2 attached hereto. The percentage interest for each Unit remains fixed unless and until it is changed by an amendment to this Declaration as provided for in Article XII hereof.

(a) The aforesaid percentage interest is used to allocate the division of proceeds, if any, resulting from any casualty loss, any eminent domain proceedings, any common surplus of the Association, or from any other disposition of any portion of the Property owned by the Association.

(b) At any meeting of Unit Owners, each Unit Owner is entitled to one (1) vote with respect to each Unit owned by such Unit Owner. During such time as Declarant (or any Affiliate of Declarant) owns any portion of the Property or holds unexercised and unexpired Special Declarant Rights or Development Rights, Declarant is permitted to attend meetings of the Unit Owners. The right of Declarant to attend Unit Owner meetings is a reserved Special Declarant Right as that term is used herein.

(c) The right to cast the votes applicable to a particular Unit is established by the record title of such Unit. In the case of a Unit owned by more than one individual, a corporation or a general or limited partnership: (i) if a Unit is owned by more than one individual, the individual entitled to cast the votes for the Unit is designated by a certificate signed by all of the record Unit Owners of the Unit and filed with the Secretary; (ii) if a Unit is owned by a corporation, the individual entitled to cast the votes for the Unit is designated by a certificate of appointment signed by the President or Vice President, under its corporate seal, and attested by the Secretary or Assistant Secretary and filed with the Secretary; (iii) if a Unit is owned by a partnership, the individual entitled to cast the votes for the Unit is designated by a certificate signed by all general partners and filed with the Secretary; and (iv) if a Unit is owned by some other entity, the individual entitled to cast the votes for the Unit is designated by a certificate signed by a duly authorized representative of that entity and filed with the Secretary. Unit Owners are entitled to vote in person or by means as provided for in the Bylaws.

(d) Any such certificate will be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned. A certificate designating the individual entitled to cast the vote of a Unit may be revoked by any Unit Owner of that Unit thereof.

(e) If a Unit is owned by more than one Person and if all of such Persons do not execute a certificate designating the individual to cast the vote for such Unit, or if they are unable to agree as to the manner in which the votes applicable to their Unit will be cast, then the votes applicable to such Unit will not be counted; provided, however, that if only one of them is present at a meeting of the Unit Owners, the Person present may cast the votes applicable to the Unit unless prior thereto the other such Persons who are the Unit Owners of such Unit, by written notice to the Secretary, deny authorization of the Person present to cast such votes.

(f) As provided in Article IV below, Assessments for Common Expenses are apportioned according to each Unit Owner's percentage interest, whether in the Condominium as a whole or in a particular Unit Type.

Section 2.09. Unit Owners' Rights of Enjoyment. Every Unit Owner has a non-exclusive right and easement of use and enjoyment, in common with all other persons entitled thereto, in and to the Common Elements under the terms and conditions of the Condominium Documents and the Project Documents. The Common Elements, however, are not intended to be used as places of public accommodation, as defined in the American with Disabilities Act of 1990, as amended, and the regulations thereunder. A Unit Owner's right and easement to use and enjoy the Common Elements is appurtenant to and passes with the title to every Unit and is subject to the limitations and restrictions contained in the Condominium Documents, including the following rights in favor of the Association:

(a) **Charges and Regulations.** The right of the Association to charge reasonable admission and other fees for the use of the Common Elements and to publish and enforce rules and regulations regarding the use of the Common Elements; the right of the Association to limit the number of persons who use the Common Elements; the right of the Association to limit the number and type of pets that use the Common Elements; and the right of the Association to hold any Unit Owner accountable for the conduct of the Unit Owner's Occupants and pets;

(b) **Suspension of Rights.** The right of the Association to suspend the rights and privileges (but not the right to vote) of any Unit Owner or the Unit Owner's Occupants to the use of certain of the Common Elements (other than those necessary for the occupancy and habitability of the Unit Owner's Unit) if any assessment against that Unit Owner is not paid within fifteen (15) days after its due date or if there exists any uncured non-monetary infraction of the Condominium Documents, subject to compliance with any applicable notice and hearing requirements contained in the Bylaws;

(c) **Dedication Grant.** The right of the Association to dedicate or grant an easement (covering all or any part of the Common Elements) to the County or any provider utility company for the purposes, and subject to the conditions, that may be established by, on the one hand, the County or the provider utility company, and, on the other hand, Declarant during the Period of Declarant Control (as defined in Section 3.02) and, after the Period of Declarant Control, the Board; and

(d) **Declarant Use.** The right of Declarant and its agents and representatives, in addition to their rights established elsewhere in this Declaration and the other Condominium Documents, to the nonexclusive use, without extra charge, of the Common Elements for sales, display, and exhibition purposes both during and after the Period of Declarant Control.

Section 2.10. Other Common Area. As to certain portions of the Common Elements that may be located within the Property:

(a) **Master Common Area.** Maintenance of any Master Common Area within the Property is governed by the Master Declaration.

(b) **Area of Master Association Responsibility.** Pursuant to the Master Declaration, portions of the Common Elements may be maintained, at the sole cost of all Unit Owners within the Property, by the Master Association as an Area of Master Association Responsibility, if accepted by it as an Area of Master Association Responsibility. An area may not become an Area of Master Association Responsibility unless the Master Association's maintenance obligation is (A) established either pursuant to: (i) the Master Declaration, any Supplemental Declaration, the Declaration Plan, or this Declaration; (ii) any written agreement of the Master Association and the Association; or (iii) the SEASHORE VILLAS Community Master Plan, and (B) is accepted by the Master Association as an Area of Master Association Responsibility.

Section 2.11. Condominium Documents. The Condominium Documents for the Property consist of:

(a) this Declaration and any supplemental declarations as may be recorded from time to time to expand the Property or to supplement this Declaration with additional covenants, restrictions, and easements applicable to particular areas within the Property;

(b) the Certificate of Incorporation of the Association;

(c) the Bylaws;

(d) the Association Rules; and

(e) the Declaration Plan;

all as any or all may be amended, modified, altered, supplemented, revised or restated from time to time.

ARTICLE III

ASSOCIATION

Section 3.01. Association Membership. Every Unit Owner is a member of the Association and (i) is bound by the provisions of the applicable Master Association Documents, (ii) is deemed to have personally covenanted and agreed to be bound by all covenants and restrictions contained in the applicable Condominium Documents and Master Association Documents, and (iii) is deemed to have entered into a contract with the Master Association, the Association, and each other Unit Owner within the Project for the performance of the respective covenants and restrictions. The foregoing personal covenant of each Unit Owner is deemed to be in addition to the real covenants and equitable servitudes created by this Declaration, and this personal covenant of each Unit Owner will not limit or restrict the intent that this Declaration benefit and burden, as the case may be, and runs with title to, every portion of the Property.

Section 3.02. Declarant Control. The Period of Declarant Control commences on the date that this Declaration is first recorded in the Recorder's Office and, to the fullest extent permitted by Law, will end no later than the earlier of: (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Unit Owners other than Declarant or any Builder; (ii) two (2) years after Declarant or any applicable Builder has ceased to offer Units for residential purposes for sale in the ordinary course of business; (iii) two (2) years after any right to add new Units to this Declaration was last exercised; or (iv); or the day Declarant, after giving written notice to Unit Owners, records an instrument voluntarily surrendering all rights to control activities of the Association.

Section 3.03. Transfer of Control. When the Period of Declarant Control ends, the Unit Owners will accept control of the Association and full responsibility for the operation of the Association and administration of the Property as provided in the Condominium Documents. Upon the expiration of the Period of Declarant Control, Declarant will assign, and the Association must, absolutely and irrevocably, accept, succeed to, assume and be bound by all rights, privileges, obligations and liabilities, whether past, present or future, of Declarant in and under all easement agreements and other agreements (collectively, the "**Property Agreements**") which have been entered into by Declarant relating to the Property. Such acceptance and

assumption by the Association will be automatic and will occur and be effective without any notice or instrument of any kind; provided that Declarant may execute one or more instruments confirming the assignment by Declarant of the foregoing rights, privileges, obligations and liabilities. Upon the assignment by Declarant, the Association must indemnify, defend and hold harmless Declarant, its members, employees and agents, from and against any and all claims, actions, losses, liabilities, obligations, costs or expenses (including reasonable attorneys' fees) of any kind or nature, thereafter asserted against or incurred by Declarant, its members, employees and agents, pursuant to, arising out of or in connection with the Property Agreements.

Section 3.04. Board of Association. The business and affairs of the Association will be governed by the Board in accordance with the provisions of the Condominium Documents, as the same be amended, modified, altered, supplemented, revised or restated from time to time. During the Period of Declarant Control the Board will have three (3) Board members who will be appointed, removed or replaced by Declarant from time to time. Any appointed director may, but need not, be a Unit Owner, as Declarant may determine in its sole discretion from time to time. Following the Period of Declarant Control, the Board will have five (5) Board members who will be elected by the members at large in accordance with the provisions of the Bylaws and will serve for such terms as set forth in the Bylaws. After the Period of Declarant Control, and notwithstanding the foregoing, for so long as Declarant remains obligated pursuant to a bond or land development improvement agreement by a governmental entity to perform work at the Condominium, and to the maximum extent permitted by Law, the Board may not, without the prior written consent of Declarant, undertake any action or make any decisions that will impede the satisfactory completion and obligation of Declarant to complete the work that is subject to such bond and/or land development obligations with a governmental entity.

ARTICLE IV

ASSESSMENTS

Section 4.01. Lien and Personal Obligation for Assessments.

(a) **Creation of Lien.** By accepting a deed for a Unit (whether or not expressed in the deed or conveying instrument) or otherwise becoming a Unit Owner of a portion of the Property, each Unit Owner is deemed personally to covenant and agree to be bound by all covenants and restrictions of the Condominium Documents and to pay to the Association: (i) the Assessments described in this Article IV; (ii) without limitation of the generality of the foregoing, any Master Community Assessments (as defined in the Master Declaration) applicable hereunder; (iv) an amount sufficient, on demand, to indemnify and hold harmless the Association for, from, and against all obligations undertaken or incurred by the Association on account of any special request by any Unit Owner and to repay the Association for all expenditures on account of the special services or benefits requested by the applicable Unit Owner; (v) amounts required to be paid by or on behalf of a Unit Owner under the Master Association Documents or, this Declaration or any other Condominium Documents; (vi) the pro rata portion of the amount sufficient to fully fund a repair and replacement reserve account ("**Repair and Replacement Reserve Account**") based on a current Reserve Study and otherwise in accordance with the requirements of DUCIOA, and (vii) all other assessments or other similar charges that may be fixed, established, and collected from time to time as provided in the

Condominium Documents. The amounts described above, together with all accrued interest, court costs, reasonable attorney fees, late fees, penalties, fines, and all other expenses, incurred in connection with the collection of the amounts described above, whether or not a lawsuit or other legal action is initiated, are referred to collectively in the Condominium Documents as an **"Assessment"** (whether capitalized or not).

(b) **Perfection of Lien.** Subject to the applicable provisions of DUCIOA, the Association, by the recordation of this Declaration, is granted a perfected, consensual, and continuing lien upon those portions of the Property against which an Assessment is made or has been incurred for the payment of all Assessments, and the further recordation of any claim of lien or notice of lien is not required for perfection or enforcement of the Association's lien for the Assessments.

(c) **Personal Obligation.** Each Assessment under the Condominium Documents also will be the personal, joint, and several obligation of each Person who was the Unit Owner at the time the Assessment became due, was incurred, or arose, as applicable. The personal obligation for delinquent Assessments will not pass to any of the applicable Unit Owner's successors in title unless expressly assumed in writing by such successor; however, the personal obligation of the prior Unit Owner that accrued prior to the transfer for the delinquent Assessments will not be deemed released or discharged by reason of any assignment, conveyance, or transfer of title of such Unit. The Association may enforce the personal obligation of a Unit Owner to pay delinquent Assessments in any manner permitted under Law and the Condominium Documents. Notwithstanding the foregoing with respect to personal obligations of a Unit Owner, if there is an assignment, conveyance, or transfer of title to a Unit, applicable Assessments will continue as a lien against such Unit regardless of successive ownership by other Unit Owners.

(d) **Exempt Property.** Notwithstanding anything to the contrary in this Declaration or the Master Declaration, Exempt Property will not be subject to any Assessments of any kind.

Section 4.02. Differing Annual Assessment Levels. As a result of the application of the provisions of this Declaration, the amount of any Assessments may be different among the Unit Owners. Subject to the limitations set forth in this Article IV, assessments for Common Expenses are apportioned according to each Unit Owner's percentage interest, whether in the Condominium as a whole or in a particular Unit Type. Notwithstanding the foregoing, and except as otherwise provided in this Article IV, (i) costs attributed to Townhouse Limited Expenses will be assessed against, and payable by, the Unit Owners of the Townhouse Units.

Section 4.03. Annual Assessments; Repair and Replacement Reserve.

(a) Until the Association commences its Annual Assessments as provided in Section 4.03(c) hereof, to the extent required by applicable Law, Declarant will pay all Common Expenses together with all sums necessary to Fully Fund (as defined herein) the Repair and Replacement Reserve Account (as defined below). After the first Assessment has been made by the Association, the Association must establish from time to time, as provided herein, (i) Common Expense Assessments in an amount at least sufficient to maintain and operate the

Common Elements, to the extent not included in any Master Assessments, on an annual basis and based on a budget adopted at least annually by the Association (hereinafter referred to as "Common Expense Assessments") and (ii) in accordance with applicable Law, a repair and replacement reserve account ("**Repair and Replacement Reserve Account**") solely for the repair and replacement of Common Elements, and for no other purpose (including operating budget shortfalls or other expenditures appropriate to a contingency reserve, although the Annual Assessment may include funds for such other reserves), which must be based on a current Reserve Study and Fully Funded based on the minimum percentage of the annual budget of the Condominium that must be assigned to the Repair and Replacement Reserve Account in accordance with Section 81-315 of DUCIOA. The purpose of the Reserve Study and the Repair and Replacement Reserve Account is to attempt to minimize Assessment shortages, however in the event the Annual Assessment proves to be insufficient, the budget and Assessments may be amended at any time by the Board, in accordance with the requirements of DUCIOA, provided that nothing herein may serve to prohibit or prevent the Board from imposing a lump sum Special Assessment in the case of any emergency. Such duties and responsibilities are hereby irrevocably delegated to the Association together with all other rights, powers or duties of the Association as set forth in the Condominium Documents, or as otherwise provided by Law. The amount of monies for Common Expenses of the Association will be deemed necessary by the Board and the manner of expenditure thereof will be a matter for the sole discretion of the Board. If an Annual Assessment is not made as required, an Annual Assessment will be presumed to have been made in the amount of the previous year's Annual Assessment and any installments of such Annual Assessment will be due upon each installment payment date until changed by an amended Annual Assessment.

(b) No Unit Owner may waive or otherwise avoid liability for Common Expenses by non-use of the Common Elements.

(c) The Board will cause to be prepared a list of the Units and Common Expenses, including Limited Expenses applicable thereto with respect to the Unit Type, and a list of the Unit Owners and their percentage interest in the Common Elements, which list will be kept in the office of the Association and will be open to inspection, upon request, by any Unit Owner. All Units will be allocated a full Annual Assessment no later than sixty (60) days after the first conveyance of a Unit takes place.

(d) Declarant, by creating the Condominium pursuant to this Declaration, and every Unit Owner, by acceptance of a deed or other conveyance for a Unit, whether or not it is so expressed in any such deed or other conveyance, will be deemed to covenant and agree to pay the Association such sums, by way of Annual Assessments, Special Assessments or any other Assessments as more particularly described herein or elsewhere in the Condominium Documents.

(e) Upon the purchase of a Unit, the Unit Owner will pay the pro rata share of that Unit's Assessments for the balance of the then current, applicable assessment period.

Section 4.04. [Reserved]

Section 4.05. Master Assessments Against Association. Even though the payment of the Master Assessments is a personal obligation of each Unit Owner, if Master Assessments are charged to and collected from the Association, the Association, in turn, will be responsible for levying and collecting the amounts necessary to pay the Master Assessments from the Unit Owners. No Unit will be subject to a "blanket" assessment lien securing payment (directly or by way of payment to the Association) of Master Assessments or other amounts by the Unit Owner of any other Unit within the Property, and no Unit Owner of a Unit will be subject to any foreclosure or other enforcement of the Master Assessment lien against that Unit by reason of the failure or refusal of any other Unit Owner to pay to the Master Association (directly or by way of payment to the Association) any Master Assessments or other amounts owed to the Master Association by the other Unit Owner. Even if Master Assessments are charged to and collected from the Association, the Master Association will have lien rights as established in the Master Declaration against all Units owned by Unit Owners that have failed to pay their Master Annual Assessments due under the Master Declaration to the Associations, subject to the provisions of Section 81-316 of DUCIOA.

Section 4.06. Increases in Annual Assessments. The Annual Assessment may not be increased over the Annual Assessment in the previous year by more than the Permitted Percentage Increase (as defined below), unless the additional increase is approved by the Members as provided in the Bylaws. Without the approval of the Members, the Board may increase the maximum Annual Assessments during each fiscal year of the Association by an amount ("**Permitted Percentage Increase**") equal to the lesser of (A) the greater of (i) 10% or (ii) a percentage calculated by dividing the Consumer Price Index in the most recent October (identified by an A in the formula below) by the Consumer Price Index for the October one year prior (identified by a B in the formula below), minus one (i.e., $\text{CPI percentage} = (A/B) - 1$); and (B) the maximum percentage increase as permitted by DUCIOA or other applicable Law. The term "Consumer Price Index" will refer to the United States Bureau of Labor Statistics, Consumer Price Index, United States and selected areas, all items issued by the U.S. Bureau of Labor Statistics, or its equivalent, revised, or successor index as determined by the Board.

Section 4.07. Special Assessment and Other Assessments.

(a) **Special Assessments.** The Board on behalf of the Association, at any time and from time to time in any Assessment year and in addition to the Annual Assessments authorized in Section 4.03 hereof or any other Assessments authorized elsewhere in this Declaration, may levy a special Assessment against the Unit Owners for the purpose of: (i) collecting, as applicable, the cost of any unexpected or extraordinary expenses incurred by the Association in connection with the maintenance of the Condominium or defraying the cost for any special services rendered by the Association to the Property or its Unit Owners or Occupants; or (ii) the cost of any other unexpected or extraordinary expenses incurred in connection with the maintenance, use, or operation of the Common Elements, the or other activities for which any Annual Assessments may be assessed not otherwise covered by the Repair and Replacement Account, for the purpose of funding the Repair and Replacements Account or for any other lawful purpose, subject to the limitations provided in the Bylaws or applicable Law. The foregoing assessments will be referred to as "**Special Assessments**" (whether capitalized or not). All Special Assessments must be approved pursuant to the same process for approving a Budget under Section 4.08(b), except if the Board determines by

unanimous vote as provided in the Bylaws that the Special Assessment is necessary in order to respond to an emergency, in which case, (i) the Special Assessment becomes effective immediately in accordance with the term of that vote, (ii) notice of the emergency Special Assessment must be promptly provided to all Unit Owners and (iii) the Board must spend the funds paid for the emergency Special Assessment only for the purposes described in that vote.

(b) **Other Assessments.** In addition to the Annual Assessments and Special Assessments described above, the Board may levy other Assessments (collectively called the "**Other Assessments**," whether the term is capitalized or not) against a particular Unit Owner arising out of: (i) the failure of the Unit Owner to comply with the Condominium Documents; (ii) any negligent, grossly negligent, or intentional act or omission of the Unit Owner or Occupants resulting in injury to any other Unit Owner or any other Person within the Property or damage to any other Unit or any portion of the Property; (iii) those indemnification, reimbursement, or payment obligations described in the Condominium Documents (including the obligation to pay for the attorney fees incurred by the Association in the enforcement of the Condominium Documents); or (iv) to the extent not already covered by the preceding subsections, any of the items described in Section 4.01(a)(iv), (v), (vi) or (vii) above. The imposition of Other Assessments by the Board will not require the vote or approval of the Unit Owners or any other Person so long as the notice and cure periods (if any) or grace periods (if any) contained in the Condominium Documents are satisfied with respect to the declaration of a default, breach, exercise of self-help, or other remedy as to which the Other Assessment is assessed.

Section 4.08. Calculation of Assessments.

(a) **Budget.** The amount of money required for Annual Assessments of the Association must be based on a budget adopted at least annually by the Association. The budget will address the Association's responsibilities for the Repair and Replacement Reserve Account and may include such other reserves as may be thought by the Board to be necessary or appropriate from time to time. During the Period of Declarant Control, the Board appointed by Declarant will adopt the budget from time to time. Following the Period of Declarant Control, the Board, within thirty (30) days after its adoption of the budget, must 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. Simultaneously, the Board must 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 a vote of a majority of the votes of the Unit Owners rejects the proposed budget, the budget will be deemed ratified, whether or not a quorum is present at such meeting. If a proposed periodic budget is rejected, the periodic budget last ratified, or deemed ratified, by the Unit Owners will be continued until such time as the Unit Owners ratify, or are deemed to have ratified, a subsequent budget proposed by the Board.

(b) **Adjustment and Establishment.** Unless otherwise determined by the Board, Annual Assessments, and the budget on which they are based, will be determined, to the fullest extent permitted by Law, on the basis of the Fiscal Year. The first Annual Assessment will be adjusted according to the number of months remaining in the Fiscal Year when it is assessed. The Board will endeavor to fix the amount of each subsequent Annual Assessment at

least thirty (30) days in advance of each Fiscal Year; however, the Annual Assessment will be binding notwithstanding any delay, and all amounts due for Annual Assessments in any Fiscal Year may be collected retroactively for that Fiscal Year upon their determination or approval under the Condominium Documents. Written notice of the Annual Assessment and any Special Assessments must be sent to the Unit Owners as described in the Bylaws. The due dates for Assessments will be established by the Board. Assessments will be payable in the full amount specified by the Assessment notice, and no offsets against this amount will be permitted for any reason whatsoever including, without limitation, a claim that the Association is not properly exercising its duties in maintenance or enforcement, a claim against Declarant or its Affiliates or against the Board, or the non-use or claim of non-use by any Unit Owner of all or any portion of the Common Elements. Assessments may be collected on a monthly or less frequent basis and may be collected in advance or in arrears as the Board may determine in its sole discretion. If an Annual Assessment is not made as required, an Annual Assessment will be presumed to have been made in the amount of the previous year's Annual Assessment and any installments of such Annual Assessment will be due upon each installment payment date until changed by an amended Annual Assessment.

(c) **Verification of Assessments.** The Association, acting through the Board, upon written demand from a Unit Owner or from an Eligible Mortgagee of a Unit and for a reasonable charge determined by the Board, will furnish to such Unit Owner or Eligible Mortgagee a certificate signed by an officer of the Association setting forth the amount of any unpaid Assessments due from the Unit owned by such Unit Owner or on which such Eligible Mortgagee holds a Mortgage, as identified in the written demand. The certificate will be furnished within ten (10) business days after receipt by the Association of the written demand in proper form and in accordance with such rules, including payment of a reasonable charge thereafter. A properly executed certificate of the Association as to the status of the Assessments will be binding on the Association as of the date of issuance of the certificate. The Board is authorized to prescribe specific rules regarding these requests for certificates, including rules regulating the frequency of the requests and establishing a charge for furnishing the certificates. When the authority is delegated to a property management company by the Board, the property management company will have the authority to issue these certificates. Any such certificate constitutes conclusive evidence of the status of the Assessments identified in such certificate for such Unit and is binding on the Association, the Board and every Unit Owner.

(d) **Assessments for Maintenance.** Each Unit Owner must, in a timely manner or as otherwise may be provided in rules promulgated from time to time by the Board, and consistent with the Project-Wide Standards as provided in the Master Declaration, furnish, perform and be responsible for, at the Unit Owner's own expense, all of the maintenance, repairs and replacements for the Unit Owner's Unit and appurtenant Limited Common Elements, provided, however, and subject to the reserved rights in the Master Declaration as referenced in Section 2.04(d) hereof, the Association may enter into a master maintenance agreement or agreements with respect to maintenance of lawns included in the Limited Common Elements, plumbing fixtures and systems, heating and air conditioning systems, electrical systems and receptacles, breaker boxes, antennae, and kitchen appliances and equipment within any Buildings in the Condominium, but any and all expenses incurred thereby will be the responsibility of the Unit Owners of the Units located in that Building and the Association will be authorized to make Assessments with respect to any and all such expenses.

Section 4.09. Effect of Nonpayment of Assessments; Remedies of the Association.

(a) **Late Charge.** Any installment of any Assessment that is not paid within fifteen (15) days after the due date will be subject to a late charge equal to 10% of the unpaid Assessment installment and, additionally, will bear interest from the due date at the minimum rate of 18% per annum or, if higher, the highest rate of interest rate approved by the Board and permitted under the requirements of any applicable Institutional Guarantor and by applicable Laws. All such late charges and interest will be due and payable immediately by the Unit Owner of the applicable Unit as an Assessment of the Association secured by the Association's lien for Assessments.

(b) **Monetary Penalties.** The Board, after satisfaction of the notice and hearing requirements contained in the Bylaws, may impose monetary penalties or fines in a reasonable amount against any Unit Owner for any non-monetary violations of the Condominium Documents. All such monetary penalties and fees will be due and payable immediately by the Unit Owner of the applicable Unit as an Assessment of the Association secured by the Association's lien for Assessments.

(c) **Protective Advances.** The Association may make, but is not obligated to make, payments of the amounts due under any Mortgage or any required payments for taxes, governmental assessments, or other payments on any Unit. All advances made by the Association to cover the required payments will be due and payable immediately by the Unit Owner of the applicable any Unit as an Assessment of the Association secured by the Association's lien for Assessments.

(d) **Collection and Lien Actions.** Each Unit Owner specifically vests in the Association and its agents the right and power to bring all actions against the applicable Unit Owners for the collection of all Assessments due under the Condominium Documents as a debt to the Association and to enforce the lien securing the Assessment by all methods available for the enforcement or foreclosure of liens under the Condominium Documents or applicable Laws. In the case of a failure of the Association to pay any Master Assessments due to the Master Association, the Master Association will have the right to impose a lien on any property owned by the Association in addition to imposing a lien against all Units owned by Unit Owners that have failed to pay the Master Assessments due under the Master Association Documents.

(e) **Remedies.** The Association may foreclose the lien for any Assessments by suits brought in the name of the Association in the same manner as a mortgage on real property may be foreclosed in Delaware by an equitable foreclosure or by any other lawful procedures. The Association may bid in any foreclosure, sheriff's sale, or similar sale (whether or not the foreclosure or other action was initiated by the Association or some other Person) and may acquire, hold, lease, mortgage, and convey the property purchased. The Association may institute suit to recover a money judgment for unpaid Assessments without being required to foreclose its lien on the property owned by each applicable Unit Owner and without waiving the lien that secures the unpaid Assessments. Any foreclosure action of the Association may be instituted without regard to the value of the property, the solvency of any Unit Owner, or the relative size of the default. The Association's Assessment lien and its rights of enforcement under this Declaration are in addition to, and not in substitution of, all other rights and remedies

that the Association may be entitled to exercise under the other Condominium Documents, the Project Documents, or applicable Laws. Notwithstanding any other provision of this Declaration or the other Condominium Documents, the Association may not bring a foreclosure action to collect any Assessment that is exclusively a late charge, interest on delinquent Assessments or a fine or other penalty.

Section 4.10. Subordination of Association Lien. Regardless of whether or not a Notice and Claim of Lien, as defined below, has been recorded by the Association, the Association's lien for the Assessments established in this Declaration is, to the fullest extent permitted by Law, superior to all liens, charges, homestead exemptions, and encumbrances that are imposed on or recorded against any part of the Property (other than the Exempt Property) after the date of recordation of this Declaration. The Association's lien for the Assessments established in this Declaration, however, will be automatically subordinate, to the fullest extent permitted by Law, to: (i) except as provided otherwise in this subsection 4.10, the lien of any Mortgagee holding a first or second security interest on a Residential Unit recorded before the date on which the assessment sought to be enforced became delinquent and (ii) any liens for real estate taxes or other governmental assessments or charges that by Law are prior and superior to the Association's lien for the Assessments. The Association's lien will, to the fullest extent permitted by Law, have priority over the security interests described in clause (i) above for an amount not to exceed the aggregate Assessment against such Residential Unit for six (6) months as determined by the periodic budget adopted by the Association pursuant to Section 4.08(b) above; provided that for the Association's lien to have priority over the security interests described in clause (i) above, the Association must have recorded in the Recorder's Office a document that contains the name of the Association, the address, a contact telephone number, a contact email address and a website address, if any in accordance with, to the extent applicable, the requirements of DUCIOA

Section 4.11. Notice of Lien. Without affecting the priority and perfection of any Assessment that has been perfected as of the date of recordation of this Declaration, the Association may give (but is not obligated to give) notice to any Unit Owner whose Assessment is due and unpaid by mailing to the Unit Owner a copy of a "Notice and Claim of Lien" stating, among other things, the following: (i) the last known name of the delinquent Unit Owner; (ii) the legal description or street address of the Unit against which the claim of lien is made; (iii) the amount claimed to be due and owing from the Unit Owner and assessed against the Unit; (iv) a statement that the claim is made by the Association pursuant to the terms of the Declaration and the other Condominium Documents or Project Documents; and (v) the address, a contact telephone number, a contact e-mail address, and a website address, if any, for the Association. Each default in the payment of any Assessment will constitute a separate basis for a claim of lien, but any number of defaults may be included within a single Notice and Claim of Lien. The Association may record in the Recorder's Office a Notice and Claim of Lien against the delinquent Unit Owner's Unit. The Notice and Claim of Lien may be executed by any officer of the Association, the managing agent for the Association, or legal counsel for the Association, but, in any case, the lien will be that of the Association. Upon payment in full of the amounts due under the Notice and Claim of Lien, the Unit Owner of such Unit will be entitled to a recordable termination of lien for the amount paid. Any lien recorded pursuant to this Section will expire on the first day of the sixtieth (60th) month after recording.

Section 4.12. Initial Working Capital. To provide the Association with funds for working capital, reserves, or extraordinary or unexpected expenses, each initial purchaser of a Unit will pay to the Association, immediately upon becoming the Unit Owner, an amount equal to the greater of (i) \$1,000.00 (allocated as \$100 to reserve and \$900 to operating) or (ii) the amount of three (3) months of the prorated Annual Assessments for the then current fiscal year of the Association. All of these amounts will be non-refundable and will not act as a credit against any Assessment payable by a Unit Owner pursuant to this Declaration. The initial working capital contribution is established to assist with the funding of the initial operation of the Association and will be in addition to other Assessments and will not be considered an advance payment of the Assessments. Notwithstanding anything to the contrary contained herein, the Board has the right to adjust the amount of the initial working capital contribution provided for herein. During the Period of Declarant Control, the Board must obtain the written consent of Declarant prior to adjusting the amount of the initial working capital contribution.

Section 4.13. Excess Reserves. Any amounts accumulated from Annual Assessments for Common Expenses in excess of the amount required for Common Expenses actually incurred will be placed in such reserve accounts as the Board may determine from time to time. Unit Owners will not have access to excess Annual Assessments, the Repair and Replacements Account or any other reserve accounts, except that, in the case of the Repair and Replacements Account only, the Association's accountant may certify that the funds in the Repair and Replacements Account are in excess of the sum required to constitute a Fully Funded Repair and Replacement Reserve Account, in which case the Association must refund or credit, as the Board may reasonably determine, the excess sum to the Unit Owners. In addition, upon the sale of a Unit, the Unit Owner will not be entitled to reimbursement of any portion of the Repair and Replacements Account, the Annual Assessments or any other reserve accounts. Any amounts received from a Special Assessment and not expended for the purposes for which the Special Assessment was made must be refunded or credited, as the Board may reasonably determine, to the Unit Owner of each Unit for which payment of the Special Assessment was made. Subject to the foregoing, no sums of money obtained by the Association from any Assessments will be deemed the property of the Association, or be regarded as its income, but all such sums will be held by the Association for the Unit Owners to be applied in accordance with this Declaration, the Bylaws and DUCIOA. In the event that the Condominium is ever terminated, funds (other than those funds attributed to Assessments due the Master Association) that have not been theretofore disbursed for Common Expenses or are not necessary to be disbursed for expenses identified by the Board that are associated with the termination of the Condominium, must be refunded to the then Unit Owners in proportion to their percentage interest in the Common Elements (or, as to Assessments made for expenses associated with Limited Common Elements, in proportion to their respective liability for such Assessments).

Section 4.14. Use of Assessments. The Assessments levied by the Association must be used exclusively for promoting the health, safety, pleasure and welfare of the members of the Association, including, but not limited to, operation, management, repair and replacement of the Common Elements that the Association is expressly responsible to maintain and repair under this Declaration, and improvements on the Property, insurance premiums, costs of maintenance and repair, costs incurred for lawn care, the payment of all costs and expenses incidental to the operation and administration of the Association, the proper termination of the Condominium or otherwise incurred by the Association in performing its obligations under any requirements of

law applicable to the Common Elements (including, without limitation, the Americans with Disabilities Act of 1990, as amended from time to time) and under any agreement or contract to which it is a party or bound with respect to the Property and such other items as may from time to time be deemed appropriate by the Association. The Association may also provide, by the Association Rules, for ordinary maintenance and minor repairs and replacements to be furnished to Units by Association personnel or representatives and charged as a Common Expense. Nothing contained herein will be construed, however, to require a Unit Owner to pay Assessments for Limited Expenses attributable to any other Unit.

ARTICLE V

MAINTENANCE

Section 5.01. Association Responsibility. Except as provided in Section 5.02 below, the Association will be responsible for the maintenance, repair, and replacement of the Common Elements, and, without any approval of the Unit Owners, the Association may: (i) maintain, reconstruct, repair, replace, and refinish any landscaping or improvement located on or used in connection with the Common Elements; and (ii) do any other acts deemed necessary to use, operate, maintain, preserve, beautify, and protect the Common Elements in accordance with the general purposes specified in the Condominium Documents. So long as the level of maintenance exceeds those minimum standards, if any, imposed by the Town, the Board will be the sole and absolute judge as to the appropriate maintenance of the Common Elements. The Association will have no obligation to perform any maintenance or repair work that is performed by the County or any utility provider that is responsible for the maintenance of any utilities or municipal improvements located within the Property. No Unit Owner will alter, remove, injure, or interfere in any way with any landscaping, lawns, plants, irrigation systems, sprinklers, shrubs, trees, and the like, if any, placed on the Common Elements without the express written consent of the Association on each occasion.

Section 5.02. Unit Owner's Responsibility. Except as otherwise provided in this Declaration, each Unit Owner is responsible for the maintenance, repair and replacement of that Unit Owner's Unit as well as the Limited Common Elements that are appurtenant to that Unit.

Section 5.03. Repairs Necessitated by Unit Owner Responsibility. Each Unit Owner has an obligation (i) to pay any increase in insurance rates for policies maintained by the Association that is occasioned by use, misuse, occupancy or abandonment of the Unit or its appurtenances, including the Common Elements; and (ii) to maintain a minimum temperature of at least fifty degrees Fahrenheit (50° F) in such Unit Owner's Unit and to repair or replace, at such Unit Owner's expense, any damage resulting from such Unit Owner's failure to maintain the aforesaid minimum temperature. If the need for maintenance or repair to any Common Elements is caused through the acts or omissions (including negligent acts or omissions) of a Unit Owner, the Unit Owner's Occupants, or any guest or pet of the Unit Owner or the Unit Owner's Occupants, the Association, in its discretion, may make a direct assessment of the cost of the maintenance or repairs, including the deductible portion of any applicable insurance policy, against the Unit owned by that Unit Owner, without regard to the availability of any insurance proceeds payable to the Association for the cost of such maintenance or repairs.

Section 5.04. Access at Reasonable Hours. For the purpose of performing the maintenance, repairs, or replacements required or elected to be undertaken by the Association, the Association and its agents or employees will have the right, after reasonable notice to a Unit Owner (except in the case of emergency, in which case no notice need be given), to enter onto the Unit Owner's Unit at any reasonable time. Any entry by the Association or its agents will not be considered a trespass.

Section 5.05. Maintenance of Property. As provided in the Project Documents, except for Master Common Areas and those portions of the Property for which the Master Association has agreed to be responsible for repair and maintenance as Areas of Master Association Responsibility, the Association will maintain the Property in a manner consistent with the Project Documents and the Project-Wide Standard. Whether directly or through the Association, as the Board may determine, Unit Owners within the Property will be responsible for the costs of operating, maintaining, and insuring any Common Elements applicable to the Condominium to the extent not maintained as Master Common Areas or as an Area of Master Association Responsibility. Costs with respect to the Common Elements for which the Association is responsible may include, without limitation, the costs of maintaining any entry features, right-of-way, open space, private streets, water features, and approved Project Signage (as defined in the Master Declaration). Pursuant to the Master Declaration, the Master Association may assume responsibility for maintaining and repairing certain of the Common Elements in accordance with the provisions of the Master Declaration, and all related costs of maintenance may be assessed pursuant to the Master Declaration by the Master Association to the Condominium as a Master Community Assessment.

Section 5.06. Unit Owner's Failure to Maintain. If a Unit Owner fails to perform any maintenance and repair required under the terms of this Article V, then, after not less than thirty (30) days' prior written notice to that Unit Owner, the Association will have the right (but not the obligation) to enter upon or into that Unit, and to provide the required maintenance or make the required repairs. Any entry by the Association or its agents will not be considered a trespass. The cost of these maintenance items and repairs will be an Assessment against the applicable Unit, will be paid promptly to the Association by that Unit Owner, and will constitute a lien upon that Unit Owner's Unit. The self-help rights of the Association described above are in addition to any other remedies available to the Association under the Condominium Documents or applicable Laws.

Section 5.07. General Standards. Except as may be otherwise provided in this Declaration or the other Condominium Documents, the Association and each respective Unit Owner will maintain the areas they are respectively responsible for at a level of general maintenance at least equal to the Project-Wide Standard.

Section 5.08. Maintenance Responsibility Chart. Attached hereto as **Exhibit E** is a maintenance responsibility chart to illustrate the allocation of maintenance responsibilities among the Unit Owner, the Association and the Master Association. The chart is for illustration purposes only. The chart is not a complete list of all elements of the Property to be maintained and is not intended to limit, modify or otherwise change the provisions of this Declaration or the Master Declaration. In the event of any inconsistency, the provisions of this Declaration and the Master Declaration govern and control.

ARTICLE VI

POWERS OF THE ASSOCIATION

Section 6.01. General Duties and Powers. The administration of the Condominium, including the Common Elements and other common facilities, will be conducted by the Association in accordance with the provisions of DUCIOA, the Condominium Documents and the other Project Documents, as the each of the foregoing may be amended, modified, altered, supplemented, revised or restated from time to time, and any other documents, amendments or supplements to the foregoing which may subsequently be required by a bank, mortgage banking institution or other institutional lender designated by Declarant to make mortgage loans on the subject premises, or by any governmental agency having regulatory jurisdiction over the Condominium or by any title insurance company selected by Declarant.

Section 6.02. Environmental Powers. In addition to the powers enumerated in the other Condominium Documents or elsewhere in this Declaration or by applicable Law, the Association, through the sole discretion of the Board, is vested with the following powers and authority:

(a) **Common Elements.** Maintain, repair, replace, and otherwise own, operate, and manage the Common Elements and all other real and personal property that may be acquired by, or come within the control of, the Association, including the right to enter into contracts for the design, installation, or construction of capital improvements or other improvements or the Common Elements;

(b) **Legal and Accounting Services.** Obtain legal, accounting, and other services deemed by the Board, in its discretion, to be necessary or desirable in the operation of the Association;

(c) **Easements.** Subject to the limitations, if any, imposed by the Project Documents or the Condominium Documents, grant easements where necessary for utilities, sewer facilities, telecommunications, CATV, and other services on, under, over, through, upon, or across the Common Elements to serve the Common Elements or any Unit, Additional Property, Withdrawal Property or any other part of the Property;

(d) **Employment of Managers.** Employ affiliated or third-party managers or other persons and contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association;

(e) **Purchase Insurance.** Purchase insurance for the Common Elements for insurable risks with companies and in amounts as the Board determines to be necessary, desirable, or beneficial, subject to the provisions of Section 6.03 below;

(f) **Borrowing.** Borrow money on behalf of the Association when deemed necessary by the Board for any valid purpose of the Association; provided, however, that a majority vote of the Unit Owners at a meeting held for such purpose is required to borrow any sum in excess of twenty percent (20%) of the total Annual Assessments for the then current Fiscal Year of the Association. The Board, by a two-thirds vote has the right and power to

assign and pledged all revenues to be received by the Association, including but not limited to Annual Assessments, in order to secure the repayment of any sum borrowed by the Association;

(g) **Use of Common Elements.** Contract with Persons who are not Unit Owners, to permit the use by such Persons of Common Elements for recreational and related purposes, upon payment of fees and compliance with other terms as may be required by the Board, in its sole discretion;

(h) **Other.** Perform all other acts that are expressly or impliedly authorized under this Declaration, the other Condominium Documents, the Project Documents, or applicable Laws, including, without limitation, the right to construct improvements anywhere in the Property as deemed by the Board to be necessary or desirable; and

(i) **Enforcement.** Enforce the provisions of the Condominium Documents by all available and proper means, including, without limitation, the expenditure of funds of the Association, the employment of legal counsel, the commencement of actions, and the establishment of a system of fines or penalties for the enforcement of this Declaration and the other Condominium Documents.

(j) **Acquisition.** With the consent of Unit Owners having, in the aggregate, sixty seven percent (67%) or more of the total vote of all Unit Owners and consent of Declarant, purchase, lease or otherwise pay for any land, building or real estate interest. The Association may make capital improvements and acquire personal property not required in the normal course of maintenance, replacement and repair; but no Unit Owner may be assessed therefor in any one year, without consent, an amount that exceeds ten percent (10%) of the average Annual Assessment for Common Expenses levied against the Unit over the preceding five (5) years, or over such shorter time as the Condominium has existed as such. This section of the Declaration may not be amended except by unanimous vote of all Unit Owners.

Section 6.03. Insurance.

(a) **Liability Insurance.** The Association must purchase and maintain commercial general liability insurance (or the comparable equivalent) covering the Common Elements and the activities of the Association. The insurance will be carried with reputable companies authorized and qualified to do business in State of Delaware. To the extent available on a commercially reasonable basis, the minimum amounts of coverage will be \$1,000,000.00 for bodily injury and property damage on a combined single limit basis, or the then comparable equivalent. The policy will be purchased on an occurrence basis, the Association (its directors, officers, employees, and agents acting in the scope of their employment), and Declarant (its directors, officers, partners, employees, members, and agents acting in the scope of their employment). This policy will include, but need not be limited to, insurance against injury or damage occurring in or on the Common Elements. At the request of Master Declarant or the Master Association, such insurance must name as additional insureds Master Declarant, the Master Association and their respective directors, officers, employees, and agents acting in the scope of their employment.

(b) **Hazard and Multi-Peril Insurance Policy Area.** The Association must purchase and maintain a multiperil "master" or "blanket" type policy of insurance on the entire Condominium (Units as well as Common Elements) including standard fixtures and building service equipment, and all other insurable improvements which are a standard part of the Units or Common Elements (and must include any alterations, betterments or improvements installed by a Unit Owner) and also on personal property, equipment and supplies held or acquired by the Association for the common ownership and use of the Unit Owners and occupants, which insurance must provide coverage at least as broad as that afforded under a standard fire, extended coverage, vandalism and malicious mischief insurance policy or package, or alternatively providing all risks or all perils coverage, and such other risks as are customarily covered with respect to property similar in construction, location and use. All coverage must also or further be in the kinds and amounts customarily required by private institutional mortgage investors for other projects similar in construction, location and use to the Condominium. The amount of insurance must equal at least one hundred percent (100%) of the insurable value (based upon current replacement cost to be evidenced by a "guaranteed replacement cost endorsement" or a "replacement cost endorsement") of the real property covered, including individual Units, without deduction for depreciation, but need not include land, foundation, excavation or other items that are usually excluded from insurance coverage, and one hundred percent (100%) of the actual cash value of the personal property of the Association covered. Moreover, if the Condominium or a portion of the Condominium is located in an area which is now or in the future identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a "master" or "blanket" policy of flood insurance on the Condominium may, in the Association's discretion, be obtained and may be maintained in an amount which equals the lesser of (i) one hundred percent (100%) of current replacement cost of all Buildings and other insurable property within any portion of the Condominium (inclusive of all Units and Common Elements), or (ii) the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, or (iii) such other amount or limit as the Association determines. Such policy must be in a form that meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administration. At least annually, the Association must redetermine values for insurance purposes and must, if necessary, increase or decrease the coverage accordingly. All policies of insurance must be endorsed as may be required by any Institutional Guarantor and, to the extent so required, must include an inflation guard endorsement (when it can be obtained), a building ordinance or law endorsement, and a steam boiler and machinery coverage endorsement. If an Institutional Guarantor so requires, the policies will insure full insurable value replacement cost coverage which can be evidenced by either a (i) guaranteed replacement cost endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a coinsurance clause, an agreed amount endorsement; or (ii) a replacement cost endorsement (under which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more) and, if the policy includes a coinsurance clause, an agreed amount endorsement; or (iii) such comparable endorsements as the Institutional Guarantor may approve. The insurance will be carried with reputable companies authorized and qualified to do business in the State of Delaware. Each Unit Owner must in any event obtain public liability insurance and glass replacement insurance in minimum amounts required from time to time by the Association. Any Unit Owner may further insure such Unit Owner's own Unit for such Unit Owner's own benefit, in which event such Unit

Owner must give notice of such other insurance promptly to the Association. In no event will the Association be responsible for insuring the personal property of the Unit Owners.

(c) **Directors and Officers Liability.** The Association must purchase and maintain fidelity insurance for the protection of the Board members and the Association against claims of "wrongful acts." This policy will carry limits of not less than \$1,000,000, and will be written with a reputable insurance company authorized and qualified to do business in Delaware.

(A) **Crime/Fidelity Insurance.** The Association will purchase and maintain employee dishonesty or crime insurance policy or bonds that protects against fraudulent or dishonest acts of the Board, its officers, affiliates or employees, and be written with a reputable insurance carrier authorized and qualified to do business in Delaware. Such fidelity bonds or insurance must be written in an amount that, in the Board's best business judgment, is not less than the estimated maximum of funds, including reserve funds, in the custody of the Association, the Board, or its management agent, as the case may be, at any given time during the term of each bond, and may in no event be less than a sum equal to one (1) year's aggregate Annual Assessments on all Units plus the Association's reserve funds. An appropriate endorsement to the bond or policy of insurance covering any persons who serve without compensation may be added if the policy would not otherwise cover volunteers, or waiving all defenses by the bond issuers based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. If an independent contractor is engaged to provide management services, such contractor must provide certification of its own fidelity insurance meeting the above requirements.

(d) **Other Insurance.** The Association may purchase (but is not obligated to purchase) additional insurance that the Board determines to be advisable or necessary, including, but not limited to, worker's compensation insurance, boiler explosion insurance, demolition insurance, flood insurance, fidelity bonds, director and officer liability insurance, errors and omissions insurance, and insurance on personal property owned by the Association. The Association may assess the Unit Owners in advance for the estimated cost of all types of insurance required or elected to be maintained hereunder.

(e) **General Provisions on Insurance.** All policies of insurance or bonds obtained by the Association as hereinabove directed must, to the extent obtainable, be subject to the following provisions and limitations:

(i) The named insured under any such policies must be the "The Ocean View Beach Condominium Home Owners Association, Inc. for the use and benefit of the individual Unit Owners of the Units" (designated by name if required by Law). Each such policy, except fidelity and liability, must, moreover, contain the standard mortgagee clause (without contribution) which must be endorsed to provide that any proceeds must be paid to the Association, or any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor thereto, for the use and benefit of each Unit Owner and each such Mortgagee, as their interests may appear. The mortgagee clause must also name any Institutional Guarantor that holds one or more Mortgages on Units. All policies of insurance must be issued using only generally accepted insurance carriers. The Association should refer

to guidelines of any Institutional Guarantor for specific requirements regarding the qualifications of insurance carriers.

(ii) All such policies will be primary, and in no event will the insurance coverage obtained and maintained pursuant hereto be brought into contribution with insurance purchased by the Unit Owners or their Mortgagees.

(iii) Such policies must provide that coverage may not be prejudiced by (A) any act or omission of the Unit Owners when such act or omission is not within the control of the Association, or (B) any failure of the Association to comply with any warranty or condition with regard to any portion of the Condominium over which the Association has no direct (or indirect) control.

(iv) To the extent possible on commercially reasonable terms, all policies must provide that coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' (or such lesser period as may be obtained on commercially reasonable terms) prior written notice to any and all insureds named thereon and to any Mortgagees, any Insurance Trustee, the Association, and the Board, and, if applicable, to any Institutional Guarantor or its servicer, if any of them hold any Mortgage, and to any insurer or guarantor of any Mortgage. All policies must recognize any Insurance Trust Agreement that has been entered into by the Association.

(v) All such policies must contain a waiver of subrogation by the insurer as to any and all claims against the Board, the Association, the Unit Owner and/or their respective agents, employees or tenants, and of any defenses based upon the existence of other insurance or upon invalidity arising from acts or omissions of the insured.

(vi) All policies of property insurance must provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option may not be exercisable without the prior written approval of the Association or when in conflict with any requirement of Law.

(vii) No policy may be obtained with a carrier where (A) under the terms of the insurance carrier's charter, by-laws, or policy, contributions or assessments may be made against the Association, Unit Owners, an Institutional Guarantor, the designee of an Institutional Guarantor, or other Mortgagees; (B) by the terms of the carrier's charter, by-laws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (C) the policy includes any limiting clauses (other than insurance conditions) that could prevent an Institutional Guarantor, other Mortgagees, or the Unit Owners from collecting insurance proceeds.

(viii) The premiums on all insurance policies and bonds required or otherwise maintained herein will be paid by the Association as a Common Expense.

(ix) Certificates of Insurance must be issued to each Unit Owner and Eligible Mortgagee upon request thereof.

(f) The Board is granted the authority to negotiate loss settlements with the appropriate insurance carriers covering insurance purchased and obtained by the Association. Any policy of insurance obtained by the Association may contain a reasonable deductible no higher than that permitted by any Institutional Guarantor having jurisdiction. The deductible will be paid by the party who would be responsible for the repair in the absence of insurance, as determined by the Board. Notwithstanding the foregoing, any insurance policies obtained by the Association with respect to the Property must comply with the requirements of DUCIOA.

(g) Insurance Trustee. Notwithstanding any of the foregoing provisions, there may be named as an insured, on behalf of the Association, an authorized representative of the Association, including any trustee with whom such Association may enter into any insurance trust agreement ("Insurance Trust Agreement") or any successor to such trustee (each of whom is referred to herein as the "Insurance Trustee"), who will have exclusive authority to negotiate losses under any policy providing such property or liability insurance. If no such Insurance Trustee is named, the Board will have all of the rights, powers, authorization and privileges herein created or recognized on the part of the Insurance Trustee.

Each Unit Owner hereby appoints the Association, or any Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining insurance as required above, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association, or any Insurance Trustee, will hold or otherwise properly dispose of any proceeds of insurance in trust for Unit Owners and their Mortgagees, as their interests may appear.

The Insurance Trustee or Association, as applicable, must promptly deliver to each Unit Owner the insurance proceeds attributable to that Unit, and, thereafter, such Unit Owner must promptly and with due diligence restore that Unit in accordance with the Condominium Documents and the Master Declaration

(h) **No Liability**. Notwithstanding the requirement of the Association to obtain insurance coverage as stated in this Declaration, neither Declarant (nor its officers, directors, partners, or employees) nor the Association (nor its directors, officers, or agents) will, to the fullest extent permitted by Law, be liable to any Unit Owner or any other Person if any risks or hazards are not covered by the insurance to be maintained by the Association or if the amount of insurance is not adequate, and it will be the responsibility of each Unit Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for any additional insurance coverage and protection that the Unit Owner may desire. Except to the extent that valid and collectible insurance coverage exists with respect to the Person sought to be held liable, no Unit Owner, Occupant, Board member, agent or employee of the Association will be liable to each other or to anyone else for any condition of the Common Elements which he or she has not actively and intentionally caused, unless such condition is the result of gross negligence or willful misconduct of such Person. This provision does not create a right of action on any Person who would not otherwise have such right nor does it limit any action brought to abate a nuisance or to enforce an easement, restriction, or the performance of a duty created by this Declaration or the Bylaws.

(i) **Governmental Requirements.** The Association will maintain any other forms or types of insurance applicable to the ownership and operation of the Common Elements as may be required from time to time by any applicable guidelines issued by any Institutional Guarantor having jurisdiction over the Property. Additionally, all insurance maintained by the Association must meet the rating requirements of any Institutional Guarantor having jurisdiction.

(j) **Evidence of Insurance for Master Association.** Upon the request of the Master Declarant or the Master Association, the Board must promptly deliver satisfactory evidence of the existence of all insurance required to be carried by the Association pursuant to this Section 6.03.

Section 6.04. Damage and Destruction; Reconstruction.

(a) If the Common Elements are damaged or destroyed, the Board will obtain bids and contract for repair or reconstruction of those improvements. If the proceeds of any insurance policies payable as a result of the damage or destruction, together with the amounts paid by a responsible Unit Owner under Section 5.03 of this Declaration, are insufficient to complete the repair or reconstruction, the deficiency will be the subject of a Special Assessment against, in the case of the General Common Elements, the entire Property and, in the case of the Limited Common Elements, the applicable Unit.

(b) In the event that a Unit is damaged or destroyed, in whole or in part, the Unit Owner of such Unit must repair or reconstruct in accordance with the Declaration within four (4) months, or such longer time as is permitted in writing by the Board, unless written approval to do otherwise is obtained from the Board. All such repairs and reconstruction remain subject to the provisions of the Master Declaration, including the right of the Master Association to effect repairs and reconstruction that a Unit Owner has failed to perform and to levy the costs of such work as an Assessment on the applicable Unit. If a Unit Owner fails to repair or reconstruct to a condition satisfactory to the Board and compatible with the Master Declaration and this Declaration, as applicable, then, after not less than thirty (30) days' prior written notice to that Unit Owner, the Association will have the right (but not the obligation) to enter upon or into that Unit and to repair or reconstruct. Any entry by the Association or its agents will not be considered a trespass. The cost of these repairs or reconstruction will be an Assessment against the applicable Unit, will be paid promptly to the Association by that Unit Owner, and will constitute a lien upon that Unit Owner's Unit. The self-help rights of the Association described above are in addition to any other remedies available to the Association under the Condominium Documents or applicable Laws.

(c) If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair, as determined by the Board, to be undertaken by the Association or if at any time during the reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, Assessments may be made against the Unit Owners to provide payment of such costs.

(d) Any such reconstruction or repair must be substantially in accordance with the plans and specifications under which the Property was originally constructed, subject to the architectural review requirements of the Master Declaration.

(e) Encroachments upon or in favor of Units resulting from any such reconstruction or repair will 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 will be allowed to continue in existence for so long as the Property improvements, as reconstructed or repaired, stand.

(f) If there is substantial damage to or destruction of the Property and if seventy-five per cent (75%) of the Unit Owners duly resolve, at a meeting called within ninety (90) days after the occurrence of such substantial damage or destruction, not to repair or restore such damage, the salvage value of the substantially damaged or destroyed Property will be subject to a suit for partition by any Unit Owner; and the net proceeds of such sale, together with the proceeds of insurance policies maintained by the Board will be considered as one fund and will be divided among the Unit Owners in proportion to their respective percentage interests after discharging out of the respective share of each Unit Owner (to the extent sufficient for such purposes), in order of their priority, all liens against the respective Units of such Unit Owners.

(g) Each Unit Owner specifically acknowledges and agrees by becoming a Unit Owner that:

(i) Each Building and each Unit therein is an integral part of the Property;

(ii) In order for any Unit Owner to receive and enjoy the full benefits of ownership, it is necessary to repair and maintain each Unit and each Building in a condition of good and proper order;

(iii) The Property will be deemed to have been substantially damaged or destroyed if it is projected that it will take greater than six (6) months to restore or repair such damage to the Property; and

(iv) Substantial or total destruction of a Building or any one or more Units will be deemed directly to affect all of the Unit Owners.

Section 6.05. Condemnation of Common Elements.

(a) Subject to the provisions of applicable Law, if a portion of the Common Elements is taken by eminent domain, the award will be paid to the Association, and the Association will cause the award to be utilized for the purpose of repairing and restoring the Common Elements, including, if the Board deems it necessary or desirable, the replacement of any improvements. Any portion of the award not used for any restoration or repair of the Common Elements will be added to a reserve account of the Association, as the Board determines. Subject to the provisions herein, in the event that all or any portion of the Condominium is threatened by exercise of the power of eminent domain or becomes the subject of condemnation proceedings, each Unit Owner whose Unit, exclusive of such Unit Owner's percentage interest in the Common Elements, is directly threatened will have the right to demand and receive compensation for such Unit Owner's Unit, including such Unit Owner's percentage interest in the Common Elements in accordance with the provisions of DUCIOA, whether or not any Common Elements are acquired. No Unit Owner whose percentage interest in only the

Common Elements is threatened will have a similar right, but the Association alone with respect to such Common Elements will demand and receive compensation, which must be applied or divided in accordance with the provisions of Section 81-107 of DUCIOA. Any portion of an award attributable to the acquisition of Limited Common Elements by the condemning Governmental Authority must be equally divided among the Unit Owners of the Units to which such Limited Common Elements were allocated at the time of acquisition.

(b) The Association will represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning Governmental Authority for acquisition of the Common Elements or any part thereof. Each Unit Owner, by acceptance and recordation of the deed to such Unit Owner's Unit, will be thereby deemed to have irrevocably appointed the Association as such Unit Owner's attorney-in-fact for such purposes.

(c) Any restoration or repair of the Condominium by the Association after a partial condemnation, must be performed substantially in accordance with the Declaration and the original plans and specifications within four (4) months, or such longer time as is permitted in writing by the Master Association, unless written approval to do otherwise is obtained from the Master Association. All such repairs and reconstruction remain subject to the provisions of Article VII of the Master Declaration.

(d) Each Eligible Mortgagee must be given timely written notice of any condemnation that affects either a material portion of the Condominium or the Unit securing its Mortgage.

Section 6.06. Other Duties and Powers. The Association, acting through the Board, may exercise any other right or privilege given to it by the Condominium Documents and every other right or privilege implied from the existence of the Condominium Documents.

Section 6.07. Liability of Board Members. To limit the liability of the Unit Owners and the members of the Board or its designee(s), the Board will endeavor to include the following provision in any contract or other commitment made by the Board, or a designee on its behalf: "The Board, its members, managing agent, manager or other designee(s), as the case may be, in executing this instrument, is acting only as agent for the Unit Owners, and the members of the Board, its managing agent, manager, or other designee(s) will have no personal liability on any contract or commitment (except as Unit Owners), and the liability of any Unit Owner on any such contract or commitment will be limited to such proportionate share of the total liability as the percentage interest of each Unit Owner bears to the aggregate percentage interests of all Unit Owners." The Board and its members will have no liability to the Unit Owners for any error of judgment or otherwise, except for willful misconduct or bad faith.

Section 6.08. Association Rules. By a majority vote of the Board, the Association, from time to time and subject to the provisions of this Declaration, may adopt, amend, and repeal Association Rules for the Condominium, all in accordance with DUCIOA. These Association Rules may restrict and govern the use of the Property and, additionally, may establish a system of fines and charges for violations of the Condominium Documents. If adopted, a copy of the Association Rules will be available for inspection by the Unit Owners at

reasonable times. The initial Association Rules are attached hereto as **Exhibit D**. The Association Rules will be interpreted in a manner consistent with this Declaration or the other Condominium Documents, and, upon adoption, the Association Rules will have the same force and effect as if they were established in full within and were a part of this Declaration. The Association, the Board, and the officers of the Association will have no liability to any Unit Owner or any other Person for the failure to enforce (or any delay in the enforcement of) the Association Rules.

ARTICLE VII

DESIGN REVIEW AND ARCHITECTURAL CONTROL

Section 7.01. Architectural Control. The Property is subject to the Master Declaration, which provides for design review and architectural control by Master Declarant and others, as provided therein. Unless and until the requirements of the Master Declaration have been fulfilled, no construction or development activities, including, without limitation, staking, clearing, landscaping, excavation, grading, or other site work, may be commenced or maintained on any Unit or the Common Elements; no building, structure, or other improvement of any kind, including, without limitation, fences, walls, mailboxes, decks, porches, gazebos, pools, hot tubs, and tennis courts, may be commenced, erected, or maintained within the Property; and no exterior addition, change, or alteration of any nature to the Units or other existing improvements within the Property, including, without limitation, changes in color, changes or additions to driveway or walkway surfaces, and landscaping modifications (all of the foregoing being individually and collectively referred to as "**Improvements**"). Master Declarant has reserved rights of architectural review, approval, or control over all or any portion of the Property pursuant to any contract, deed, covenant, or other agreement, then the provisions of such other contract, deed, covenant, or other agreement will control and supersede any other matter otherwise within the scope of this Article, and the approval by Master Declarant pursuant to such other contract, deed, covenant, or other agreement of any other matter otherwise within the scope of this Article will be deemed full and complete compliance with this Article. To the extent Master Declarant has expressly assigned in writing any or all of its reserved rights pursuant to the Master Declaration to the Architectural Review Committee, then any such assigned rights will be exercisable by the Architectural Review Committee, as set forth herein.

Section 7.02. Design Review by Master Declarant. Each Unit Owner, by a deed or other instrument conveying an interest in any portion of the Project, acknowledges that, as the developer and initial owner of the Project, Master Declarant has a significant and substantial interest in ensuring that the Improvements within the Project enhance the community and do not adversely impact the ability of Master Declarant to market, sell, or lease any portion of the Project. Each Unit Owner, by acceptance of a deed or other instrument conveying an interest in any portion of the Project, agrees that no Improvements may be commenced within or upon a Unit unless and until Master Declarant has given its prior written approval for such Improvements as provided in the Master Declaration. In reviewing and acting upon any request for an approval, Master Declarant may be acting in its own interest and will owe no duty to any other Person, including, without limitation, the Master Association or any of its Members.

The rights reserved to Master Declarant pursuant to this Article will be applicable for the

duration of Period of Master Declarant Control, unless earlier assigned or terminated by a written instrument executed by Master Declarant.

Section 7.03. Improvements by Master Declarant; Amendment. This Article does not apply to any Improvements to the Project made by Master Declarant, Declarant or, at Declarant's election, any Builder or on behalf of the Master Association or, during the Period of Declarant Control, the Association. This Article VII may not be amended without Master Declarant's prior written consent so long as Master Declarant owns any portion of the Project or the Additional Property.

Section 7.04. Master Declarant Control. In the event of any inconsistency between any part of Article VII hereof and Article VII of the Master Declaration, the Master Declaration will govern and control. In the event of any modifications hereafter to Article VII of the Master Declaration, Declarant, during the Period of Declarant Control, and the Board thereafter may amend this Declaration, without the consent of any Unit Owner or any other Person, to conform to such modifications of the Master Declaration; but, whether or not this Declaration is so amended, the amendment of the Master Declaration will govern and control.

ARTICLE VIII

COMMUNITY RESTRICTIONS, DEVELOPMENT RIGHTS AND SPECIAL MASTER DECLARANT RIGHTS

Section 8.01. Overall Structure. The Community/ Project is intended to be a community with specifically designed covenants and restrictions applicable to the uses permitted within the Residential Community. The Master Association has been formed in part to facilitate the development, operation, and maintenance of the improvements that will be used in common by the Owners and Occupants (as each such term is used in the Master Declaration) of the Community. The Master Association may undertake operational and maintenance duties with respect to portions of the Project as Areas of Master Association Responsibility that are not for the common use of all Owners and Occupants (as each such term is used in the Master Declaration) within the Project but, rather, are limited to use by only those Owners and Occupants (as each such term is used in the Master Declaration) of the Community or one or more specific Units or Parcels in the Community (as each such term is used in the Master Declaration).

Section 8.02. Community Restrictions. The Property is subject to this Declaration, which constitutes Community Restrictions under the terms of the Master Declaration, the primary administration and enforcement of which will rest with the Association (except to the extent provided in the Master Declaration and herein).

Section 8.03. Right of Enforcement. While it will not be the duty, obligation, or requirement of the Master Association to monitor or enforce this Declaration, pursuant to the Master Declaration and hereunder the Master Association reserves the right to enforce, on behalf of the Association, this Declaration when the Association fails or refuses to enforce the Declaration. The Master Association may exercise this right of enforcement after written notice

to the Association, identifying a reasonable time period (not more than thirty (30) days) within which enforcement measures may be commenced and diligently pursued to resolution.

Section 8.04. Conflicts Among Restrictions. To the fullest extent permitted by Law, the Master Association Documents will control over the this Declaration and the Condominium Documents.

Section 8.05. Application of Master Documents. The Master Association Documents will apply to all Unit Owners and Occupants within the Property.

Section 8.06. Recordation of Community Declaration. To ensure conformity and compliance with the SEASHORE VILLAS Community Record Plan, the approval by Master Declarant, during the Period of Master Declarant Control, and the Master Association, after the Period of Master Declarant Control, must be obtained in writing as to the form and content of the Condominium Community Declaration, i.e. this Declaration, and all amendments thereto, prior to their recordation in the Recorder's Office or any other land records office. Any attempted recordation of any Condominium Community Declarations, or amendments thereto, without the prior written approval of Master Declarant or Master Association, as applicable, will be void and of no force or effect.

Section 8.07. Project-Wide Standard. The Master Association, through its Board (as that term is used in the Master Declaration), will be the sole and final judge as to what constitutes the Project-Wide Standard and whether a particular activity, course of conduct, or set of circumstances satisfies the Project-Wide Standard.

Section 8.08. Rights to Develop. The Master Declarant and the Master Association will have an unrestricted right of access over the entire Project to install, construct, maintain, and repair the Master Common Areas or, to the extent applicable, any Areas of Master Association Responsibility. By becoming a Unit Owner or Occupant in the Property, each Unit Owner and Occupant (excluding Declarant) specifically: (i) acknowledges that the Project is a master planned community, the development of which is likely to extend over many years; and (ii) except to the extent permitted by Law through any public hearing process held by the County for zoning or development, agrees not to protest, challenge, or otherwise object to any changes in use or density to property outside of the respective Community in which the Unit Owner or Occupant works, resides, or holds an interest.

Section 8.09. Declarant Development Rights. The following Section 8.09 is included in this Declaration in accordance with the requirements of DUCIOA. In addition to all other Development Rights set forth in this Declaration, Declarant hereby reserves the following Development Rights:

(a) **Expansion of the Condominium.** In accordance with Article XII hereof, Declarant may add the Exception Parcels and Phases to expand the number of Units and the Common Elements of the Condominium.

(b) **To Add the Additional Property.** Declarant hereby reserves the Development Right to add to the Property the Additional Property, as described on Exhibit A-2, together with the right to add to, improve, and connect to the Common Elements, including any right-of-ways

and the SWM Facilities and any other public utilities as may be necessary for the development of the Additional Property. This Development Right must be exercised not later than thirty (30) years from the date that this Declaration is recorded in the Recorder's Office.

(c) **To Withdraw Real Estate from the Project.** Declarant hereby reserves the Development Right to withdraw from the Property any or all of the Withdrawal Property, as described on Exhibit A-3, or any portion of the Property provided that such property has not yet been conveyed to any Unit Owners and such withdrawal does not have an actual substantial and material adverse impact on the remaining portion of the Property. This Development Right must be exercised within one (1) year from the expiration of the last date on which the right to add the Additional Property expires pursuant to subsection (b) above.

Section 8.10. Special Declarant Rights. The following Special Declarant Rights are reserved to Declarant in this Declaration and may be exercised by Declarant, to the fullest extent permitted by applicable Law, without the consent of any Unit Owner or any other Person, and if not exercised prior to the thirtieth (30th) anniversary of the recording of this Declaration in the Recorder's Office, these Special Declarant Rights will terminate:

(a) to complete the improvements within the Property that are the subject of and are consistent with this Declaration or the Approved Plan or described in any public offering statement, if any such is required to be delivered by Declarant pursuant to DUCIOA;

(b) to amend the Approved Plan;

(c) to maintain and utilize anywhere within the Property and perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of Units and improvements, including, without limitation, sales offices, management offices, rental offices, storage areas, construction yards, signs, displays and models in any part of the Property and to remove any of the foregoing located within the Property;

(d) to maintain advertising signs anywhere within the Property;

(e) to use easements through the Property for the purposes of making improvements within the Property for the benefit of the Property, the Additional Property or the Withdrawal Property;

(f) to use, grant, and reserve easements and rights of way through, under, over, and across the Property for the benefit of the Property, the Additional Property or the Withdrawal Property for the installation, maintenance, inspection, repair, and replacement of lines and appurtenances for public or private sewer, water, drainage, gas, electricity, telephone, and other utilities such as, but not limited to, a master television communications system, cable television system, a security system, or the like;

(g) to merge or consolidate the Association with another common interest community;

(h) to appoint or remove any officer of the Association or any member of the Board during the Period of Declarant Control;

(i) to the extent delegated by Master Declarant or the Master Declaration, to control any construction, design review, or aesthetic standards committee or process as set forth in Article VII hereof;

(j) to attend meetings of the all Unit Owners of the Property and, except during an executive session after the Period of Declarant Control, the Board of the Association;

(k) to have access to the records of the Association to the same extent as any Unit Owner hereunder;

(l) to amend the Condominium Documents to comply with applicable Law or correct any error or inconsistency in the Condominium Documents;

(m) to amend the Condominium Documents to conform with the requirements of (i) DUCIOA, (ii) any rules or guidelines of any Institutional Guarantor, or (iii) the requirements of any governmental or quasi-governmental agency having regulatory jurisdiction over the Property;

(n) to exercise all other rights of Declarant to amend, modify, supplement, alter or restate this Declaration in accordance with this Declaration;

(o) to alter any boundaries of any portions of the Property, other than a Unit owned by a Unit Owner (other than Declarant) except with the consent of that Unit Owner;

(p) to assign all or part of its rights under this Declaration;

(q) to exercise all easements granted to Declarant pursuant to the Master Declaration or this Declaration;

(r) to exercise all Development Rights reserved to Declarant pursuant to this Declaration;

(s) to enter any portion of the Property for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Property or the improvements thereon;

(t) to take such actions that, to the fullest extent permitted by Law, are necessary or desirable to continue to subject the Property to the Master Declaration; and

(u) to exercise any other Special Declarant Rights identified in this Declaration.

Section 8.11. Power of Attorney.

(a) Each and every Unit Owner by accepting and recording the deed to a Unit, and each Mortgagee or other lienholder or Person having a legal or equitable interest in any Unit does automatically and irrevocably name, constitute, appoint and confirm Declarant and/or the Association, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

(b) No such agreement, document, amendment, supplement or other instrument that adversely affects the value of a Unit, or substantially increases the financial obligations of a Unit Owner, or reserves any additional or special privileges for the Master Declarant not previously reserved, may be made without the prior written consent of the affected Unit Owners and all Eligible Mortgagees of any Mortgages encumbering the Units owned by the affected Unit Owners. Any such agreement, document, amendment, supplement or instrument that adversely affects the validity of any Mortgage that encumbers any Unit may not be made without the prior written consent of the Mortgagees of all such Mortgages.

(c) The power of attorney established by this Section 8.11 is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same will run with the title to any and all Units and the Property and will not be affected by subsequent disability or incapacity of the Unit Owner, a Mortgagee or other lienholder or Person having a legal or equitable interest in any Unit or the Property, and such power of attorney will be binding upon such Person, and such Person's heirs, executors, administrators, personal representatives, successors and assigns (including, without limitation, all Mortgagees). Said power of attorney will be vested in Declarant, its successors, transferees and assigns, until the expiration of all of Declarant's Special Declarant Rights and Development Rights or until such time as Declarant no longer owns any portion of the Property or Additional Property, whichever occurs later. Thereafter, said power of attorney will automatically vest in the Association to be exercised by its Board.

Section 8.12. Transfer of Special Master Declarant Rights. Declarant may unilaterally transfer (without the approval or joinder of the Association or any Unit Owner or Mortgagee) Special Declarant Rights created or reserved under the Condominium Documents to (i) any Person acquiring any portion of the Property owned by Declarant or its Affiliates or (ii) any lender holding a Mortgage on any portion of the Property owned by Declarant. Such transfer must be evidenced by an instrument recorded in the Recorder's Office. The instrument is not effective unless signed by the transferor and transferee; provided, however, that a Person may unilaterally sign and record an instrument to acquire some or all of the Special Declarant Rights with respect to the portion of the Property acquired if such Person acquires any or all of the Property owned by Declarant pursuant to a mortgage or deed of trust by foreclosure or deed in lieu of foreclosure. Such instrument must be recorded within a reasonable time after acquisition of any such portion of the Property.

A successor to Special Declarant Rights held by a transferor who succeeded to those rights pursuant to a mortgage or a foreclosure or a deed in lieu of foreclosure may declare the intention in an instrument recorded in the Recorder's Office to hold those rights solely for transfer to another Person. Thereafter, until transferring the Special Declarant Rights to a Person acquiring title to any portion of the Property owned by such successor, or until such

successor records an instrument assuming the right to exercise the Special Declarant Rights, that successor may not exercise any of the Special Declarant Rights other than to approve or disapprove: (A) amendments to the Condominium Documents, (B) dissolution of the Association, or (C) termination of the Declaration. So long as a successor does not exercise Special Declarant Rights (except the rights described above) under this subsection, such successor is not subject to any liability or obligation as a declarant.

A partial transfer of Special Declarant Rights does not prevent the transferor Declarant from continuing to exercise Special Declarant Rights with respect to any portion of the Property retained by such Person. The instrument providing for a partial transfer of Special Declarant Rights must allocate voting rights between the transferor and the transferee as such Persons agree among themselves or based on the relative square footages of the portion of the Property owned by each declarant if not otherwise provided. Each Person having Special Declarant Rights under the Condominium Documents has the right to transfer such rights unilaterally with respect to any portion of the Property owned by such Person except to the extent provided otherwise in an instrument assigning the Special Declarant Rights to such Person. If at any time Declarant ceases to exist and has not made an assignment of the Special Declarant Rights, a successor may be appointed by an amendment to the Declaration made by the Board or, in the event the Board fails to do, by the Master Declarant during the Period of Master Declarant Control and, thereafter, the Master Association.

ARTICLE IX

MASTER ASSOCIATION

Section 9.01. Community. This Declaration is a Community Declaration (as defined in the Master Declaration) and the Association is a Community Association (as defined in the Master Declaration). The documents that govern or establish the Association, and any amendments thereto, must be submitted to the Master Association for its approval. Without limitation of any other provision of this Declaration or of the Master Declaration, the Master Declaration provides for, among other things, the following:

- (a) the annual budget of the Association must include the payment of an amount sufficient to cover the pro rata portion of the Master Assessments due from the Association (or the Unit Owners) under the Master Declaration;
- (b) the Master Association has the right (but not the obligation) to take temporary control of the Association if the Section Association fails to collect assessments in an amount sufficient to pay and satisfy the Master Assessments due the Master Association by the Association;
- (c) the Master Association, as a third-party beneficiary, has the right (but not the obligation) to enforce the Association's rights and remedies under this Declaration, if the Association refuses or neglects to enforce the rights and remedies after reasonable written notice from the Master Association (not more than thirty (30) days); and

(d) for purposes of the Master Association and the Master Declaration, the Association has the ability to exercise any voting rights (if any) of the Unit Owners.

Section 9.02. Delivery of Information. The Association must provide the Master Association with full and complete copies of all governing documents applicable to the Association, including this Declaration and all amendments that may be enacted from time to time. All such information must be promptly provided to the Master Association and, in all cases, no later than thirty (30) days after written request from the Master Association.

Section 9.03. Management and Control. Except to the extent the Master Association elects to take temporary control over the Association or elects to enforce this Declaration under Sections 8.03, 9.01(b), or 9.01(c) hereof, respectively, all administrative and management services provided under this Declaration will be provided solely by the Association and not the Master Association or any other Community Association.

Section 9.04. Master Assessments Specifically. If the Master Association exercises its rights under the Master Declaration and this Declaration to take control of the Association for any period of time that may be necessary to bring about collection of the Master Assessments, control may be accomplished through the removal and substitution of officers and members of the Board of the Association at the Master Association's sole determination and action and without regard to any removal or election procedures provided by the Condominium Documents, to the fullest extent permitted under applicable Laws, or by any other manner permitted under applicable Laws. Without limitation of any other remedies available to the Master Association, the Master Association also will have the right to file a lien against the Unit of any delinquent Unit Owner in an amount equal to:

- (a) all amounts owed by the delinquent Unit Owner for Master Assessments or otherwise;
- (b) all costs of collection (including legal fees); and
- (c) all applicable late charges and interest.

To enforce and collect these amounts, the Master Association may enforce an assessment lien against the applicable portion of the Property or may exercise any other remedy available to the Master Association under the Master Association Documents or this Declaration.

Section 9.05. Enforcement Under this Declaration. To the fullest extent permitted under applicable Laws, the Master Association will not be involved or joined in any disputes solely between or among Unit Owners, unless the Master Association otherwise elects to be involved.

Section 9.06. Association Meetings. If requested by the Master Association, the Association will provide notice to the Master Association of all regular or special meetings of the Unit Owners or Board, including providing all agendas and all other relevant information and materials for such meetings. A representative of the Master Association may attend these meetings, at the discretion of the Master Association, including any that are held in executive session.

Section 9.07. Remedies of Master Association. Without limiting the remedies of the Master Association outlined above, the Master Association will have all rights and remedies available under applicable Laws to enforce this Master Declaration or this Declaration, including the right to commence an action in contract against any Unit Owner and/or the Association.

ARTICLE X

CREATION OF EASEMENTS

Section 10.01. Master Declarant Easements. The Property is subject to the easements granted to the Master Declarant pursuant to and in accordance with provisions of the Master Declaration.

Section 10.02. Unit Owner Easements. Every Unit Owner has the following perpetual easements appurtenant to that Unit Owner's Unit with respect to the Property:

(a) a non exclusive easement in, upon, over, under, across and through the Common Elements, subject to the exclusive rights of other Unit Owners to their appurtenant Limited Common Elements, to keep, maintain, use, operate, repair and replace the Unit in its original condition and in every subsequent position to which it changes by reason of the gradual forces of nature and the elements; and

(b) an exclusive easement for the existence and continuance of any encroachment by the Unit upon any adjoining Unit or Building or upon any Common Elements, now existing or which may come into existence hereafter as a result of the addition of Phases, as a result of construction, repair, shifting, settlement, movement of any portion of the Buildings or a Unit or as a result of condemnation or eminent domain proceedings, so that any such encroachment may remain undisturbed so long as the encroachment remains;; and

(c) an exclusive easement for the existence and continuance, or replacement, of any encroachment by the footings of a Unit upon any adjoining Unit or Common Elements as originally constructed, and replacements or reconstruction thereof; and

(d) an exclusive easement to use and enjoy the surfaces of the walls (including any windows, doors or chimneys), the balcony, if any, the stoops, if any, the patio, if any, the ceilings and the floors contained within or appurtenant to the Unit to the extent not a part of the Unit, and an exclusive easement to place and maintain landscaping in the front, rear or yards of the Unit to the extent not a part of such Unit and subject to the landscaping requirements and rights under the Master Declaration; and

(e) an easement in association with others entitled thereto through portions of the Property for structural support for all Units, Common Elements and other portions of the Property; and

(f) an easement in common with the Unit Owners of other Units to use all pipes, wires, ducts, cables, conduits, public utility lines, cable and master antenna television, if

any, and other Common Elements servicing the Unit to the extent any of the foregoing is not a part of the Unit; and

(g) for those Units that are shown on the Declaration Plan as sharing a driveway, a perpetual, non-exclusive easement shared with the adjoining Unit that shares the shared driveway serving the two Units, as shown on the Declaration Plan, for the proper, reasonable and unobstructed use of the shared driveway for ingress, egress and regress to and from that Unit Owner's Unit.

Section 10.03. Public Utility Easements. Declarant may grant and create a perpetual and non-exclusive easement upon, across, over, and under the Common Elements and all other areas that may be depicted and described on any Approved Plan as a public utility easement for the installation and maintenance of utilities, including electricity, telephone, water, gas, cable television, telecommunications, drainage facilities, sanitary sewer, or other utility lines servicing the Property, the Additional Property, any Withdrawal Property, or any other real property. All of these public utility easements may be used by the utility provider or the County without the necessity of any additional recorded easement instrument. These public utility easements will not affect the validity of any other recorded easements affecting the Project. All utilities and utility lines will be placed underground except for those that by their operational nature must be aboveground and if approved by Declarant. No provision of this Declaration, however, will act to prohibit the use of aboveground and temporary power or telephone structures incident to the construction of buildings or structures as needed by Declarant. Public or private sidewalks may be located in the public utility easements. The public utility easements described above will be perpetual unless and until abandoned by the utility provider or by resolution of the Town, as applicable.

Section 10.04. Declarant Easements. Without limiting the generality of any other provision of this Declaration, Declarant, its successors and assigns (including Builders to whom Declarant may assign in whole or in part), has the following easements with respect to the Property, which rights constitute Special Declarant Rights:

(i) all applicable easements and rights granted to Master Declarant with respect to the Property under the terms of the Master Declaration;

(ii) a comprehensive, non-exclusive easement in, upon, through, under and across the Common Elements for the purpose of construction, installation, maintenance and repair of any improvements to the Units or Common Elements, and for construction and development of the Exception Parcels for incorporation into the Condominium and for ingress and egress, for the use of all roadways, parking areas and existing and future model units for sales promotion and exhibition, until the expiration of six (6) years from the date of issuance of the certificate of occupancy for the last Unit in the Condominium (as the same exists after the incorporation of the Exception Parcels) or such longer period to the extent necessary for performance of any work required under applicable warranties. In addition, Declarant hereby reserves the irrevocable right to enter into, upon, over, or under any Building or Unit for such purposes as may be reasonably necessary for Declarant or its agents to service or maintain any Unit therein, provided that the request for entry is at a reasonably convenient time to the Unit Owner after reasonable notice to the Unit Owner. In case of emergency, such right of entry may

be immediate whether the Unit Owner is present at the time or not. In utilizing this construction easement, Declarant will, to the fullest extent permitted by Law, not be liable or responsible for any damage to any landscaping or improvements located within the temporary construction easement; however, Declarant will use (and cause its agents, employees, and independent contractors to use) reasonable care to avoid material and unreasonable damage to any landscaping or improvements;

(iii) a perpetual, comprehensive and non-exclusive easement in, upon, over, under, across and through the Common Elements for surface water runoff and drainage caused by natural forces and elements, grading, and/or the improvements located upon the Property. No individual Unit Owner may directly or indirectly interfere with or alter the drainage and water runoff patterns and systems within the Condominium;

(iv) an exclusive easement for the existence and continuance of any encroachment by the Common Elements, now existing or that may come into existence hereafter a result of construction, repair, shifting, settlement, movement of any portion of the improvements, a valid easement for the encroachment and for the maintenance of the same may exist so long as the encroachment exists; and

(v) such other easements through the Property as may, in Declarant's determination, be necessary for its exercise of Special Declarant Rights or any other rights or obligations of Declarant under this Declaration.

Section 10.05. Easements for Ingress and Egress. A perpetual and non-exclusive easement for pedestrian ingress and egress is created and reserved by Declarant for the benefit of Declarant and all Unit Owners over, through, and across all sidewalks, paths, recreation trails, walks, and lanes that may be constructed within the Property. Additionally, a perpetual and non-exclusive easement for vehicular and pedestrian ingress and egress is created and reserved by Declarant for the benefit of all Unit Owners over and across any Common Elements and all sidewalks or public or private easements that separate the Unit from any adjacent public or private street. The right of access described above is and will remain at all times an unrestricted right of ingress and egress.

Section 10.06. Water Easement. Without limiting the grants made by Master Declarant pursuant to the Master Declaration, Declarant grants to Artesian Water, its successors and assigns, a non-exclusive and blanket easement on, under, and across the Property for the purpose of installing, maintaining, repairing, reading, and replacing water meter boxes. This permanent easement will not be deemed to affect any portion of the Property upon which a permanent structure is located. This easement will be perpetual unless and until abandoned by Artesian Water, its successors and assigns, but subject to the Association Rules.

Section 10.07. Sewer Easement. Without limiting the grants made by Master Declarant pursuant to the Master Declaration, Declarant grants to Sussex County, Delaware, and its successors and assigns, a non-exclusive and blanket easement on, under, and across the Property for the purpose of installing, repairing, maintaining and replacing sewer lines. This permanent easement will not be deemed to affect any portion of the Property upon which a permanent

structure is located. This easement will be perpetual unless and until abandoned by the Sussex County, Delaware, its successors and assigns.

Section 10.08. Additional Easements. To the extent not established as part of this Declaration, Declarant may establish through grant or reservation various easements over those portions of the Property that have not been sold to a Unit Owner as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any property in accordance with the SEASHORE VILLAS Community Master Plan or the Record Plan. Additionally, after the conveyance of all or part of a Unit to a Unit Owner, Declarant may require, as part of any approvals required under the Condominium Documents or any conveyance or development documents, that the Unit Owner of the respective Unit create, grant, or reserve various easements (either in a plan or separate recorded instrument) that may be necessary for the orderly and efficient development of any property within the SEASHORE VILLAS Community Master Plan or the Record Plan (including utility, access, drainage, open space, encroachment, trail, or other easements) or any portion of the Additional Property, any Withdrawal Property, any other portion of the Property or other real property owned by Declarant or its Affiliates, whether or not such other real property is added to the Condominium. Any of the easements described above in this Section 10.09 may be of a blanket or specific nature and may be permanent, temporary, or for a fixed period of time. If located within a Unit or Limited Common Element appurtenant to such Unit, the location of these easements will be subject to the written approval of the Unit Owner of such Unit, whose approval will not unreasonably be withheld, delayed, or conditioned. These easements may be established under an Approved Plan or separate recorded instrument. All work associated with the exercise of any rights granted under these easements will be performed in a manner so as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement right will restore the affected property, to the extent reasonably possible, to substantially its condition prior to the commencement of the work. The exercise of these easements will not extend to permitting entry into any structures in or near the easement area, nor, except in an emergency, will the exercise unreasonably interfere with the use of any Unit and, except in an emergency, entry will be made only after reasonable notice to the Unit Owner or Occupant. The foregoing is a Special Declarant Right.

Section 10.09. Easements for Maintenance, Emergency, and Enforcement. Declarant and each Unit Owner grants to the Association a non-exclusive easement over those portions of the Property that are necessary to enable the Association to fulfill its maintenance responsibilities. The Association also will have the right, but not the obligation, to enter upon any Unit to exercise any self-help remedies reserved by the Association or for emergency, security, and safety reasons. This right may be exercised by any member of the Board and its duly authorized agents and assignees, and by all emergency personnel in the performance of their duties. Except in an emergency situation, entry will only be during reasonable hours and after reasonable notice to the Unit Owner or Occupant. The Property is also subject to a perpetual and non exclusive easement of unobstructed ingress and egress in, upon, over, across and through the Common Elements in favor of the County and any other Governmental Authority, their respective officers, agents, and employees (but not the public in general) and all police, fire and ambulance personnel in the proper performance of their respective duties

(including, but not limited to, emergency or other necessary repairs to a Unit which the Unit Owner has failed to perform).

Section 10.10. No Easement for View. Each Unit Owner acknowledges that neither Declarant, nor any Builder, nor any Person acting on behalf of Declarant or any Builder, has made or is authorized to make any representation or commitment that any views or any vistas will be preserved, protected, or remain unobstructed, and there are no express or implied easements for view purposes appurtenant to any portion of the Property.

Section 10.11. Assignment of Responsibilities. Within the Project, there may be various types of property such as wetlands, drainage areas, conservation areas, open spaces, and buffers upon which restrictions, monitoring requirements, or other obligations may be imposed by the County or other Governmental Authorities. Master Declarant may deed, convey, transfer or assign, from time to time and at any time, any or all of the foregoing areas or responsibilities to the Association. After conveyance, the Association will accept, own, maintain and preserve these areas in accordance with the applicable requirements of the County or other Governmental Authorities. All of the foregoing areas that are conveyed to the Association will become part of the Common Elements, and the ownership, operation and maintenance of these areas will be a Common Expense of all Unit Owners. Alternatively, Master Declarant may deed, convey, transfer, or assign any or all of the foregoing areas or responsibilities to an improvement district, the Master Association, another Community Association, a foundation, or similar type entity which will own, operate, and maintain these areas for the benefit of some or all of the Owners (as defined in the Master Declaration) within the Project.

Section 10.12. Surface Water Management System.

(a) No Unit Owner may erect any structure, construct any improvements or otherwise change, alter, impede, revise, or interfere with in any material way the flow and the volume of water in any tax ditches, canals, channels, ponds, lakes, retention areas, bodies of water, waterways, drainage ways, or other areas designed and constructed for the disposal or accumulation of runoff waters, as reflected in any permits, the SEASHORE VILLAS Community Master Plan, or any plan or other instrument of record, without the specific written permission of the Master Association and, during the Period of Master Declarant Control, Master Declarant.

(b) No Unit Owner may deny or prevent access by Master Declarant or the Master Association to establish or repair these drainage areas for purposes that any appropriate Governmental Authority or quasi-governmental agency may reasonably require.

(c) No Unit will be increased in size by filling in any water retention or drainage areas on which it abuts. Unit Owners will not fill, dike, rip-rap, block, divert, or change the established drainage ways within the Project without the prior written consent of the Master Association or, Master Declarant as provided in the Master Declaration.

(d) The use of pesticides and herbicides in any lake or wetland is prohibited, except only any use of pesticides or herbicides by the Master Association and, during the Period of Master Declarant Control, Master Declarant.

(e) No wells may be drilled, dug, or installed within the Project except by Master Declarant or, during the Period of Master Declarant Control, with Master Declarant's written consent.

(f) As between the foregoing restrictions and the comparable restrictions in the Master Declaration, the more restrictive shall govern and control.

Section 10.13. Withdrawal Property. Any and all of the easement rights granted or reserved hereunder as set forth in this Article X run to and benefit the Withdrawal Property, except as may otherwise be expressly modified, limited, qualified, conditioned or eliminated by Declarant.

Section 10.14. Survival of Easements. Any and all of the easement rights granted or reserved hereunder will survive the termination of the Condominium and/or this Declaration to the extent the same may remain applicable.

ARTICLE XI

USE RESTRICTIONS

Section 11.01. Use Restrictions. The Property is subject to all covenants, restrictions and easements of record, including, without limitation, those contained in the Master Declaration, the following restrictions, and such other rules of conduct as may from time to time be adopted by Declarant, the Association or the Master Association, as applicable, all of which are binding upon, as applicable, all Unit Owners, Occupants, licensees and invitees of the Property; provided, however that in the event of any conflict between the restrictions herein or later adopted by Declarant or the Association and those in the Master Declaration, the most restrictive governs and applies:

(a) No Unit, except for any Units owned by Declarant and used by it as sales offices, administrative offices or models, may be used for any purpose other than as a private single family residence.

(b) No Unit Owner or Occupant may build, plant or maintain any matter or thing upon, in, over or under the Common Elements without the prior consent of the Association.

(c) No Unit Owner or Occupant may burn, chop or cut anything on, over, under or above the Common Elements.

(d) Unit Owners may not have any right to paint or otherwise decorate or change the appearance of any portion of the exterior of any Improvement, except as permitted under the Master Declaration.

(e) No animals, livestock or poultry of any kind may be raised, bred or kept in any dwelling or on any part of the Property except that dogs, cats or other common domesticated household pets may be kept inside the dwelling provided that they are not kept, bred or

maintained for any commercial purpose and provided that no more than two such pets in the aggregate may be kept with respect to each dwelling.

(f) No sign or other object may be displayed on any wall or rooftop without Declarant's written approval. No sign of any kind may be displayed to public view on any dwelling, Unit, or Common Elements except: (a) a post office street number sign being uniform in appearance and placement, such appearance and placement to be determined by the Association; (b) temporary signs not more than five (5) square feet advertising the sale of the property on which the sign is located, such signs to be removed promptly after settlement; and (c) such signs as the Association may deem necessary, in its sole discretion, to fulfill its purposes. Garbage, rubbish or any other material of any nature to be abandoned or disposed of may not be placed or allowed to remain on any Unit nor may it be placed, left or allowed to fall upon any of the Common Elements, but may be placed at street side on the day of collection if required by the collecting agency.

(g) No trailer, travel trailer, mobile home, tent, shack, shed, garage or other outbuilding, temporary or semipermanent or permanent structure or shelter of any kind other than the dwelling house maybe erected, maybe placed or maybe utilized as a residence, either temporarily or permanently, on any Unit or Common Elements.

(h) No unusual vehicles, including trucks (except "pick-up" trucks), boats, aircraft, trailers of any kind including boat, hauling or travel trailers, mobile homes, commercial vans, mowers, rototillers, tractors, buses or vehicles immobilized for any reason, maybe permitted by any Person to remain on the Property, including lawns, Common Elements, the public streets or rights of way. All motor vehicles owned and operated by Unit Owners or Occupants of the Property must be parked over-night in their garage or driveways. No such vehicle may be parked elsewhere on any Unit, or on the streets, except for temporary parking. For purposes of this paragraph, "temporary parking" means the parking of such motor vehicles on an intermittent and nonrecurring basis during the period between dawn and the following midnight.

(i) Laundry lines and poles outside houses are prohibited.

(j) All lawns and shrubs must be maintained in a neat and presentable condition.

(k) No satellite antenna, "dish," or other device used to receive direct broadcast satellite ("DBS") services which is one meter or greater in diameter maybe erected or placed on any Unit or Common Elements or be attached to the exterior of any structure. Satellite antennae, "dishes," or other devices used to receive DBS services which are smaller than one meter in diameter, and antennae or other devices used to receive television broadcast services ("TBS") and multipoint distribution services ("MMDS") are specifically permitted, but must be erected, placed, or attached so that the satellite antenna, "dish," or device is not visible from the front of the Unit; however, if such placement impairs clear reception, Unit Owner will be granted an exemption upon submitting a statement of such impairment and a plan for placement of the device in accordance with Article VII. No radio, television or communications tower, aerial, "dish" or other reception or signal sending device used to receive service other than DBS, TBS,

or MMDS maybe erected or placed on any Unit or Common Elements or be attached to the exterior or any structure. No other device, apparatus or decoration maybe permanently or temporarily attached to the exterior of the structure without prior written approval in accordance with Article VII. Holiday lights are specifically permitted but must be removed no later than January 15th of any year. No solar panels maybe erected or maintained on any structure except to the extent that applicable Laws invalidate or limit such restriction.

(l) No vegetable or similar nonflower gardens may be maintained in front, side or rear yards of Units. Statues, bird feeders, fountains, mailbox pillars, and all other lawn decorative devices are prohibited. Aboveground swimming pools are prohibited. Inground swimming pools are permitted only upon written approval in accordance with Article VII and provided they are installed and maintained in accordance with applicable law. No fence maybe erected on any Unit closer to the front line than the rear face of the dwelling on said Unit. No fences maybe of a height more than four (4) feet; all such fences may be constructed of wood, aluminum or other materials (as approved in accordance with Article VII), except as required by law around inground swimming pools; and fences may only be constructed with written approval in accordance with Article VII. No hedges or other bulk landscaping screens (in contrast with isolated trees or shrubberies) maybe planted forward of the building setback line for any Unit. Only DelDOT regulation 4" x 8" post is permitted for mailbox.

(m) No change in the elevation, grade or surface composition of any Unit as properly established by Declarant when each dwelling thereon was constructed must be made which adversely affects surface water drainage to or from any other Units or Common Elements.

(n) All outdoor lighting located on any Unit must be shaded, screened, shielded or directed in such a manner so as not to cast substantial light on any other Unit or Common Elements.

Section 11.02. Leases. All leases of a Unit must be in writing and expressly subject in all respects to the Condominium Documents so that failure to comply therewith constitutes a default under the lease; provided, however, that the failure to make any lease expressly subject to the Condominium Documents does not affect either the enforceability of such lease or the enforceability of the Condominium Documents hereto. Any rules presently existing or hereinafter adopted from time to time by the Association must be given to all tenants and may be directly enforced against such tenants by the Association. Leasing may otherwise be governed by the terms of the Master Declaration. Each Unit Owner must cause all Occupants of the Unit to comply with the Condominium Documents and the Master Declaration.

ARTICLE XII

EXPANSION

Section 12.01. Expansion. Notwithstanding any other provision contained herein or in the Condominium Documents, and notwithstanding any law, custom or usage to the contrary, or objection by any Unit Owner, Mortgagee or other Person or entity, Declarant has the absolute right, power and authority to increase the number of presently existing Units to a

maximum of eighty-seven (87) Residential Units, and Common Elements appurtenant thereto, by developing the Exception Parcels and/or other portions of the Land into additional Units and Common Elements. Declarant's right to expand, as so described herein, is limited to the earlier of: (i) the completion of all of the Total Units or (ii), subject to force majeure delays, December 31, 2035.

(a) As additional Phases are completed, Declarant has the absolute right, power and authority to amend this Declaration and any other Condominium Documents or other applicable documents or approvals by filing with the Recorder's Office, such amendments, instruments and plans in substance and form as necessary or appropriate to expand the Condominium from time to time through the submission of additional Units and Common Elements to DUCIOA as part of the Condominium and by applying for and obtaining any further governmental approval, executing and delivering all applications, record plans and other documents in connection therewith. Upon the filing of such amendments, instruments and plans amending this Declaration and the Declaration Plan, the additional Phases will automatically be deemed incorporated into and a part of the Condominium. Concurrent with the completion of each additional Phase, the percentage interest in the Common Elements for purposes of ownership and assessment will be automatically readjusted according to the formula provided in Section 2.08 hereof. For example, if 5 Townhouse Units have been constructed, then the number of Townhouse Units must be divided by 100 for purposes of the percentage share of the increased number of Townhouse Units in the Common Elements. Such automatic readjustments will become effective as of the date of substantial completion of the Building and improvements (not specific Units) of each additional Phase and will be reflected, from time to time, in the amendments to be recorded by Declarant.

(b) Subject to the Master Declaration and any Design Guidelines, the interior and exterior appearance and design of the additional Units and Common Elements, the manner of construction and the number of such Units and Common Elements, will be determined in the sole and absolute discretion of Declarant; provided, however, that any additional Units and Common Elements must be designed and constructed in a manner harmonious and compatible with (but not necessarily identical to or with) the design and quality of construction utilized in the existing Units which constitute the Condominium as initially submitted to DUCIOA by this Declaration.

(c) WITHOUT LIMITING OR DETRACTING FROM THE EFFECTIVENESS AND SUFFICIENCY OF THE FOREGOING PROVISIONS, EACH UNIT OWNER WILL BE DEEMED, ABSOLUTELY AND IRREVOCABLY, FOR ITSELF, ITS HEIRS, ITS PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, INCLUDING MORTGAGEES, TO HAVE GRANTED AND TRANSFERRED TO DECLARANT, TO DECLARANT'S NOMINEE, AND TO ANY SUBSTITUTE OR AGENT DESIGNATED FROM TIME BY DECLARANT OR SUCH NOMINEE, AN UNCONDITIONAL POWER OF ATTORNEY COUPLED WITH AN INTEREST, FOR THE PURPOSE OF EXECUTING, SEALING, ACKNOWLEDGING AND RECORDING ANY INSTRUMENT OR DOCUMENT NECESSARY OR DESIRABLE TO ACCOMPLISH, EVIDENCE OR PERFECT THE EXERCISE OF DECLARANT'S RIGHTS AS CREATED, RESERVED AND REFLECTED ABOVE.

The foregoing power of attorney is in addition to (and is intended to complement) the power of attorney ("Sale Agreement Power of Attorney") executed by the original purchaser of each Unit, in favor of Declarant, pursuant to such purchaser's purchase and sale agreement for each Unit Owner's respective Unit(s). The Sale Agreement Power of Attorney will be binding upon the purchaser signing the same and each and every successor Unit Owner of the corresponding Unit, and their respective heirs, personal representatives, successors and assigns.

All rights and powers herein reserved by or granted to Declarant are covenants running with the land which are binding upon all Unit Owners of all or part of the Condominium and their successors in title and interest; and such rights may be assigned to and will inure to the benefit of and be enforceable by Declarant's successors and assigns.

ARTICLE XIII

MORTGAGEE NOTICES, CONSENTS AND APPROVALS

The following provisions are for the benefit of holders, insurers and guarantors of Mortgages on Units.

Section 13.01. Rights of Eligible Mortgagees. Eligible Mortgagees will be entitled to timely written notice of the following to the extent actually known by the Association:

- (a) Any property loss, condemnation or eminent domain proceeding affecting a material portion of the Property;
- (b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Mortgagee, where such delinquency has continued for a period of sixty (60) calendar days, or any other violation of the Condominium Documents relating to such Unit, or the Unit Owner or Occupant thereof, that is not cured within sixty (60) calendar days;
- (c) Any termination, cancellation, lapse, or material modification of any insurance policy required to be maintained by the Association;
- (d) Any proposed amendment that requires the consent of a specified percentage of Mortgagees pursuant to Section 14.06 (e);
- (e) Any proposed termination of the legal status of the Condominium pursuant to Section 14.05;
- (f) At least thirty (30) calendar days prior notice of any proposal to terminate this Declaration or dissolve the Association before such action is taken; and
- (g) Such other notices as are expressly required by this Declaration or applicable Laws to be given to Mortgagees.

Section 13.02. No Priority. No provision of this Declaration gives or will be construed as giving any Unit Owner or other Person priority over any rights of the Mortgagee of any Unit in

the case of distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of the Property.

Section 13.03. Notice to Association. Upon request, each Unit Owner must furnish to the Association the name and address of the holder of any Mortgage encumbering such Unit Owner's Unit.

Section 13.04. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Association or Declarant to respond to or consent to any action will be deemed to have approved such action (i) if such Mortgagee is not an Eligible Mortgagee or, (ii) if an Eligible Mortgagee, if the Association or Declarant, as applicable, does not receive a written response from the Eligible Mortgagee within sixty (60) calendar days of the date of the request for approval, provided such request for approval is delivered to the Eligible Mortgagee by certified or registered mail, return receipt requested

ARTICLE XIV

GENERAL PROVISIONS

Section 14.01. Enforcement.

(a) **Rights to Enforce.** The Association, in the first instance, or any Unit Owner, if the Association fails to act within a reasonable time, will have the right to enforce by any available legal means all covenants and restrictions now or in the future imposed by the provisions of the Condominium Documents. Subject to the limitations established in any Condominium Documents or applicable Project Documents with respect to the negotiation, mediation, or arbitration of any disputes, the right to enforce all covenants and restrictions includes the right to bring an action at law, in equity, or both.

(b) **Failure to Enforce.** Failure of the Association, or any Unit Owner to enforce any covenant and restriction in this Declaration or any of the matters detailed in the other Condominium Documents will not be deemed a waiver of the right of the Association or any Unit Owner to enforce the covenants and restrictions in the future for the same or similar violation. Failure of the Association or any Unit Owner to enforce any covenant or restriction in this Declaration or any of the matters detailed in the other Condominium Documents will not subject the Association or any Unit Owner to liability for its actions or inactions.

(c) **Binding Covenants.** Deeds of conveyance of all or any part of the Property may incorporate the covenants and restrictions by reference to this Declaration; however, each and every covenant and restriction will be valid and binding upon the respective grantees whether or not any specific or general reference is made to this Declaration in the deed or conveying instrument.

(d) **Remedies for Violation.** Without limiting the preceding portions of this Section or any other provisions of this Declaration or the other Condominium Documents, violators of any one or more of the covenants and restrictions in the Condominium Documents may be restrained by any court of competent jurisdiction and damages may be awarded against the violators. The remedies established in this Declaration may be exercised jointly, severally,

cumulatively, successively, and in any order. A suit to recover a money judgment for unpaid Assessments, obtain specific performance, or obtain injunctive relief may be maintained without extinguishing, waiving, releasing, or satisfying the Association's liens under this Declaration.

Section 14.02. Approval of Litigation.

(a) **Limits on Initiation of Litigation.** The Association will not incur any expenses (including, without limitation, attorney fees and costs) to initiate legal proceedings or to join as a plaintiff in legal proceedings without the prior approval of the Unit Owners as provided in subsection (b) below, except for any legal proceedings initiated or joined by the Association:

(i) to enforce this Declaration or the other Condominium Documents or Project Documents against any Unit Owner other than Declarant through injunctive relief or otherwise;

(ii) to enforce any rules or regulations of the Association through injunctive relief or otherwise;

(iii) to collect any unpaid Assessments, enforce or foreclose any lien in favor of the Association, or determine the priority of any lien for Assessments; or

(iv) to claim a breach of fiduciary duty by any one or more of the members of the Board or officers of the Association.

(b) **Member Approval of Association Litigation.** Where Unit Owners' approval is required pursuant to Section 11.02(a) hereof, the Unit Owners' approval to initiate legal proceedings or join as a plaintiff in legal proceedings may be given by voting in accordance with the provisions of the Bylaws by more than 75% of the total number of eligible votes of the Unit Owners.

(c) **Prior Approval Disclosures.** Prior to any vote of the Unit Owners to initiate legal proceedings or join as a plaintiff in legal proceedings, as described above, the Association will provide full disclosure to the Unit Owners of: (i) the nature of the claim; (ii) the name and professional background of the attorney proposed to be retained by the Association to pursue the matter; (iii) a description of the relationship (if any) between the attorney and the Board (or any member of the Board) or the property management company; (iv) a description of the fee arrangement with the attorney; (v) an estimate of the fees and costs (including those for attorneys and experts) necessary to pursue the claim; and (vi) the estimated time necessary to complete the proceedings.

(d) **Litigation Fund.** The costs of any legal proceedings initiated or joined by the Association that are not included in Sections 11.02(a)(i) through (iv) above must be financed by the Association with monies that are specifically collected for that purpose, and the Association will not borrow money, use reserve funds, use general funds, or use monies collected for other Association obligations to initiate or join any legal proceeding.

(e) **Exceptions for Certain Board Actions.** These limitations on the commencement of litigation do not preclude the Board from incurring expenses for legal advice in the normal course of operating the Association, including, among other things: (i) to enforce the Condominium Documents, including the imposition of fines; (ii) to comply with the Condominium Documents or any Laws related to the operation of the Association, or Common Elements; (iii) to amend the Condominium Documents as provided in this Declaration or otherwise; (iv) to grant easements or convey Common Elements as provided in this Declaration; or (v) otherwise to perform the obligations of the Association as provided in this Declaration.

(f) **Legal Proceedings.** As used above, the term "legal proceedings" includes administration, arbitration, and judicial actions and including any matters covered by the alternative dispute resolution procedures described in any of the Condominium Documents or applicable Project Documents.

(g) Notwithstanding any other provision of this Agreement to the contrary, any litigation pursuant to this Article XI is subject to Section 81-321 of DUCIOA.

Section 14.03. Applicability of Condominium Documents. This Declaration, the Declaration Plan and the Bylaws, as the same may be amended, modified, altered, supplemented, revised or restated from time to time, will run with the land and be binding upon all present or future Unit Owners, Occupants, holders of any interest in a Unit, their respective heirs, administrators, executors, successors, assigns, employees, agents, guests or any other Person or entity using the facilities of the Condominium in any manner. Except as otherwise provided in Section 8.12 hereof, any Person holding a Mortgage granted by Declarant against its title to or interest in all or any portion of the Condominium will automatically, upon foreclosure of such Mortgage or upon a deed or assignment in lieu of foreclosure, have all of the rights, powers and privileges of Declarant. Notwithstanding the foregoing, no provision herein gives any Unit Occupant, lessee, tenant invitee, trespasser or other third party upon the Condominium any rights or causes of action which it would not otherwise have under the express terms of its lease, separate contract or at law absent these provisions

Section 14.04. Severability. Invalidation of any provision of this Declaration by judgment or court order will not affect the validity of any other provisions of this Declaration or any other Condominium Documents, and all other provisions of this Declaration and other Condominium Documents will remain in full force and effect.

Section 14.05. Term and Termination. Except as otherwise provided in Section 6.04 hereof, the covenants and restrictions of this Declaration will run with and bind the land in perpetuity unless terminated by an affirmative vote of 100% of the total number of eligible votes of the Unit Owners. Notwithstanding any other provision of this Declaration to the contrary but subject to the Master Declaration, this Declaration, the Declaration Plan and the Bylaws will terminate, and DUCIOA will cease to apply to the Property, only if a revocation expressing the intention to remove the Property from the provisions of DUCIOA is duly executed by all Unit Owners, as well as by the holders of all Mortgages, judgments or other liens against the Units, and is recorded in the Recorder's Office, or comparable land records office or as otherwise provided for in DUCIOA. Moreover, when Unit Owners are considering termination of the legal status of the Condominium any reason including substantial destruction or condemnation

of the Condominium, the Eligible Mortgagees representing at least fifty-one percent (51%) of the votes of the Units subject to Mortgages held by such Eligible Mortgagees must agree.

Upon the effectiveness of any termination pursuant to this Section and the removal of the Property from the provisions of DUCIOA, the former Unit Owners will become tenants in common of the Property with undivided interests therein equal to the proportionate interests owned immediately prior to the said termination with continuing rights to occupy their Units.

Any termination pursuant to this Section will neither destroy nor impair any property right, tangible or intangible, including but not limited to any right of action of Declarant or the Association, except as herein specifically provided, and following such termination, Declarant and the Association will, notwithstanding the happening of such termination, have all powers appropriate or necessary to wind up the affairs of the Association and the Condominium.

Section 14.06. Amendment. This Declaration may be amended as provided herein and in the Master Declaration. Amendments will be made only by a recorded instrument executed on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the President of the Association. Any amendment will be deemed adopted if approved at a duly called regular or special meeting by the affirmative vote in Person in accordance with the Bylaws of 65% or more of the votes eligible to be cast by Unit Owners. During the Period of Declarant Control no amendment to this Declaration will be effective without the consent of Declarant. No amendment altering this Declaration in any manner that would render it contrary to or inconsistent with any mandatory requirements of DUCIOA applicable to the Property will be valid.

(a) Declarant's Rights To Amend. So long as Declarant holds title to one or more Units that are being offered for sale, Declarant reserves the absolute right, power and authority to change the interior design and arrangement of, or alter the boundaries between, Units owned by Declarant at any time and from time to time after this Declaration or any amendment thereto is filed; for the accomplishment of which, Declarant has the right to amend the Declaration, Declaration Plan and other documents so as to reflect such change, without previously or subsequently obtaining the consent, approval, signature or other action or nonaction of any Unit Owner, Mortgagee or Occupant. Notwithstanding any provisions contained in this Declaration, the Bylaws or the Declaration Plan, and notwithstanding any Law, custom or usage to the contrary, but subject to the consent of Master Declarant, Declarant also has the absolute right, power and authority to amend this Declaration, the Bylaws and the Declaration Plan, or to cause same to be amended, by filing with the Recorder's Office, amendments, instruments and plans as permitted in Article XII hereof, for the purpose of expanding the Condominium to add the Phases as provided therein. An Eligible Mortgagee, upon written request to the Association stating the name and address of the Eligible Mortgagee and the Unit number, will be entitled to timely written notice of: (i) the boundaries of such Unit or the exclusive easement rights appertaining thereto, (ii) the interest in the Common Elements appertaining to such Unit or the liability for the Common Expenses appertaining thereto, (iii) the number of votes in the Association appertaining to such Unit or, (iv) the purposes to which any Unit or the Common Elements are restricted. Notwithstanding anything in this Section to the contrary, the Master Declarant has the right to approve or veto any and all amendments to this Declaration or the other Condominium Documents in its sole discretion.

(b) Unit Owners' Rights To Amend. Except with respect to matters requiring a greater vote as expressly provided herein, this Declaration may be amended upon the affirmative vote of sixty-seven percent (67%) or more of the total vote of all the Unit Owners. The Bylaws may be amended as therein provided and in accordance with DUCIOA, provided that, to the fullest extent permitted by Law, any such amendment requires the written consent of Declarant so long as Declarant is the owner of any portion of the Property.

(c) Declarant's and Board's Right to Amend. Notwithstanding any other provision of this Declaration to the contrary, the Declarant or the Board (after the period of Declarant control) may amend this Declaration in its sole and absolute discretion and without the approval of any other Person, including any Owner or Builder, at any time and from time to time if such amendment is:

(i) necessary to bring any provisions hereof into compliance with any applicable Laws or judicial determination;

(ii) necessary to enable any reputable title insurance company to issue title insurance coverage on a Unit;

(iii) required by an institutional lender or a government mortgage agency or purchaser of mortgage loans, to enable the same to make, insure or purchase mortgage loans on a Unit;

(iv) necessary to enable any governmental agency, including, for example FHA, VA, the Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, or reputable private insurance company to make, purchase, insure or guarantee mortgage loans on a Unit subject to this Declaration

(v) necessary to correct any stenographic, scrivener's error or any error of a like nature; provided, however, any such amendment shall not adversely affect the title to a Unit unless the Owner thereof shall consent thereto in writing;

(vi) necessary to satisfy the requirements of any governmental or quasi-governmental agency;

(vii) necessary for any other purpose reasonably related to the completion of the Project in accordance with the Record Plan; or

(viii) pursuant to the rights granted under Section 8.10(m) of this Declaration.

(d) In the event that Declarant, or the Board (after the period of Declarant control), in its sole discretion, determines that it no longer intends to comply with provisions and amendments to the Declaration, Declaration Plan and Bylaws that were included for the purposes identified above in this subsections (c)(iii) or (c)(iv), amendments may be made by Declarant or the Board without the consent, signature or other action of any Unit Owner or any other Person to remove or unwind any provisions enacted or inserted for the purposes identified in subsections (c)(iii) and (c)(iv) above (provided that any amendment desired to be made by the Association

pursuant to this subsection (d) requires the written consent of Declarant so long as Declarant is the owner of any portion of the Property).

(e) Power of Attorney. To implement the foregoing rights, each Unit Owner by accepting and recording the deed to the Unit irrevocably appoints Declarant and/or the Association, as the case may be, as attorney-in-fact to execute, acknowledge, deliver and record any such amendments or other documents, with full powers of substitution, with each successive officer of Declarant or the Association being regarded as the valid substitute for and successor to the said attorney-in-fact, and such power of attorney will not be affected by subsequent disability or incapacity of the Unit Owner, and such power of attorney will be binding upon the Unit Owner, and such Unit Owner's heirs, executors, administrators, personal representatives, successors and assigns (including, without limitation, all Mortgagees).

(f) Limitations on Amendments. Except for amendments pursuant to subparagraphs (a), (c), and (d) above, no material amendments (as identified below) to the Declaration, Declaration Plan or Bylaw may be made without the prior written consent of Eligible Mortgagees on Units representing at least fifty-one percent (51%) of the total votes of all Units having Mortgages held by Eligible Mortgagees. Furthermore, no amendment may be made (except pursuant to subparagraphs (a), (c), and (d) above) which, by design or happenstance, adversely and materially affects the value or use of one or more Units without equally, insofar as practicable, affecting all other Units of the same Unit Type, except with the consent of all those who are disproportionately adversely and materially affected. Without limiting the generality or scope of the foregoing:

(i) Amendments materially changing the provisions related to any of the following constitute material amendments to the Declaration or other Condominium Documents:

- (A) voting rights;
- (B) increases in Annual Assessments that raise the previously assessed amount by more than twenty-five percent (25%), Assessment liens or changes to the priority of an Annual Assessment liens;
- (C) the Repair and Replacement Reserve Account;
- (D) responsibility for maintenance and repairs of Units or Common Elements;
- (E) reallocation of percentage interests in the Common Elements, or rights to their use, except as necessary pursuant to Article XII hereof or the exercise of any Special Declarant Rights or Development Rights;
- (F) boundaries of any Unit;
- (G) exclusive easement rights of any Unit;
- (H) convertibility of Units into Common Elements or vice-versa;

(I) expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium, except as provided in Article XII hereof or for the exercise of any Special Rights or Development Rights;

(J) requirements for insurance or fidelity bonds;

(K) rights to use the Common Elements (subject to any Association Rules);

(L) leasing of Units by Unit Owners;

(M) imposition of any restrictions on a Unit Owner's right to sell or transfer the Unit Owner's Unit;

(N) a decision by the Association to establish self-management when professional management had been required previously by an Institutional Guarantor;

(O) restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;

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

(Q) any provisions that expressly benefit Mortgagees.

(ii) No amendment will be considered material if it is for the purpose of correcting technical errors, or for clarification only, or affects only the interior configuration of a Unit and has the written consent of the Unit Owner and any Mortgagee of such Unit, and any such amendment may be made by Declarant.

(iii) Any Unit Owner or Eligible Mortgagee who receives a written request to approve amendments, and who does not deliver or post to the requesting party a response within thirty (30) days, will be conclusively deemed to have approved such request.

Section 14.07. Construction. This Declaration will be liberally construed (i) to effectuate its purpose and (ii) to render it consistent with any mandatory requirements of applicable laws to the fullest extent possible. Section and Article headings have been inserted for convenience only and will not be considered or referred to in resolving questions of interpretation or construction. Any charts, tables, or diagrams included in or attached to this Declaration are intended to be illustrative only and may not be used in the interpretation or construction of this Declaration. All terms and words used in this Declaration (including any defined terms), regardless of the number (singular or plural) and gender in which they are used, will be deemed and construed to include any other number and any other gender as the context or sense of this Declaration may require, with the same effect as if the number and words had been fully and properly written in the required number and gender. Whenever the words and symbol "and/or" are used in this Declaration, it is intended, if consistent with the context, that this Declaration be interpreted and the sentence, phrase, or other part be constituted in both its conjunctive and disjunctive sense, and as having been written twice, once with the word "and"

inserted, and once with the word "or" inserted, in the place of words and symbol "and/or". Any reference to this Declaration will automatically be deemed to include all amendments to this Declaration.

Section 14.08. Notices. Unless an alternative method for notification or the delivery of notices is otherwise expressly provided in the Condominium Documents, any notice that is permitted or required under the Condominium Documents must be delivered either by personal delivery or recognized next-business-day delivery service. Notices delivered personally will be effective on the day so delivered, and notices sent by next-business-day delivery service will be effective on the earlier of the second business day after timely deposit with the courier or the day of actual delivery by the courier. For the purpose of notice for the Association or the Board, notice must be sent to the principal office of the Association and the registered agent for the Association as specified in the Certificate of Incorporation. For the purpose of notice to any Unit Owner, notice must be sent to a street or mailing address within the Property for the Unit Owner as provided in the Bylaws. The place for delivery of any notice to a Unit Owner, or the Association may be changed from time to time by written notice specifying the new notice address.

Section 14.09. Mechanics' Liens. Any mechanics' liens arising as a result of repairs to or improvements of a Unit by a Unit Owner will be liens only against such Unit (including that Unit's appurtenant interests in the Common Elements) and not against any other Unit, or other portions of the Property. Any mechanics' liens arising as a result of repairs to or improvements of the Common Elements (but not to any Unit), if authorized in writing pursuant to a duly adopted resolution of the Board, will be paid by the Board as a Common Expense and, until so paid, will be liens against each Unit in a percentage equal to the percentage interest in the Common Elements appurtenant to such Unit.

Section 14.10. Management Agreements. Any property management agreement entered into by the Association or Declarant may be made with an Affiliate of Declarant or a third-party manager, but in all cases following the Period of Declarant Control will be terminable by the Association with or without cause and without penalty upon ninety (90) days' written notice. The term of any management agreement entered into by the Association or Declarant may be for a term of up to three (3) years and may be renewable only by affirmative agreement of the parties for successive periods of three (3) years or less. Any property manager for the Property or the Association will be deemed to have accepted these limitations, and no contrary provision of any management agreement will be enforceable. The property manager will be delegated those powers and duties of the Board or the Association that the Board determines as necessary or appropriate.

Section 14.11. Master Declarant's Right to Use Similar Name. The Master Association has consented to the use by any other Person (including the Association) of a name that is the same or similar to the name of the Master Association, so long as one or more words are added to the name to make the name of the Master Association distinguishable from the name of the other Person. Within five days after being requested to do so by Master Declarant, the Association will sign all letters, documents, or other writings as may be required by the Secretary of State of the State of Delaware (or any other Governmental Authority) in order for any other Person formed or incorporated by Master Declarant (or an Affiliate) to use a name

that is the same or similar to the name of the Master Association. Other than the foregoing, no Person may use the words "SEASHORE VILLAS" or any derivative thereof in any printed or promotional material without the prior written consent of Master Declarant, except that any Unit Owner may use the term "SEASHORE VILLAS" in printed or electronic promotional material for the Unit Owner's Unit where such term is used solely to specify that the Unit Owner's own property is located within the Property.

Section 14.12. Survival of Liability. The termination of membership in the Association will not relieve or release any former Unit Owner from any liability or obligation incurred under or in any way connected with the Association during the period of membership or impair any rights or remedies that the Association may have against the former Unit Owner arising out of or in any way connected with the membership and the covenants and obligations incident to the membership.

Section 14.13. Waiver and Approvals. The waiver of, or failure to enforce, any breach or violation of the Condominium Documents will not be deemed a waiver or abandonment of any provision of the Condominium Documents or a waiver of the right to enforce any subsequent breach or violation of the Condominium Documents. The foregoing will apply regardless of whether any Person affected by the Condominium Documents (or having the right to enforce the Documents) has or had knowledge of the breach or violation. Whenever the approval or consent of Declarant, the Association, Master Declarant, the Master Association, the Board or the Unit Owners is required under the Condominium Documents, the approval or consent may be given or withheld in the sole discretion of the approving Person or Persons, unless the Condominium Documents otherwise specify a different standard for approval.

Section 14.14. Legal Fees. Without limiting the power and authority of the Association to incur (and assess against a Unit Owner as a Special Assessment) attorney fees and other legal fees and costs as part of the creation or enforcement of any Assessment, if an action is instituted to enforce any of the provisions contained in the Condominium Documents, the party prevailing in any action will be entitled to recover from the other party all attorney fees and court costs in a reasonable amount. If the Association is the prevailing party in the action, the amount of legal fees and court costs may be included as part of a Special Assessment against the Unit Owner involved in the action and that Unit Owner's Unit.

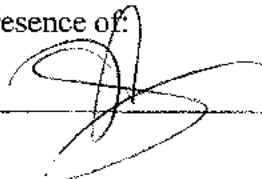
Section 14.15. No Partition. Except as is permitted in this Declaration or any amendments hereto, there may be no judicial partition of the Common Elements or any part thereof, nor may any Person acquiring any interest in the Property or any part thereof seek any judicial partition, and each Unit Owner is deemed to have waived any and all rights of partition, unless the applicable portion of the Property has been removed from the provisions of this Declaration. This Article will not be construed to prohibit the Association from acquiring and disposing of tangible personal property, nor from acquiring title to real property which may or may not be subject to this Declaration.

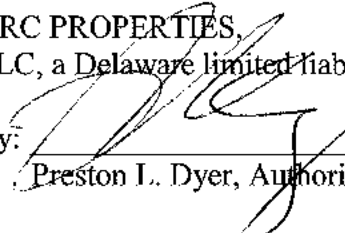
Section 14.16. Consent of Master Declarant. Master Declarant has signed this Declaration in order to acknowledge its consent hereto as required in the Master Declaration and for no other purpose. By signing this Declaration, Master Declarant has no obligations, liabilities or rights hereunder.

**NOTICE - THIS DECLARATION CONTAINS A GRANT OF AN UNCONDITIONAL
POWER OF ATTORNEY TO DECLARANT PROVIDED IN ARTICLE XII.**

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed,
under seal, as of the date and year first above written.

Signed, sealed and delivered:
in the presence of:




DRC PROPERTIES,
LLC, a Delaware limited liability company
By:  (SEAL)
Preston L. Dyer, Authorized Signatory

STATE OF DE)
COUNTY OF Sussex) SS

The foregoing instrument was acknowledged before me this 4th day of March,
2018, by Preston L. Dyer as Authorized Signatory of DRC Properties, LLC, on behalf of the
limited liability company.

HEIDI J. A. GILMORE
ATTORNEY AT LAW WITH
POWER TO ACT AS NOTARY PUBLIC
PER 29 DEL. C SEC 4323 (A) 3

[Notary Seal]



Notary Public
Name:
My Commission Expires: NA

APPENDIX A

"Additional Property" means any portion of the Project other than the Property and otherwise subject to Declarant's Development Rights as set forth in Section 8.09 hereof.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Agency" means any one or more of the U.S. Department of Housing and Urban Development, the U.S. Department of Veteran's Affairs, the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Association ("FHLMC").

"Annual Assessments" has have the meaning set forth in Section 8.

"Approved Plan" means that plan approved by applicable Governmental Authorities for the development and use of the Property, as such plan may be thereafter amended, modified, altered, supplemented, revised or restated from time to time.

"Architectural Review Committee" has the meaning set forth in the Master Declaration.

"Assessment" (whether capitalized or not) means all of the various assessments described and defined in Article IV of this Declaration that are made by the Association.

"Association" means The SEASHORE VILLAS Condominium Association Inc., a Delaware corporation formed in accordance with 25 Del. C. § 81-301 as an association of Unit Owners to administer, manage and operate the common affairs of the Unit Owners of the Condominium and to maintain, repair and replace the Common Elements of the Condominium (to the extent not the obligation of the Master Declarant or Master Association under the Master Declaration) and perform such other functions as provided in the Condominium Documents, which is a Community Association for purposes of the Master Declaration.

"Association Rules" means any rules and regulations adopted by the Association, as the rules and regulations may be amended from time to time.

"Board" means the board of directors of the Association designated or elected as provided in the Condominium Documents.

"Board member" or **"member of the Board"** means the member of the Board designated or elected as provided in the Condominium Documents.

"Builder" means any Person, other than Declarant, defined as a "Builder" pursuant to the Master Declaration or that: (i) owns a Unit or more other portions of the Property; (ii) is engaged in the business of developing, constructing, leasing, and selling Units or portions of the Property (with

or without houses); and (iii) is designated by Declarant as a "Builder" by a written instrument executed only by Declarant and the Builder. One or more Builders may be designated for the Property. Subsequent Persons other than the originally designated Builder or Builders for a Unit may be designated by Declarant upon written request made by such Person so long as new and subsequent Persons otherwise satisfies the criteria for being a Builder, as established above.

"Building" means any building containing a Unit(s) and/or any other enclosed structure constructed or hereafter constructed upon the Land.

"Bylaws" means the recorded bylaws of the Association (and any recorded amendments thereto) that contains the procedures for conduct of the affairs of the Association in accordance with applicable Law.

"Certificate of Incorporation" means the Certificate of Incorporation of the Association that has been or will be filed in the office of the Secretary of State of the State of Delaware, as may be amended or restated from time to time in the manner established in the Certificate of Incorporation.

"Common Elements" has the meaning as provided in Section 2.05 hereof, and includes General Common Elements and Limited Common Elements, as applicable.

"Common Expenses" means expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves, related to Common Elements, other Units or other real estate described herein as anticipated by 25 Del. C. § 81-103(9), the Limited Expenses and as otherwise provided in Section 2.08 hereof, in addition to all expenses incurred by the Association or its respective trustees, officers, agents or employees in the lawful performance of their respective duties, and in addition to, and to the extent not included in, Community Assessments under the Master Declaration. By way of illustration, but not limitation, Common Expenses includes all premiums for insurance covering the Common Elements.

"Common Expense Assessments" has the meaning set forth in Section 8.

"Community" has the meaning set forth in the Master Declaration.

"Community Declaration" has the meaning set forth in the Master Declaration.

"Community Association" has the meaning set forth in the Master Declaration.

"Condominium" refers to the common interest community being formed hereunder in accordance with DUCIOA and means (i) all the Land described in Exhibit A, excepting the Exception Parcels, as the same may be amended, modified, altered, supplemented, revised or restated from time to time; (ii) all improvements now or hereafter constructed in, upon, over or through the Land, whether or not shown on any exhibit hereto; and (iii) all rights, roads, appurtenances thereto belonging or appertaining; and (iv) the entity created by the execution and recording of this Declaration.

"Condominium Documents" has the meaning set forth in Section 2.11.

"Declarant" means DRC Properties, LLC, a Delaware limited liability company, its successors and assigns.

"Declarant Units" means the number of proposed, but not yet created, Units that results from subtracting (A) the number of actual Units that have been created and established as part of the Condominium from (B) the Eighty Seven (87) proposed condominium units that have been or will be created as part of the Condominium for independent use as residential dwellings or commercial use, each as more particularly described and designated on the Master Plan as planned condominium units, regardless of whether or not such units have been created and submitted to the Condominium at the time of such calculation.

"Declaration" means this Declaration, as may be amended, modified, altered, supplemented, revised or restated from time to time as provided herein.

"Development Rights" means those rights of Declarant reserved in this Declaration as Development Rights in accordance with the requirements of applicable Laws.

"DUCIOA" means the Delaware Uniform Common Interest Ownership Act, 25 Del. C. § 81-101 et seq., as the same may be amended from time to time.

"Eligible Mortgagees" means those Mortgagees who have requested, by written notice to the Association duly given, that the Association notify them of any proposed action that requires Eligible Mortgagees' consent as herein required.

"Exception Parcels" means all portions of the Property not included in the Condominium at any given point in time, being more specifically identified as the Exception Parcels on the Declaration Plan and shown on the Declaration Plan as intended to be a Unit, together with appurtenant Limited Common Elements, that has not yet been incorporated into the Condominium as a Unit pursuant to the terms hereof by recording an amendment to the Declaration Plan for that purpose.

"Exempt Property" means the real property owned by Declarant or a Builder that has not yet been declared as a Unit and other portions of the Property not otherwise subject to this Declaration.

"First Mortgage" means a Mortgage that is the first and most senior of all Mortgages placed upon an applicable Unit.

"First Mortgagee" means a Mortgagee that is the holder of a first Mortgage.

"Fiscal Year" means each twelve month period commencing on June 1 and ending on May 31, or as the Board may otherwise determine from time to time.

"Fully Funded" (whether capitalized or not) or any variation thereof with respect to the Repair and Replacement Reserve, means, except as provided hereinafter, a Repair and Replacement Reserve Account that contains a balance of funds that (i) when supplemented by a fixed, budgeted annual addition, will meet fully, without supplementation by borrowed funds or Special Assessments, the cost of each projected repair and replacement noted in the Reserve Study no

later than the date when each such repair or replacement is projected to be required by the Reserve Study and (ii) with all budgeted contributions and expenditures for repairs and replacements projected out no less than twenty (20) years, will never fall below a positive balance. The foregoing definition is based on DUCIOA as of the date of this Declaration. In the event that the definition of "fully funded" in DUCIOA changes, the foregoing definition will be deemed amended accordingly.

"General Common Elements" means those Common Elements that are not Limited Common Elements.

"Governmental Authorities" means the County and any other applicable county, state, or federal agency, Board, commission, department, board, or similar authority having jurisdiction over the Property.

"Improvements" means all of the improvements described and defined in Section 7.01 of this Declaration.

"Institutional Guarantor" means, if applicable to the Property, a governmental insurer, guarantor or secondary market mortgage purchaser such as the Federal Housing Administration (FHA), the Veterans Administration (VA), the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Master Association (FNMA) that insures, guarantees, or purchases any note or similar debt instrument secured by a First Mortgage.

"Insurance Trustee" has the meaning set forth in Section 17(e).

"Insurance Trust Agreement" has the meaning set forth in Section 17 (e).

"Limited Common Elements" means those Common Elements as shown on the Declaration Plan, described herein or created by operation of § 81-202(b) or (d) of DUCIOA that are for the use of one or more specified Units to the exclusion of other Units, subject to the provisions of Article II hereof.

"Limited Expenses" means the Townhouse Limited Expenses, the Multifamily Limited Expenses and the Single Family Limited Expenses.

"Master Association" means The SEASHORE VILLAS Master Community Association, Inc., its successors and assigns.

"Master Association Documents" has the meaning set forth in the Master Declaration.

"Master Community Assessment" has the meaning set forth in the Master Declaration.

"Master Common Area" has the meaning set forth in the Master Declaration.

"Master Declarant" means DRC Properties, LLC, a Delaware limited liability company, its successors and assigns.

"Master Declaration" means that certain Master Declaration for the Project made by Master Declarant and dated March 9, 2018, as the same may be amended, modified, altered, supplemented, revised or restated from time to time.

"Master Plan" has the meaning set forth in the recitals.

"Mortgage" (whether capitalized or not) means the consensual conveyance or assignment of any Unit or the creation of a consensual lien on any Unit to secure the performance of an obligation. The term "Mortgage" includes a deed of trust, mortgage, assignment, or any other agreement for the purpose of creating a lien to secure an obligation, and also includes the instrument evidencing the obligation.

"Mortgagee" means the holder, insurer or guarantor of a Mortgage.

"Multifamily Limited Common Elements" means those portions of the Property indicated on the Declaration Plan as Multifamily Limited Common Elements, all of which will be allocated and appurtenant exclusively to the Multifamily Units, subject to the provisions of Paragraph 6 hereof.

"Multifamily Limited Expenses" means those Common Expenses attributable solely to those Multifamily Limited Common Elements that the Association is expressly responsible to maintain and repair under this Declaration and are assessed entirely against, and payable by, the Unit Owners of Multifamily Units.

"Multifamily Unit" has the meaning set forth in Section 2.02.

"Notice and Claim of Lien" means all of the notice of lien for Assessments as described and defined in Section 4.08 of this Declaration.

"Occupant" means any Person other than an Owner that (where the context requires) resides on a full or part time basis within the Property, including family members of an Owner, and all of the Owner's guests, tenants, licensees, invitees, occupants, and agents.

"Other Assessments" (whether capitalized or not) means all of the assessments described and defined in Section 4.04(b) of this Declaration.

"Outdoor Living Area" means any unheated area that is part of the Unit and is visible to the public that individuals can use for temporary living, including, but not limited to, patios, decks, balconies and porches.

"Person" (whether capitalized or not) means a natural Person, a corporation, a partnership, limited liability company, a trust, or other legal entity.

"Period of Declarant Control" means the period of time during which Declarant, or persons designated by Declarant, may appoint and remove the officers and members of the Board as more fully set forth in Section 3.03 hereof.

"Period of Master Declarant Control" has the meaning set forth in the Master Declaration.

"Permitted Percentage Increase" means the amount that assessments may be increased by as described and defined in Section 4.03(c) of this Declaration.

"Phase" means each phase of the expandable Condominium consisting of one or more Exception Parcels.

"President", "Vice President", "Secretary", "Assistant Secretary", "Treasurer" or "Assistant Treasurer" refer to the duly elected officers of the Board holding the applicable title.

"Project Documents" has the meaning set forth in the Master Declaration.

"Project-Wide Standard" has the meaning set forth in the Master Declaration.

"Property" means the Buildings, the Land and the Units described in Exhibit A (Land only), and subject to the exclusion of the Exception Parcel, and depicted on the Declaration Plan (from time to time) and all improvements now or hereafter constructed in, upon, over or through such Land, Buildings and Units.

"Recorder's Office" means the Office of the Recorder of Deeds in and for Sussex County, State of Delaware, its successors and assigns.

"Repair and Replacement Reserve Account" has the meaning set forth in Section 8.

"Reserve Study" means an analysis, conducted by one or more independent engineering, architectural, or construction contractors or other qualified persons, performed or updated within the last five years, of the remaining useful life and the estimated cost to replace each separate system and component of the Common Elements, the purpose of which analysis by one or more independent engineering, architectural, or construction contractors or other qualified persons, is to inform the Council and the Association of the Condominium of the amount which should be maintained from year to year in a Fully Funded repair and replacement reserve to minimize the need for special assessments.

"Residential Unit" has the meaning set forth in the Master Declaration.

"Special Assessment" (whether capitalized or not) means all of the assessments described and defined in Section 4.04(a) of this Declaration.

"Special Declarant Rights" means those rights identified herein as Special Declarant Rights and, without limiting the generality of foregoing, includes such rights reserved for the benefit of a Declarant: (i) to complete improvements indicated on the Declaration Plan; (ii) to use easements through the Common Elements for the purpose of making improvements within the Condominium as described herein; (iii) to include the Condominium in the Master Association; and (iv) to exercise any other right defined as a Special Declarant Rights by DUCIOA.

"Special Declarant Rights" means those rights of Declarant reserved in this Master Declaration as Special Declarant Rights in accordance with the requirements of applicable Laws.

"SWM Facilities" has the meaning set forth in the Master Declaration.

"Town" means the Town of Ocean View, Sussex County, Delaware and all applicable Boards, boards, commissions, departments, authorities, and agencies of the municipality.

"Total Units" has the meaning set forth in Recital B.

"Townhouse Limited Common Elements" means those portions of the Property indicated on the Declaration Plan as Townhouse Limited Common Elements, all of which must be allocated and appurtenant exclusively to the Townhouse Units, subject to the provisions of Paragraph 6 hereof.

"Townhouse Limited Expenses" means those Common Expenses attributable solely to those Townhouse Limited Common Elements that the Association is expressly responsible to maintain and repair under this Declaration and are assessed entirely against, and payable by, the Unit Owners of Townhouse Units.

"Townhouse Unit" has the meaning set forth in Section 2.02.

"Unit" means a part of the Condominium designated and intended for independent use, as more specifically described in Article II hereof. The word "Unit" when used in this Declaration, is deemed to refer to each Unit of the Total Units herein described and now or hereafter shown on the Declaration Plan, whether or not such Unit is constructed at the time of the recording of this Declaration, but subject to the terms and conditions hereof governing Units and the time as of which a Unit exists.

"Unit Owner" means and refer to the record owner, whether one or more persons, firms, associations, corporations or other legal entities of the fee simple title to any Unit situated within the Condominium, and their respective heirs, successors and assigns; however, notwithstanding any applicable theory of mortgage, the terms do not mean or refer to Mortgagees of Unit(s), unless and until such Mortgagees have acquired title pursuant to foreclosure proceedings or any other proceeding in lieu of foreclosure. The term "Unit Owner" does not mean or refer to any occupant or other lessee or tenant of a Unit Owner.

"Unit Type" means the type of any Unit relative to the number and configuration of similar Units in a single Building and may be any one of the following: Townhouse Unit.

"Withdrawal Property" means any portion of the Property and otherwise subject to Declarant's Development Rights as set forth in Section 8.09 hereof.

For purposes of construing and enforcing this Declaration, terms defined in this Declaration that are also defined in the Master Declaration have their meaning as set forth therein.

EXHIBIT A-1

PROPERTY

TAX MAP 5-33-12, PARCELS 76.05

All that certain piece, parcel and tract of land lying and being situate in the Baltimore Hundred of Sussex County, Delaware and being more particularly described as follows:

BEGINNING, at a point, said point lying North 14 degrees, 01 minute, 02 seconds West, 273.36 feet, then North 57 degrees, 58 minutes, 57 seconds East, 33.17 feet from the northerly right-of-way of Delaware Route 54 (a.k.a. Lighthouse Road, said road of varying widths), 40 feet from the centerline thereof, said point being a corner for this Parcel and a point on the line of the lands now or formerly of Swann Cove West, LLC., thence from the Point of Beginning, by and with the common boundary between this Parcel and Parcel "B": 1) South 57 degrees, 58 minutes, 55 seconds West, 646.38 feet to a point, said point being a common boundary corner between this Parcel and Parcel "B", thence by and with the line of Parcel "B", 2) South 32 degrees, 01 minutes, 05 seconds East, 218.71 feet to a point on the northerly right of way of Delaware Route 54, 40 feet from the centerline thereof, thence by and with northerly right of way of Delaware Route 54, South 55 degrees, 35 minutes, 39 seconds West, 50.04 feet to a point, point being a corner for this Parcel and a point on the line of lands now or formerly of The State Of Delaware, thence leaving the right of way of Delaware Route 54 by and with the boundary line of lands now or formerly of The State Of Delaware, North 32 degrees, 01 minutes, 05 seconds West, 220.79 feet, to a point, said point being a common boundary corner for this Parcel and lands now or formerly of The State Of Delaware, thence by and with the line of The State Of Delaware the following two (2) courses and distances, 1) South 57 degrees, 58 minutes, 55 seconds west, 23.80 to a point, 2) thence South 72 degrees, 24 minutes, 50 seconds West, 403.99 feet to a point on the easterly right of way of Sussex County Road 381 (S.C.R. 381), 60 foot wide right-of-way and a common boundary corner for this Parcel and lands now or formerly of Sussex County, thence by the easterly right of way of S.C.R. 381, North 18 degrees, 00 minutes, 51 seconds West, 50.00 feet, to a point, said point being a common boundary corner between this Parcel and the lands now or formerly of Leonard and Maria Rodriquez; thence by and with the line of the lands of Rodriquez the following three (3) courses and distances: 1) North 72 degrees, 24 minutes, 50 seconds East, 210.86 feet to a found iron pipe; 2) thence, North 19 degrees, 03 minutes, 07 seconds West, 203.62 feet to a found iron pipe; 3) thence, South 72 degrees, 05 minutes, 29 seconds West, 79.98 feet to a found iron pipe marking the common corner for this Parcel, the lands of Rodriquez and the lands now or formerly of Benjamin and Minnie Singletary; thence by and with the line of Singletary, North 17 degrees, 51 minutes, 32 seconds West, 181.94 feet to a found concrete monument at the common corner for this Parcel, the lands of Singletary and the lands now or formerly of Delaware Electric Cooperative, Inc.; thence by and with the line of the lands of Delaware Electric Cooperative, Inc., North 35 degrees, 26 minutes, 02seconds East, passing a found concrete monument at 610.97 feet and a found 'T' Bar

at 814.34 feet, 828.11 feet to a point, said point being a common corner for this Parcel, the lands of Delaware Electric Cooperative, Inc. and the lands now or formerly of Swann Cove West, LLC; thence by and with the line of the lands of Swann Cove West, LLC, South 40 degrees, 17 minutes, 55 seconds East, 817.07 feet to a point, said point being the Point of Beginning for this description.

Be it noted that this Parcel is encumbered by a 50 foot wide public cross access easement that benefits Parcel "A" and Parcel "B" as shown on the plat referenced below.

This Parcel contains 565,669 square feet, or 12.99 acres of land, more or less, as shown on a plat prepared by Pennoni Associates INC., dated 2/18/2018 and recorded in Plot Book 263 Page 23.

EXHIBIT A-2
ADDITIONAL PROPERTY

None

EXHIBIT B

BYLAWS

Tax Parcel Nos:

Prepared by and Return to:
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958

BYLAWS OF

SEASHORE VILLAS CONDOMINIUM COMMUNITY ASSOCIATION, INC.

GENERAL PROVISIONS

Section 1.1. Name. The name of the association is the SEASHORE VILLAS CONDOMINIUM Community Association, Inc. (the "Association").

Section 1.2. Bylaws. The following provisions constitute the bylaws governing the Association, established pursuant to the Declaration of SEASHORE VILLAS Condominium Community (the "Declaration") and the SEASHORE VILLAS Condominium Community Plan (as defined in the Declaration), both as recorded, or to be recorded, as the case may be, in the Office of the Recorder of Deeds in and for Sussex County, Delaware.

Section 1.3. Definitions. The words used in these Bylaws have the same meaning as set forth in the Declaration and in the Declaration Plan, unless the context clearly states otherwise herein. As used herein, "members" means Unit Owners (as defined in the Declaration).

Section 1.4. References to DUCIOA. Any reference herein to Chapter 81, Title 25 of the Delaware Code, such chapter also being known as the Delaware Uniform Common Interest Ownership Act ("DUCIOA"), or any specified section thereof are deemed to include any applicable amendments thereto made hereafter from time to time.

Section 1.5. Membership. Each of the Unit Owners must be a member of the Association pursuant to the terms of the Declaration.

Section 1.6. Declarant Control. The Period of Declarant Control commences on the date that the Declaration is first recorded in the Recorder's Office and, to the fullest extent permitted by law, will end no later than the earlier of: (i) sixty (60) days after conveyance of

seventy-five percent (75%) of the Units to Owners other than Declarant or any Builder; (ii) two (2) years after Declarant or any applicable Builder has ceased to offer Units for residential purposes for sale in the ordinary course of business; (iii) two (2) years after any right to add new Units to this Declaration was last exercised; or (iv) on the day Declarant, after giving written notice to Unit Owners, records an instrument voluntarily surrendering all rights to control activities of the Association.

ARTICLE II **MEETINGS**

Section 2.1. Place of Meetings. Meetings of the Unit Owners of the Association will be held at the principal office of the Association or at such other suitable place convenient to the Unit Owners as may be designated by the Board of the Association (the "Board"). Meetings are open to all Unit Owners.

Section 2.2. Annual Meetings. An annual meeting of the Unit Owners must be held each calendar year. The annual meeting of the Unit Owners will be held at a date and time as set by the Board.

Section 2.3. Special Meetings. The President may call special meetings of the Unit Owners of the Association. In addition, it is the duty of the President to call a special meeting of the Unit Owners of the Association if so directed by resolution of a majority of the Board or upon a petition signed by Unit Owners having at least twenty (20) percent of the total votes of the Unit Owners.

Section 2.4. Notice of Meetings. It is the duty of the Secretary to mail or to cause to be delivered to each Unit Owner a notice of each annual or special meeting of the Unit Owners stating the purpose of the special meeting, as well as the time and place where it is to be held. The mailing or delivering of a notice of meeting in the manner provided in this Section will be considered service of notice. Except in cases of emergency meetings, notices must be served not less than ten (10) nor more than sixty (60) days before a meeting. The notice of any meeting must contain: (i) a statement of the general nature of any proposed amendment to the Declaration or Bylaws; (ii) a statement that in the absence of objection from any member present at the meeting and holding at least twenty (20%) percent of the total votes of the Unit Owners, the President may add items to the agenda; (iii) any budget changes; (iv) any proposal to remove an officer or member of the Board; (v) either (A) the agenda for the meeting agenda or (B) the website address where the agenda is located; and (vi) any other information that may be required under Section 81-308 of DUCIOA. Notice of meetings may be served by any means described in Section 6.5 hereof. No business may be transacted at a special meeting except for the business described in the notice of such Special Meeting.

Section 2.5. Adjournment of Meetings. If any meetings of the Unit Owners of the Association cannot be held because a quorum is not present, a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the

adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting will be given to Unit Owners of the Association in the manner prescribed for regular meetings.

To the fullest extent permitted by Laws, the Unit Owners of the Association present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Unit Owners to leave less than a quorum, provided that any action taken must be approved by at least a majority of the Unit Owners of the Association required to constitute a quorum.

Section 2.6. Voting. The voting rights of the Unit Owners are as set forth in the Declaration and in these Bylaws. Nothing in these Bylaws must be construed as providing any voting rights to persons not given such voting rights by the Declaration. To the extent that any voting provisions of the Declaration call for voting by more than a majority of votes, such provision controls over these Bylaws with respect to that vote.

Section 2.7. Proxies and Ballots. At all meetings of Unit Owners of the Association, each Unit Owner of the Association may vote in person, by proxy or by ballot. All proxies or ballots must be in writing and filed with the Secretary before the appointed time of each meeting. A form of proxy or written ballot may provide an opportunity to specify approval or disapproval with respect to any proposal.

Section 2.8. Majority. As used in these Bylaws, the term majority means those votes, members, or other group, as the context may indicate, totaling more than fifty (50%) percent of the total number.

Section 2.9. Quorum. Except as otherwise provided in these Bylaws, during the Period of Declarant Control, the presence in person, by proxy or by ballot of Unit Owners entitled to cast at least twenty percent (20%) of the votes of the Unit Owners constitutes a quorum at all meetings of the Unit Owners of the Association. After the Period of Declarant Control, the presence in person, by proxy or by ballot of Unit Owners entitled to cast at least twenty-five (25%) percent of the votes of the Unit Owners of the Association not affiliated with Declarant, constitutes a quorum at all meetings of the Unit Owners of the Association. In addition, ballots solicited in accordance with Section 81-310(f) of DUCIOA and the provisions therein must be delivered to the Secretary of the Association in a timely manner by persons who, together with those persons present in person or by proxy or ballot at the beginning of the meeting, would comprise a quorum for that meeting.

Section 2.10. Conduct of Meetings. The President will preside over all meetings of the Unit Owners of the Association, and the Secretary will keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. The minutes will be made available to all Unit Owners.

Section 2.11. Action without a Meeting. Any action which may be taken by the vote of Unit Owners at a regular or special meeting, except the election of directors, may be taken

without a meeting, whether by ballot or otherwise, as and to the extent permitted by Law. Action may be taken by ballot without a meeting only as follows:

(1) Any action that the Association may take at any meeting of Unit Owners may be taken without a meeting of the Unit Owners if the Association delivers a written or electronic ballot to every Unit Owner entitled to vote on the matter. A ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(2) All solicitations for votes by ballot must: (A) indicate the number of responses needed to meet the quorum requirements; (B) state the percentage of approvals necessary to approve each matter other than election of directors; (C) specify the time by which a ballot must be delivered to the Association in order to be counted, which time may not be less than 3 days after the date that the Association delivers the ballot; and (D) describe procedures (including time and size and manner) by which Unit Owners wishing to deliver information to all Unit Owners regarding the subject of the vote may do so.

(3) Approval by the ballot is valid only if: (A) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing action; and (B) the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes by ballot.

ARTICLE III BOARD OF DIRECTORS

Section 3.1. Governing Body; Composition. The affairs of the Association are governed by the Board, as defined in the Declaration. During the Period of Declarant Control, the Board will have three (3) directors who may all be appointed by Declarant.

a. Following the Period of Declarant Control, members of the Board must be increased from three (3) to five (5) directors, each of whom must be elected in accordance with this Article III and the Declaration.

b. Except as otherwise provided in Section 3.1(a) above, following the Period of Declarant Control, a majority of the directors must be Unit Owners or natural Persons who are trustees, managers, members, directors, officers or general partners of Unit Owners that are not natural Persons.

c. Each director of the Board has one (1) vote.

Notwithstanding the foregoing, during the Period of Declarant Control, (A) not later than 60 days after conveyance of 25% of the Units that may be created to Unit Owners other than Declarant or any Builder, at least one director and not less than 25% of the directors of the Board must be elected by the Unit Owners other than Declarant, and (B) not later than 60 days after conveyance of 50% of the Units that may be created to Unit Owners other than Declarant or any Builder, at least one director and not less than 33 1/3 % of the directors of the Board must be elected by the Unit Owners other than Declarant.

Section 3.2. Nomination of Directors. During the Period of Declarant Control the directors of the Board may be appointed by Declarant. To the extent Members are entitled to elect a director of the Board during the Period of Declarant Control, such election must occur pursuant to a written action under Section 2.11 of these Bylaws. Except as otherwise provided in these Bylaws, at the first annual meeting of Members following the Period of Declarant Control and at each annual meeting thereafter, the Members will elect the directors of the Board (including any additional or replacement directors) who are eligible for election that year and each of whom will hold office for their applicable term or until his or her successor is duly elected and qualified, subject to such director's earlier death, resignation, disqualification or removal. At such election, Members may cast as many votes as they are entitled to exercise under the provisions of the Declaration and these Bylaws for the election of such number of directors as the Members are entitled to elect at such meeting. The persons receiving the largest number of votes for each vacancy will be elected. Voting for directors may be by written ballot.

Section 3.3. Election and Term of Office. The term for those elected to serve in accordance with the Declaration and these Bylaws is [one (1) year]. Any director may resign at any time upon notice to the Association.

Section 3.4. Removal of Board Members. Notwithstanding any other provision of the Declaration or these Bylaws, a director who has been appointed by Declarant pursuant to the Declaration or these Bylaws may only be removed by Declarant, in its sole discretion. Subject in all respects to the provisions of Section 3.05 of the Declaration, following the Period of Declarant Control, at any regular or special meeting of the Members duly called, any one or more of the directors, other than those directors who are appointed by Declarant pursuant to the Declaration or these Bylaws, may be removed, with or without cause, by a vote of two thirds (2/3) of the total votes of all Members, and a successor may then and there be elected by majority vote of the Unit Owners present at the meeting, to fill the vacancy thus created. A director whose removal has been proposed must be given at least fourteen (14) days notice of the calling of the meeting and the purpose thereof and must be given an opportunity to be heard at the meeting. Additionally, any director who has three (3) consecutive unexcused absences from Board meetings may be removed by a majority vote of the directors at a meeting of the Board without a quorum being present. Any director who is delinquent in the payment of an assessment for more than twenty (20) days or has otherwise breached any other financial covenant under the Declaration which has not been cured in accordance with any applicable cure period set forth in the Declaration will be deemed automatically removed from the Board without further action by the Board or the Unit Owners. Notwithstanding the foregoing, the process of removal of elected (but not appointed) directors must be as provided in Section 81-323 of DUCIOA, as the same may be amended.

Section 3.5. Vacancies. During the Period of Declarant Control, vacancies in the Board may be filled by appointment by Declarant. Following the Period of Declarant Control, vacancies in the Board caused by any reason, excluding the removal of a director of the Board by vote of the Members of the Association, may be filled by a vote of the majority of the remaining directors of the Board, even though less than a quorum, at any meeting of the Board. Each Person so elected will serve the unexpired portion of the vacated term.

Section 3.6. Organizational Meetings. The first meeting of the Board following each annual meeting of the Members will be held within twenty (20) days thereafter at such time and place as may be fixed by the Board.

Section 3.7. Regular Meetings. Regular meetings of the Board may be held at such time and place as may be determined from time to time by a majority of the Board, but at least four (4) such meetings must be held during each Fiscal Year with at least one (1) per quarter. Notice of the time and place of the meeting must be posted at a prominent place and must be communicated to directors not less than fourteen (14) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. The notice of any meeting must contain an agenda for that meeting. The Board may meet in a telephonic or video conference call or interactive electronic communication process provided that: (i) the meeting notice must indicate that the meeting is to be a telephonic, video or other conference call and, if not a meeting in executive session, provide information as to how directors may participate in the conference call directly or by meeting at a central location or conference connection; and (ii) the process must provide all directors the opportunity to hear the discussion and offer comments to the extent required by applicable Laws.

Section 3.8. Special Meetings. Special meetings of the Board may be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) directors. The notice must specify the time and place of the meeting and the nature of any special business to be considered. The notice must be given to each director by any means described in Section 6.5 hereof or by telephone communication, either directly to the director or to a Person at the director's office who would reasonably be expected to communicate such notice promptly to the director. All such notices must be given or sent to the director's address or telephone number as shown on the records of the Association. Notices must be given at least fourteen (14) days before the time set for the meeting, except in the event of emergency. In case of emergency, notices given by personal delivery, telephone, or e-mail must be delivered, telephoned, or e-mailed at least twenty-four (24) hours before the time set for the meeting and a notice of that meeting must be posted at a prominent place not less than twenty-four (24) hours prior to the scheduled time of the meeting.

Section 3.9. Notice to Members. After the Period of Declarant Control, except when a schedule of meetings has been distributed to Members of the Association that identifies the board meeting in question or in cases of emergency meetings or executive sessions that may be held without prior notice, the Secretary will cause notice of any regular or special meeting of the Board to be delivered to each Member in accordance with Section 6.5 hereof 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 the directors). The notice must state the time and place of the meeting and the items on the agenda, including to the fullest extent required by applicable Laws, an opportunity for Members to offer comments to the Board regarding any matter affecting the Association. In the event such meeting is held via a telephonic or video conference call or interactive electronic communication process, the notice to Members 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 Members may participate in the conference directly or by meeting at a central location or conference connection. If any materials are distributed to the

Board before the meeting, the Association must at the same time make copies of those materials reasonably available to Members of the Association, except that the Association need not distribute copies of unapproved minutes or materials that are to be considered in executive session.

Section 3.10. Waiver of Notice. The transactions of any meeting of the Board however called and noticed or wherever held, will be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting will also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.11. Quorum of Board. At all meetings of the Board, a majority of the directors constitute a quorum for the transaction of business, and, except as otherwise provided in the Declaration or these Bylaws, the votes of a majority of the directors present at a meeting at which quorum is present constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.12. Compensation. No director may receive any compensation from the Association for acting as such.

Section 3.13. Conduct of Meetings. The President will preside over all meetings of the Board, and the Secretary will keep a minute book of the Board, recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The minutes must be made available to all members of the Association.

Section 3.14. Open Meetings. During the Period of Declarant Control, the Members do not have any rights to attend any meetings of the Board or receive notice thereof except as required by DUCIOA. Following the Period of Declarant Control, except as otherwise provided in the Declaration, these Bylaws or as permitted by Delaware law, all meetings of the Board are open to all Unit Owners, but Unit Owners that are not also serving as directors may not participate in any discussion or deliberation unless expressly so authorized by the Board or as otherwise required by applicable Law.

Section 3.15. Executive Session. The Board may, with approval of a majority of the directors of the Board, convene, or adjourn and reconvene, a meeting in executive session for purposes of (i) consulting with the Association's lawyer regarding, or Board discussion of, litigation, mediation, arbitration or administrative proceedings or any contract matters; (ii) labor or personnel matters; (iii) discussing matters relating 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 (iv) discussion of any complaint from or alleged violation by a Member, when the Board determines that public knowledge would violate the privacy of such Unit Owner.

Section 3.16. Action without a Formal Meeting. Subject in all respects to the provisions of the Declaration and these Bylaws, any action that may be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all the directors of the Board. Notwithstanding anything in the Declaration or Bylaws to the contrary, after termination of the Period of Declarant Control, the Board may not take the following actions without a formal meeting: (i) adopt an Association Rule, the Assessments budget or any Assessment, (ii) impose a fine or take action to enforce the Declaration, Bylaws or rules, (iii) buy or sell real property, (iv) borrow money, (v) contract for any sum greater than one (1%) percent of the Association's annual budget, or (vi) any other action so prohibited under Section 81-308A(f) of DUCIOA.

Section 3.17. Powers. The Board is responsible for the affairs of the Association and has all the powers and duties set forth in the Condominium Documents (as defined in the Declaration) or otherwise necessary or appropriate for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Condominium Documents directed to be done and exercised exclusively by the members.

In addition to the powers granted and duties imposed by any resolution of the Board of the Association that may be hereafter adopted, the Board has the power to and be responsible for the following, in way of explanation, but not limitation:

- a. after the Period of Declarant Control, preparation and adoption of an annual budget in accordance with the requirements of applicable Law and of the Declaration;
- b. levying Annual Assessments, as defined in the Declaration and for purposes set forth in the Declaration; establishing the means and methods of collecting such Assessments; establishing any grace periods for payment without penalty and establishing any lesser periods of installment payments of the Annual Assessments (unless otherwise determined by the Board, the Annual Assessments may be payable in one annual payment to be due and payable in advance on January 1 of each year); determining the amount of the Annual Assessment, provided that that any increase in the amount of such assessment by more than the Permitted Percentage Increase (as defined in the Declaration) must first be approved by a majority vote of the members subject to such increase;
- c. levying Special Assessments, as defined in the Declaration and for purposes set forth in the Declaration, provided that such Assessments have been approved by a majority vote of the members subject to such Assessments; establishing the means and methods of collecting such assessments; establishing any grace periods for payment without penalty and establishing any lesser periods of installment payments of such Assessments;
- d. providing for the operation, care, upkeep, and maintenance of the Common Elements and entering into contracts therefor;
- e. designating, hiring, and dismissing the personnel necessary for the administration, operation, maintenance, repair, and replacement of the Association, its property, and the Common Elements, and, where appropriate, providing for the compensation of such

personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

f. collecting the Assessments, depositing the proceeds thereof in a bank depository which the Board has approved, and using the proceeds to administer the Association in accordance with the Declaration;

g. making and amending Association Rules and Regulations governing the use and operation of the Property and the Common Elements in accordance with the Condominium Documents;

h. opening of bank accounts on behalf of the Association and designating the signatories required;

i. making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Elements, in accordance with the other provisions of the Declaration and these Bylaws, after damage or destruction by fire or other casualty;

j. enforcing by legal means the provisions of the Condominium Documents and bringing any proceedings which may be instituted on behalf of or against the members concerning the Association or the Property;

k. obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

l. paying the cost of all services rendered to the Association or the members and not chargeable to members;

m. keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred, the said books and vouchers accrediting the entries thereupon to be made available for examination by the members and Mortgagees, their duly authorized agents, accountants or attorneys, during general business hours on working days at the time and in a manner that is set and announced by the Board for the general knowledge of the Unit Owners and all books and records to be kept in accordance with generally accepted accounting practices;

n. making available to any prospective purchaser of a portion of the Property, any member, any Eligible Mortgagee, and the holders, insurers, and guarantors of a Mortgage on any portion of the Property, current copies of any applicable Condominium Documents related to the Property, and all other books, records, and financial statements of the Association;

o. permitting utility suppliers to use portions of the Common Elements reasonably necessary to the ongoing development or operation of the Property;

p. entering into financings and other borrowing pursuant to Section 3.19 of these Bylaws; and

Section 3.18. Management Agent.

a. As provided in Section 6.01(d) of the Declaration, the Board may employ for the Association a professional management agent or manager at a compensation established by the Board to perform such duties and services as the Board may authorize from time to time. The Board may delegate to the managing agent or manager, subject to the Board's supervision, all the powers granted to the Board by these Bylaws, other than the powers set forth in subsections (a), (b), (c), (g), (h) and (j) of Section 3.17 of this Article III. Declarant, or an Affiliate of Declarant, may be employed as managing agent or manager.

b. No management contract may have a term in excess of three (3) years and must permit termination by either party without cause and without termination fee on ninety (90) days or less written notice.

c. The Board must delegate to a committee of the Board or a member of the Board the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

Section 3.19. Borrowing. The Board has the power to borrow money for the purpose of repair or restoration of the Common Elements all without the approval of the members of the Association; provided, however, the Board must obtain approval of the majority vote of the Members of the Association in the event that the proposed borrowing exceeds or would exceed twenty (20%) percent of the Annual Assessment of the Association for the then-current Fiscal Year. The Board, by a two-thirds vote in accordance with the Bylaws, has the right and power to assign and pledge all revenues to be received by the Association, including, but not limited to, Annual Assessments, in order to secure the repayment of any sum borrowed by the Association.

Section 3.20. Hearing Procedure. Except as specifically permitted by the Declaration and by applicable Laws, the Board may not impose a fine, charge, or monetary penalty, or infringe upon any other rights of a Unit Owner or other Occupant for violations of the Declaration or promulgated Association Rules, unless and until the following procedure is followed:

a. Written demand to cease and desist from an alleged violation must be served upon the alleged violator specifying:

- (1) the alleged violation;
- (2) the action required to abate the violation; and

(3) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

b. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the

same rule is subsequently violated, the Board or its delegate may serve the violator with written notice of a hearing to be held by the Board or the Covenants Committee (defined below) in executive session. The notice must contain:

- (1) the nature of the alleged violation;
- (2) the time and place of the hearing, which time may not be less than ten (10) days from the giving of the notice;
- (3) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and
- (4) the proposed sanction to be imposed.

c. The hearing must be held in executive session by the Covenants Committee (as defined hereinafter), or the Board acting as Covenant Committee, pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard must be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent of the Association (which may include a member of the Covenants Committee or the managing agent or manager appointed by the Board) who delivered such notice. The notice requirement will be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting must contain a written statement of the results of the hearing and the sanction, if any, imposed.

d. Following a hearing before the Covenants Committee, the violator hasve the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the President or Secretary of the Association, or by the managing agent or manager appointed by the Board, within thirty (30) days after the date the minutes of such hearing, as required in Section 3.20(c) hereof, are sent to the alleged violator pursuant to Section 6.5 hereof.

ARTICLE IV

OFFICERS

Section 4.1. Officers. The officers of the Association will be a President, Vice President, Secretary, and Treasurer. The Board may elect such other officers, including one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers, as it may deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two or more offices may be held by the same Person, excepting the offices of President and Secretary. The President and Treasurer must be elected from among the Board. The initial officers of the Association are:

Preston L. Dyer
Gary McCrea
Mason T. Dyer

President
Vice President
Treasurer and Secretary

Section 4.2. Election: Term of Office and Vacancies. Notwithstanding any other provision of the Bylaws to the contrary, during the Period of Declarant Control, the officers of the Association may be appointed, removed and replaced by Declarant. After the Period of Declarant Control, the officers of the Association must be elected annually by the Board at the first meeting of the Board following each annual meeting of the Unit Owners, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 4.3. Removal. Any officer may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby.

Section 4.4. Powers and Duties. The officers of the Association will each have such powers and duties as generally pertain to their respective offices under applicable Law, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board. The President is the chief executive officer of the Association. The Treasurer has primary responsibility for the preparation of the budget and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both. The President or any Vice President or any Secretary or Assistant Secretary each has the authority to prepare, execute, certify, and record any amendments to the Declaration or other Project Documents made by or on behalf of the Association.

Section 4.5. Resignation. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation is not necessary to make it effective.

Section 4.6. Agreements, Contracts, Deeds, Leases, Checks. All agreements, contracts, deeds, leases, checks, and other instruments of the Association must be executed by the President or any other officer or by such other Person or persons, including the management agent or manager, as may be designated by resolution of the Board.

ARTICLE V **COMMITTEES**

Section 5.1. Committees. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Board present at a meeting at which a quorum is present are hereby authorized, including by way of example and not by limitation, a finance committee, a grounds committee and a covenants committee. Such committees perform such duties and have such powers as may be provided in the resolution. Each committee will be composed as required by law and will operate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board. The Board may, to the fullest extent permitted by Laws, delegate any power and authority of the Board to one or more committees duly established by the Board.

Section 5.2. Covenants Committee. The Board may appoint a covenants committee consisting of at least three (3) and no more than five (5) members (the "Covenants Committee"). Acting in accordance with the provisions of the Declaration, these Bylaws, and rules or

resolutions the Board may adopt, the Covenants Committee is the hearing tribunal of the Association. In the absence of a Covenants Committee, the Board may act in such role for purposes of being the hearing tribunal of the Association.

ARTICLE VI **MISCELLANEOUS**

Section 6.1. Fiscal Year. The initial fiscal year of the Association must be the [calendar year] unless otherwise amended by resolution of the Board.

Section 6.2. Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (then current edition) govern the conduct of Association proceedings when not in conflict with Delaware Law, the Declaration, or these Bylaws.

Section 6.3. Conflicts. If there are conflicts or inconsistencies between the provisions of Delaware Law, the Declaration, and these Bylaws, the provisions of Delaware Law, the Declaration, and these Bylaws (in that order) prevail.

Section 6.4. Books and Records.

a. The membership register, books of account, and minutes of meetings of the Unit Owners, the Board, and committees of the Board and other records required to be maintained by the Association pursuant to Section 81-318(a) of DUCIOA must be made available for inspection and copying by any member of the Association or by his or her duly authorized agent during reasonable business hours and for a purpose requested in good faith and reasonably related to his or her interest as a Unit Owner at the office of the Association or at such other place as the Board may prescribe. Any such request is to be made by at least five (5) days prior written notice to the Secretary reasonably identifying the purpose of the request and the specific records of the Association so requested.

b. The Board may establish reasonable rules with respect to:

(1) notice to be given to the custodian of the records by the Unit Owner desiring to make the inspection;

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

(3) payment of the cost of reproducing copies of documents requested by a Unit Owner.

c. 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 Declaration, these Bylaws or Association Rules;
- (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 Laws;
- (7) Meeting minutes or other confidential records of an executive session of the Board;
- (8) Individual Unit Owner files other than those of the requesting Unit Owner.

An attorney's files and records relating to the Association are not records of the Association and are not subject to inspection or to production in a legal proceeding for examination by Unit Owners.

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

Section 6.5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws must be in writing and will be deemed to have been duly given if delivered by hand or if sent by prepaid United States mail or if sent by registered or certified mail, return receipt requested, first class postage prepaid or if by electronic means (if the addressee has given the Association prior written authorization to use such means together with the addressee's electronic address):

- a. if to a Unit Owner, at the address which the Owner has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Units, as applicable, of such Unit Owner; or
- b. if to the Association, the Board, or a managing agent or manager, at the principal office of the Association or the managing agent or manager, if any, or at such other address as is designated by a notice in writing to the Unit Owners pursuant to this Section.

Section 6.6. Amendment. The Unit Owners may amend these Bylaws by majority vote. During the Period of Declarant Control, Declarant may amend these Bylaws without the consent of any other Person, in its sole discretion. No amendment to the Bylaws that would

render the Bylaws contrary to or inconsistent with any mandatory requirements of DUCIOA is valid.

Section 6.7. Indemnification. The Association will indemnify every officer and Board director against any and all expenses, including counsel fees, reasonably incurred by, or imposed upon, any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding if approved by the then Board) to which he or she may be a party by reason of being or having been an officer or Board director. The officers and Board directors will not be liable for any mistake of judgment, negligent or malfeasance, misconduct, or bad faith. The officers and directors will have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association will indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein will not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. This obligation of the Association is a common expense and, to the extent necessary, will be funded by Special Assessment, which will be exempt from the approval requirement of Section 4.04(a) of the Declaration.


[Signature Page Follows]

We, the undersigned, being all the directors of the Board of the SEASHORE VILLAS Condominium Community Association, Inc., we do hereby certify:

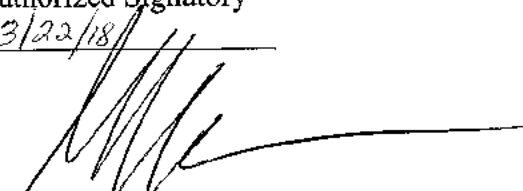
That we are entitled to exercise all the voting power of the Board on behalf of the Association; and

That we hereby assent to these Bylaws and hereby adopt the same as the Bylaws of the Association.

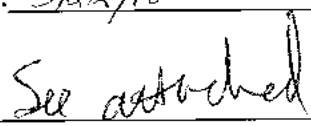
Made this 22nd day of March, 2018.



Name: Preston L. Dyer
Title: Authorized Signatory
Dated: 3/22/18



Name: Gary McCrea
Title: Authorized Signatory
Dated: 3/22/18



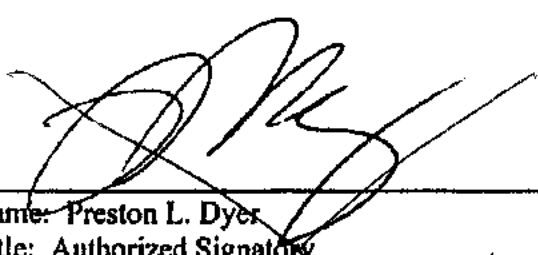
Name: Mason T. Dyer
Title: Authorized Signatory
Dated: _____

We, the undersigned, being all the directors of the Board of the SEASHORE VILLAS Condominium Community Association, Inc., we do hereby certify:


That we are entitled to exercise all the voting power of the Board on behalf of the Association; and

That we hereby assent to these Bylaws and hereby adopt the same as the Bylaws of the Association.

Made this 22nd day of March, 2018.


Name: Preston L. Dyer
Title: Authorized Signatory
Dated: _____

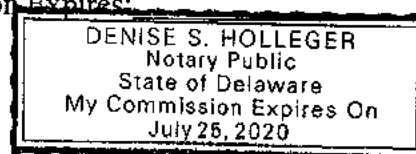
See attached
Name: Gary McCrea
Title: Authorized Signatory
Dated: _____


Name: Mason T. Dyer
Title: Authorized Signatory
Dated: 3/22/18

STATE OF Delaware)
)ss
COUNTY OF Sussex)

The foregoing instrument was acknowledged before me this 22nd day of March, 2018,
by Preston L. Dyer, Authorized Signatory.

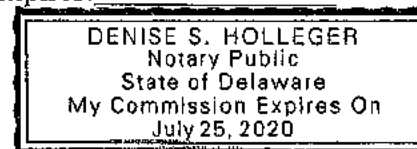
Denise S Holleger
Notary Public
Name: _____
My Commission Expires: _____



STATE OF Delaware)
)ss
COUNTY OF Sussex)

The foregoing instrument was acknowledged before me this 22nd day of March, 2018,
by Gary McCrea, Authorized Signatory.

Denise S Holleger
Notary Public
Name: _____
My Commission Expires: _____



STATE OF Delaware)
)ss
COUNTY OF Sussex)

The foregoing instrument was acknowledged before me this 22nd day of March, 2018,
by Mason T. Dyer, Authorized Signatory.

Denise S Holleger
Notary Public
Name: _____
My Commission Expires: _____

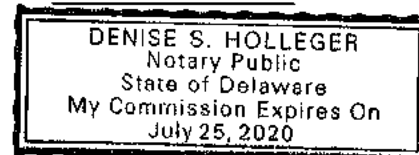


EXHIBIT C-1
PERCENTAGE INTERESTS

<u>Unit Designation</u>	<u>Percentage</u>
-------------------------	-------------------

Unit 4	33.33%
--------	--------

Unit 5	33.33%
--------	--------

Unit 6	33.34%
--------	--------

Total Units: 3

Total Percentage Interest: 100%

EXHIBIT C-2

PROPOSED PERCENTAGE INTERESTS OF ALL UNITS

Units	Percentage Interest
1-87	1.1494% to 1.15%

EXHIBIT D

**SEASHORE VILLAS CONDOMINIUM COMMUNITY
SAMPLE
ASSOCIATION RULES**

The Board of SEASHORE VILLAS Condominium Community (the "Condominium"), pursuant to the powers granted to the Board under that certain Declaration of Condominium for the Condominium, dated March 9, 2018 made by DRC Properties, LLC, a Delaware limited liability company, and the Bylaws adopted by the Board on March 9, 2018, as recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware, as Instrument Nos. TBD, does hereby adopt the following Association Rules governing the conduct of all Unit Owners.

1. Vehicles.

(a) Automobiles and any other permitted vehicles may be parked only within a designated parking area and within the painted lines of a designated parking space. No vehicle may park, stop or stand along the side or in the middle of any entrance or exit driveway or within a parking area so as to impede or prevent ready access to and from any other vehicle or parking space. No inoperable or unlicensed vehicle may be parked within the condominium project for more than forty-eight (48) hours. The Board has the right to cause any vehicle not conforming with these regulations to be relocated or removed, as necessary, at the offending owner's expense and without liability for damage caused to such vehicle.

(b) No camper, trailer, truck, boat, snowmobile, mechanical toboggan, machinery or other type of vehicle, other than a private passenger automobile, van, station wagon, or pickup truck, may be parked anywhere on the Property.

(c) All parking regulations posted or promulgated by the Board from time to time for the safety, comfort and convenience of the Unit Owners must be strictly obeyed.

(d) No Unit Owner or Occupant may cause or permit the blowing of any horn or screeching of any tires from any vehicle in which the family, tenants, employees, guests or invitees of such Unit Owner or Occupant are be passengers or drivers, approaching or upon any of the driveways or parking areas serving the Condominium, except as may be required for the safe operation of such vehicle.

(e) No vehicle may be repaired, tuned or otherwise mechanically serviced or attended (except for changing a flat tire), washed, polished, waxed, vacuumed or otherwise cleaned (except for removal of snow and the clearing of ice, snow and dirt from the windshields) on the Property.

2. Grounds and Walks.

(a) No Unit Owner or Occupant may till, seed, plant, cultivate, roll, cut, trim, edge, water, fertilize or otherwise treat the Land or plantings thereon, or cause or permit same to be done, except in accordance with the instructions issued from time to time by the Board or,

in the absence of applicable instructions, except with the Board's permission. Nor may any Unit Owner or Occupant cause or permit any walks to be salted, wetted, obstructed or used other than for ingress and egress except as may be otherwise permitted or directed by instructions of the Board. Each Unit Owner and Occupant, and their respective employees and guests must refrain from littering the Common Elements.

(b) No signs, lamp posts, fences, birdbaths, tents, trailers or other improvements may be created or placed upon the Property except pursuant to the Board's unanimous written permission or an otherwise expressly authorized by applicable law. No fences or enclosures, walks or curbs which are part of the Condominium may be painted, written or drawn upon, used to mount a sign, removed, marked or otherwise defaced. Lawn chairs, tables, barbecues, game equipment, toys and such other items may be placed upon the grounds only at such times and places as the Board may from time to time prescribe and must be removed from the grounds when not in use unless otherwise permitted, in writing, by the Board. No unenclosed Common Elements, whether General Common Element or Limited Common Element, may be used for the storage of bicycles, sleds, baby carriages, baby pens, lawn furniture, ladders, tools, toys or any other articles of whatever nature without the prior written permission of the Board.

(c) No fires may be caused or permitted on the Condominium grounds. No activity may be carried on upon the Condominium grounds that is likely to cause unreasonable wear and tear to the grounds or damage to the landscaping.

(d) Children are not be permitted to loiter or play in hallways, lobbies, entrances, stairways, elevators, roof or in the parking areas or drives.

(e) All garbage and other refuse must be kept out of sight in tightly-covered waterproof containers. Each Unit Owner or Occupant must take all reasonable steps to prevent such containers and the contents thereof from omitting odors that annoy any other Unit Owner or occupant. Garbage and other refuse from within each Unit must be deposited with care in the garbage chute or receptacles intended for such purposes only at such items and in such manners as Board directs Disposal of garbage and other refuse from within each Unit must be done no less frequently than weekly and in accordance with such procedures as the Board from time to time specifies

3. Pets. Pets must be held on a leash or carried in Common Elements; they must be taken only on the service elevator (unless it is out of use); they must enter and exit only through the basement or rear exit off the service elevator area; pets are not permitted in the lobby area. No pets of more than twenty (20) pounds are permitted on the Property. A maximum of two (2) pets are permitted to reside in a Unit.

4. Unit Exteriors.

(a) Except as otherwise expressly authorized by applicable law, no Unit Owner or Occupant may cause or permit any sign to be displayed on or from, or any rug, laundry, aerial, fan, air conditioner, wire or other object to hang or protrude from, any window, door or balcony. All draperies must be lined with a white or off-white liner and placed a

minimum of three inches from any electrical heater and one inch from any floor covering. All screens or screening not installed by Declarant are subject to the Board's prior written approval as to appearance, design, material and manner of installation. No shades, awnings, window guards or any enclosure may be used except with the Board's prior written approval. Except as otherwise expressly authorized by applicable law, or as otherwise permitted under the Declaration, no sign or other object may be displayed on any wall or rooftop without the Board's prior written approval. The foregoing does not prohibit the display of customary holiday decorations, subject to such specific limitations on type, manner of display and duration as the Board may from time to time fix and determine.

(b) No rugs may be beaten on patios, balconies or outdoor living areas, nor may dust, rubbish or litter be shaken, swept or thrown from any window, door, patio, balcony or outdoor living area. No laundry may be aired from any balcony or on any Common Element.

(c) No bicycles, toys, barbeque sets, tires, tools, ladders or any other items may be stored or left on any balcony or unenclosed patio without the Board's prior written permission, except outdoor tables and chairs may remain set up on such balconies and unenclosed patios for such time as they are actively and actually in use, subject to such regulation as the Board may from time to time issue.

(d) Except as otherwise permitted under the Declaration, no balcony or patio may be enclosed or covered in any manner whatsoever, including without limitation by installation of awnings or otherwise, without the prior written consent of Board.

(e) No barbequing or other form of cooking is permitted on any balcony or patio on the second story of a Building or higher, or on any portion of the Common Elements.

(f) Notwithstanding the foregoing limitations, the right is expressly reserved and retained by Declarant or its agents to place "For Sale" or "For Rent" signs on any unsold or unoccupied Units or at suitable places in the Common Elements, including, but not limited to, the sales office, and the right is hereby given to any Mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such Mortgagee.

5. Unit Interiors.

(a) No Unit Owner or Occupant may place such Unit Owner or Occupant's name or any sign, add or notice in any common area or in any Common Element or on any door except as provided on a mailbox furnished for use by such Unit Owner or Occupant. No Unit Owner may paint, decorate or adorn any interior Common Element except pursuant to rules of the Board governing holiday decorations. All entrances and exits, foyers, corridors, stairwells and landings must be kept free of all objects whatsoever except such furnishings as may belong to all Unit Owners in common and have been placed in the Building by Declarant or Board as an accessory thereto.

(b) No refuse may be carried though, over or across any Common Element area except in a water-tight bag or other container adequate to keep the refuse from offending the sensibilities of other Unit Owners, occupants and guests and from soiling the common area. No dust or dirt may be shaken, swept or otherwise dropped or deposited in any common area. Any

and all damage to the Common Element areas and all extraordinary cleaning required as a result of any activity undertaken by a Unit Owner or others acting on behalf of a Unit Owner or an occupant of such Unit Owner, must be paid by the Unit Owner or occupant responsible for causing same.

(c) No Unit Owner, Occupant or guest may loiter about or play in any hall, corridor, lobby, foyer, stairwell, landing, elevator, or other interior Common Element area. No pet is allowed in any interior Common Element area except close-leashed or carried. No pet or child is permitted to soil the interior Common Element areas, and all accidental soiling must immediately be cleaned by the Unit Owner or occupant responsible therefor and reported to the Board.

(d) No Unit Owner or Occupant may cause or permit the moving of furniture or equipment through the Building without having first arranged for such moving with the Board or its duly authorized agent. Such move must be in accordance with the regulations and directions, if any, of the Board,

(e) Without the prior permission of the Board, no contractor or workman employed by a Unit Owner is permitted to do any work in any Unit (except for emergency repairs) between the hours of 4:00 p.m. and 9:00 a.m., or on Saturday, Sunday or legal holidays if such work is likely to disturb other Unit Owners. All contractors and vendors are to be licensed and insured. Certificates are to be presented to the management office, prior to commencement of any work. No major renovation, structural, plumbing, or electrical work may be performed in a Unit, prior to submitting a written description, and if applicable, an architectural-plan to the management office for approval.

(f) No unlawful use may be made of a Unit or any other portion of the Property and all valid laws, zoning ordinances and regulations of all governing bodies having jurisdiction thereof must be observed.

6. Noise. No Unit Owner or Occupant may play or be allowed to play any musical instrument, radio, television, phonograph, sound movie projector, tape recorded or like device, or practice singing or vocal exercises, or use any tool or engage in any noisy activity earlier in the morning than eight o'clock (8:00 a.m.), Monday through Saturday inclusive, and eleven o'clock (11:00 a.m.) Sunday, or later in the evening than eleven o'clock (11:00 p.m.) Sunday through Thursday, and twelve o'clock midnight (12:00 a.m.) Friday and Saturday, or for longer (except for television, radio or phonograph) than three hours in any given day, if the same is likely to annoy any Unit Owner or Occupant of any other Unit. No Unit Owner may engage in any altercation at any time or otherwise shout, yell or disturb the peace if the same is likely to annoy any Unit Owner or the Occupant of any other Unit. Television, radio and other electrical devices subject to volume control may not be played above moderate levels if any Unit Owner or Occupant objects.

7. Cleanliness. All Unit Owners and Occupants are responsible for the cleanliness of their respective Units. The cost of exterminating any rodent or insect infestations resulting from the uncleanness of any Unit will be charged to the Unit Owner of that Unit.

8. Water and Plumbing.

(a) Water may not be left running any unreasonable or unnecessary length of time in any Unit. Use of water for any purpose other than necessary human consumption is subject to regulations and limitation by the Board.

(b) Toilets and drains may be used for no other purpose than that for which they were designed. No sweepings, rubbish, rags, papers, ashes or other substances may be deposited therein. Any repairs necessitated by the misuse of such facilities will be charged to the Unit Owner of the offending Unit.

(c) No Unit Owner or Occupant may cause or permit any tampering with, alteration to or new connection into any water or sewer pipe without the prior written consent of Board.

9. Equipment and Installation. No Unit Owner or Occupant may tamper or interfere with or attempt to repair, alter or make a connection with any electrical or other cable, line, pipe, apparatus or equipment without the prior written consent of Board. Before installing and operating any machinery, refrigerating or heating device, washing machine, dryer, air conditioning or other equipment not installed by Declarant and before using any illumination other than electric light or decorative candles, each Unit Owner and Occupant intending to install or operate the same, in each and every instance, obtain the prior written consent of the Board. All appliances and electrical equipment of any kind and all appliances of every kind, however powered, installed or used in a Unit must comply with all rules, requirements, regulations and recommendations of all public authorities and boards of fire underwriters having jurisdiction.

10. Explosives and Inflammables. No explosive or highly inflammable material may be brought into any portion of the Condominium except under the supervision of the Board.

11. Keys to Units. The Board is entitled to possession of one key to each Unit for use during emergencies. No Unit Owner or Occupant may change any lock or install any additional lock to the entrance to such Unit Owner's Unit without the Board's prior written permission and without delivering a key for such changed or additional lock to the Board.

12. Sales. No garage sale or form of auction sale may be held on the Property.

13. Increased Risk. No Unit Owner may do, or permit to be done in such Unit Owner's Unit, or bring or keep, or permit to be brought or kept, anything therein that are likely in any way to increase the risk of fire to the Condominium or the rate of fire insurance assessed to the Board or any Unit Owner with reference to the Condominium, or obstruct or interfere with rights of other Unit Owners, or in any way injure them, or conflict with the laws relating to fire or with the regulations of the Fire Department or with any insurance policy carried by the Board or conflict with any of the rules and ordinances of the Board of Health or with any statute or municipal by-law.

14. Swimming Pool. Use of the swimming pool or other recreational facilities is regulated in accordance with rules and regulations of the Board posted in such areas.

15. Flooring. Any Unit floor area not covered by carpets that be covered by the Unit Owner at the Unit Owner's expense by the installation of a noise reduction system approved by the Board. Such system must be substantially similar to the original construction and installation and must be of first class quality.

16. Nuisance. No use, practice or condition which, in the judgment of the Board, constitutes a nuisance or unreasonably interferes with the peaceful use and enjoyment of the Condominium by Unit Owners or Occupants, or their guests or invitees may be introduced or maintained (or permitted to be introduced or maintained) by any Unit Owner or Occupant within any Unit or on any other portion of the Condominium. By way of illustration, and not by way of limitation: (i) a nuisance use includes any use that is unlawful and any use that results in unreasonable or untimely noise or vibration, objectionable odor, pest infestation, a threat to the health or safety of persons, or an unreasonable risk of damage to property; (ii) a nuisance practice includes any activity or omission that presents an unreasonable risk of the defined results hereinabove ascribed to a nuisance use, or results in a nuisance condition; and (iii) a nuisance condition includes any condition that presents an unreasonable risk of the defined results hereinabove ascribed to a nuisance use, and, by way of further illustration, would include a significant or unreasonable accumulation of garbage or refuse, human or animal waste or bodily fluids, caustic or explosive substances, poisons, fungus or mold. In the event that any Unit Owner or Occupancy does not promptly abate a violation of this rule, the Board is entitled to take any or all actions described in the Bylaws or the Declaration.

17. Miscellaneous.

(a) No employee of the Board or manager will be requested or required by any Unit Owner to perform any personal service for any Unit Owner not in the line with the duties prescribed for such employees by the Board or the manager.

(b) Should the Board be required to make any expenditure for the repair or replacement of any portion of the Common Elements because of any damage, destruction, or injury thereto (other than ordinary wear and tear) caused by one or more Unit Owners or Occupants, or the family members residing in a Unit, the Unit Owners of the Unit responsible for such damage, destruction, or injury, will to the extent that the Board is not required to maintain insurance to cover the particular damage, destruction or injury, pay the Board for such expenditure.

(c) Each Unit Owner will be held accountable for any violation of these rules by the Occupants family members, guests, tenants, agents, or employees of the Unit Owner.

(d) Unit Owners, Occupants family members, guests and tenants are permitted to use the recreational facilities pursuant to recreation facility regulations which that may be promulgated from time to time by Board and be posted at each facility. The Board may provide a fee for use of the recreational facilities by guests.

(e) Complaints regarding the management of the Property or regarding actions of other Unit Owners must be made in writing to the Board.

(f) Any consent or approval required of the Board by these Association Rules

must be in writing to be effective and is revocable at any time.

(g) Leasing is at the discretion of the Board and can be denied. A minimum term of any lease approved by the Board may be established by the Board from time to time and at any time. Subleasing is not permitted.

(h) Any request for information or services that are outside the normal duties of the office must be submitted in writing to the Board for consideration and response.

18. Declarant's Privileges. To the extent reasonably necessary or convenient for completion of development and construction of the Condominium and sale or rental of Units standing in Declarant's name, or for its exercise of any Special Declarant Rights or Development Rights, Declarant, its successors and assigns, is not bound to observe the Association Rules.

EXHIBIT E**MAINTENANCE RESPONSIBILITY CHART
FOR TOWNHOUSE UNITS**

COMPONENT OF PROPERTY	ASSOCIATION RESPONSIBILITY	UNIT OWNER RESPONSIBILITY	MASTER ASSOCIATION RESPONSIBILITY¹
Grounds of the Property.	None.	None.	All aspects. ²
Fences, screening walls, and retaining walls in and around the Property.	None.	None.	All aspects.
Sidewalks and driveways.	None.	None.	All aspects.
Mailboxes, exterior street addresses, unit numbers.	All aspects.	None.	None.
Trash receptacles (dumpsters).	All aspects.	As instructed by Association.	None.
Building exteriors, not including roofs and foundations.	None.	All aspects.	None.
Building roofs and foundations	All aspects.	None.	None.
Concrete flatwork and lightweight poured concrete.	All aspects, except as noted for Unit Owner	Concrete cracks that do not affect the structural integrity of the Building, if Unit Owner wants them	None.

¹ The allocation of Master Association Responsibility assumes the election by Master Association as described in Section 2.05(d) of the Declaration.

² "All aspects" includes maintenance, repair, and replacement, as needed.

COMPONENT OF PROPERTY	ASSOCIATION RESPONSIBILITY	UNIT OWNER RESPONSIBILITY	MASTER ASSOCIATION RESPONSIBILITY¹
		"fixed."	
Exterior windows and doors.	None	All aspects.	None.
Balconies and decks.	None.	All aspects.	None.
Fire sprinkler system.	None.	All aspects, if any.	None
Exterior light fixtures on buildings.	None.	All aspects.	None.
Garages.	None.	All aspects.	None.
Skylights.	None.	All aspects, if any.	None.
Insulation and weatherstripping.	None	All aspects.	None.
Unit interior, including improvements, fixtures partition walls and floors, and sheet rock within Unit.	None	All aspects.	None.
Water, wastewater, electrical lines & systems.	All aspects of common lines & systems, none for those serving Units.	All aspects of lines, pipes, fixtures, and appliances serving only that Unit.	None.
Heating and cooling systems and water heaters.	None.	All aspects.	None.
Intrusion alarms, carbon monoxide detectors,	None.	All aspects.	None.

COMPONENT OF PROPERTY	ASSOCIATION RESPONSIBILITY	UNIT OWNER RESPONSIBILITY	MASTER ASSOCIATION RESPONSIBILITY¹
smoke/heat detectors, monitoring equipment.			
Pest control.	None	All aspects.	None.
Cable for television or internet.	None.	All aspects.	None.
Televisions antennas and satellite dishes.	None	All aspects.	None.

- NOTE 1: The components listed in the first column are applicable only if they exist, and may not be construed to create a requirement or authorization to have such a component. A skylight is an example of a component that may or may not be on a Building.
- NOTE 2: This Maintenance Responsibility Chart does not affect the liability of a Unit Owner who damages a Common Element that is maintained by the Association.
- NOTE 3: This Maintenance Responsibility Chart may be revised by the Association from time to time.
- NOTE 4: This Maintenance Responsibility Chart is of illustrative Property components only and is not intended to be a complete and exhaustive list of all maintenance responsibilities.
- NOTE 5: This Maintenance Responsibility Chart is not intended to limit or modify or otherwise change the text of this Declaration, the Condominium Documents, the Master Declaration or any other Project Documents.

***** Electronically Recorded Document *****



Sussex County

Scott Dailey
Recorder of Deeds
Georgetown, DE 19947

Instrument Number: 2018-20372

Parties:

Recorded As: EREC-AGREEMENT

Direct- SEASHORE VILLAS COMMUNITY ASSOCIATION INC

Recorded On: June 06, 2018

Indirect- SEASHORE VILLAS COMMUNITY ASSOCIATION INC

Recorded At: 10:50:31 am

Receipt Number: 871713

Number of Pages: 16

Processed By: Sue D

Book-VI/Pg: Bk-D VI-4898 Pg-248

Total Rec Fee(s): \$166.00

**** Examined and Charged as Follows ****

Erec-A \$ 166.00

Tax Amount Consid Amt RS#/CS#

Tax Parcel Nos.: 5-33 12.00 76.05

Prepared by & Return to:
Heidi J. A. Gilmore, Esquire
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958

**BYLAWS
FOR
SEASHORE VILLAS COMMUNITY ASSOCIATION, INC.**

**ARTICLE I
Organization**

The name of the organization is **SEASHORE VILLAS COMMUNITY ASSOCIATION, INC.**, a Delaware corporation (the "Association"). The Association shall have a seal.

The Association may change its name at its pleasure by a majority vote of the membership of the Association.

**ARTICLE II
Purpose**

Section 2.1. Purpose. The purpose of this organization shall be to fulfill the obligations of the "Master Association" as established by, and to manage the Master Association Property as set forth in, the Declaration (defined below). The Association shall have the responsibility of managing the Project's recreational amenities of the residential subdivision known as Seashore Villas, establishing the means and methods of collecting the contributions to the common expenses of the Association, arranging for the management of the clubhouse, pool, recreational open space, parking area, and performing all of the other acts that may be required to be performed by the Association pursuant to the provisions of Title 8 of the General Corporation Law of Delaware, the Delaware Uniform Common Interest Ownership Act, 25 Del.C. § 81-101, et seq., and by the Master Association as established in the Master Declaration of Seashore Villas dated March 9, 2018 and recorded in the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, in Deed Book 4893 Page 001, et seq., as it may be amended from time to time (the "Declaration").

**ARTICLE III
Membership**

Section 3.1. Membership. Every person or entity who is an Owner of a Unit in Seashore Villas shall be a member of the Association and shall enjoy all of the benefits of such membership. Membership shall be appurtenant to, and may not be separated from, ownership of a Unit. Conveyance of a Unit shall, without the need specifically to provide therein, terminate

membership of the grantor in the Association with respect to the Unit conveyed; and, by accepting the conveyance, the grantee shall be deemed to accept membership in the Association.

ARTICLE IV

Meetings

Section 4.1. Annual Meetings. The first annual meeting of the Association shall be held within one (1) year of the formation of the Association and notice of the same shall be given at least ten (10) but not more than sixty (60) days in advance of such meeting. The notice of the meeting shall state the date, time, and place of the meeting and the items on the agenda for the meeting, all in accordance with § 81-308 of the Delaware Uniform Common Interest Ownership Act ("DUCIOA"), as amended. Thereafter, the annual meetings of the Association shall be held as determined by the Board of Directors ("Board") in accordance with the same notice requirements. Except as provided otherwise in these Bylaws, at such annual meetings the Board shall be elected by ballot of the Owners in accordance with the requirements set forth in Article VI of these Bylaws and the annual budget shall be presented in accordance with § 81-324 of DUCIOA, as amended. The Association Owners may transact such other business at such meetings as may properly come before them. Additional regular or special meetings of the total membership, in addition to the annual meeting, may be held as deemed necessary by the President and Board of Directors of the Association.

Section 4.2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Owners as may be designated by the Board.

Section 4.3 Special Meetings. 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 Board or upon a petition signed and presented to the Secretary by Owners owning not less than twenty-five percent (25%) of the then existing Units in the Development; provided, however, that no special meeting shall be called prior to the first annual meeting following the incorporation of the Association except by resolution of the Board. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4.4. Notice of Meetings and Waiver. It shall be the duty of the Secretary to mail or email a notice with the agenda of each annual or special meeting of the Owners, at least ten (10) but not more than sixty (60) days prior to such meeting, to each Owner of record, by any means described in §81-127 of DUCIOA or sent prepaid by United States mail to any mailing address designated in writing by such 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 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 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 DUCIOA, furnish to any Owner who so requests a copy of the agenda prior to the meeting. Regardless of the agenda, Owners shall be given a

reasonable opportunity at any meeting to offer comments to the Board regarding any matter affecting the Association. If the Association does not notify Owners of a special meeting within thirty (30) days after the requisite number or percentage of the Board or Owners, as applicable, requested the Secretary to do so, the requesting Board members or Owners, as applicable, may directly notify all the Owners of that meeting. Only matters described in the meeting notice required by this Section may be considered at a special meeting.

Any Owner may, at any time, waive notice of any meeting of the Owners, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by an Owner at any meeting of the Association shall constitute a waiver of notice by him/her of the time and place of, and agenda items for such meeting.

Section 4.5. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Owners 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 and no additional notice shall be required. If the meeting must be adjourned to a time more than forty-eight (48) hours from the time the original meeting was called, an additional notice shall be required in accordance with these Bylaws.

Section 4.6. Order of Business. The order of business at all annual or special meetings of the Association shall be as designated in the agenda for the meeting.

Section 4.7. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of one-third (1/3) of the Owners shall constitute a quorum at all meetings of the Association. The votes of a majority of the Owners present at a meeting at which a quorum is present shall constitute the decision of the Association.

Section 4.8. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep or cause to be kept the minutes of the meeting and record or cause to be recorded in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. Unless modified by the Board by resolution, *Roberts Rules of Order* (current edition) shall govern the conduct of all meetings of the Association when not in conflict with the Declaration or these Bylaws.

Section 4.9. Availability of Records. The Association shall maintain current copies of the Declaration, the Certificate of Incorporation of the Association and any amendments thereto and restatements thereof (the "Certificate of Incorporation"), these Bylaws, the minutes of all members' and Board of Directors' meetings and records of all action taken by members on the Board of Directors without a meeting for at least the past 3 years, a record of all actions taken by a committee of the Board of Directors, any financial statements and tax returns of the Association prepared for the past 3 years, a list of the names and business addresses of the Association's current members of the Board of Directors and officers, its most recent annual report delivered to the Delaware Secretary of State, such records needed to enable the Association to comply with 25 Del. C. §81-409, recorded of receipts and expenditures affecting the operation and administration of the Association and other appropriate accounting records (including those for any repair and replacement reserve), and a list of the names and addresses of

all Association members in alphabetical order by class showing the number of votes each member is entitled to cast and their class of membership if any. The Association shall hold all such documents available for inspection by Owners or by holders, insurers and guarantors of first mortgages that are secured by properties; provided that documents may be withheld from inspection and copying in accordance with 25 Del. C. §81-318(c). Documents shall be available for inspection during the normal business hours of and upon proper written request to the Association in accordance with the general corporate law of the State of Delaware. A reasonable fee for copying any documents or records made available to and inspected in accordance with this paragraph, not to exceed the actual cost of materials and labor incurred by the Association, may be imposed by the Board, in such amount as it deems appropriate from time to time. Any fee schedule imposed by the Board in accordance with this paragraph shall become effective upon publication to the Owners in accordance with the notice requirements contained in these Bylaws.

Section 4.10. Voting Rights. Voting rights shall be those established in the Certificate of Incorporation, paragraph Fifteenth.

ARTICLE V

Voting

Section 5.1. Voting. Voting at all meetings of the Association shall be on the basis of one (1) Unit, one (1) vote. 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 Owners attendance at the meeting by proxy or otherwise for quorum purposes. Whenever the approval or disapproval of a Owner is required by DUCIOA, 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 at any meeting of the Association. Except where a greater number is required by DUCIOA, the Declaration or these Bylaws, a majority of the votes cast in person, by proxy or by ballot at a meeting of 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 votes needed for any action by the Owners.

Section 5.2. Proxies. A vote may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated therein and must be filed with the Secretary or the professional managing agent, if any, before the appointed time of the meeting.

Section 5.3. Majority of Owners. As used in these Bylaws, the term Amajority@ shall mean the vote of more than fifty percent (50%) of the Units then existing.

ARTICLE VI **Board of Directors**

Section 6.1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors (referred to as the "Executive Board" in DUCIOA). The Board shall be comprised of no fewer than three (3) and no more than five (5) members.

The Board shall initially be comprised of three (3) members, all appointed by the Developer, as follows: (1) Preston L. Dyer; (2) Gary McCrea; and (3) Mason T. Dyer. Such Developer appointees shall not be required to be Owners and may be, but shall not be required to be, residents of the State of Delaware.

As required by § 81-303 of DUCIOA, not later than sixty (60) days after conveyance of twenty-five percent (25%) of the total number of Units that may be created in Seashore Villas to Owners other than the Developer or a Participating Builder (as defined in the Declaration), at least one (1) member and not less than twenty-five percent (25%) of the Board shall be elected by Owners other than the Developer or a Participating Builder and, unless such timing coincides with an annual meeting, the President shall call a special meeting for such election as provided in Article IV of these Bylaws. By way of example, after twenty-five percent (25%) of the total number of Units that may be created in Seashore Villas have been conveyed to Owners, the Board shall be expanded by the Developer to four (4) members, at least one (1) of whom shall be elected by Owners, in order to comply with the Act. Also as required by § 81-303 of DUCIOA, not later than sixty (60) days after conveyance of fifty percent (50%) of the total Units that may be created in Seashore Villas to Owners other than the Developer or a Participating Builder, not less than thirty-three and one-third percent (33-1/3%) of the Board shall be elected by Owners other than the Developer or a Participating Builder and, unless such timing coincides with an annual meeting, the President shall call a special meeting for such election as provided in Article IV of these Bylaws. By way of example, after fifty percent (50%) of the total number of Units that may be created in Seashore Villas have been conveyed to Owners, the Board shall be expanded by the Developer to five (5) members, at least two (2) of whom shall be elected by Owners, in order to comply with the Act. Upon the termination of the Developer Control Period, as defined and provided in the Declaration, the Owners shall elect the Board and the Board, by majority vote and provided the Developer did not already expand the Board as described above, may expand the Board to no more than five (5) members. The members of the Board elected by the Owners shall be Owners or spouses of Owners or, if the 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 entity.

Section 6.2. Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are established by the Declaration, Certificate of Incorporation and these Bylaws directed to be exercised and done by the Association except as otherwise provided herein. The Board shall have the power from time to time to adopt any rules and regulations deemed

necessary for the enjoyment of Seashore Villas, provided such rules and regulations shall not be in conflict with the Declaration, Certificate of Incorporation or these Bylaws. The Board may delegate to one (1) of its members the authority to act on behalf of the Board on all matters relating to the duties of the professional managing agent, if any, which might arise between meetings of the Board. In addition to the duties imposed by the Declaration, Certificate of Incorporation or these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to, and be responsible for, the following:

(a) Preparation of an annual budget, in which there shall be established the contribution of each Owner to the common expenses, to be approved in accordance with § 81-324 of DUCIOA.

(b) Making assessments against Owners to defray the costs and expenses of the Association, establishing the means and methods of collecting assessments as established in the Declaration from the Owners, and establishing the period of the installment payment of the annual assessment for common expenses. Unless otherwise determined by the Board, the annual assessment against each Owner for his proportionate share of the common expenses shall be payable in equal monthly, quarterly or annual installments, as determined by the Board, each such installment to be due and payable in advance on the date(s) established by the Board.

(c) Providing for the operation, care, upkeep, replacement, maintenance and surveillance of all of Units, roads, and common areas; and services of the Association except as may otherwise be provided herein.

(d) Designating, hiring and dismissing the personnel or contractors necessary for the maintenance, operation, repair and replacement of the common area and Units, and providing services for the property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Owners; and, moreover, contracting the professional managing agent, if deemed necessary by the Board. No contractual agreement may bind the Association unless such 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 the Developer to the Owners, upon not less than ninety (90) days' notice. In addition, if entered into before a majority of the Board elected by the Owners (as opposed to appointed by the Developer) in accordance with these bylaws takes office: (1) any management contract, employment contract, (2) any other contract or lease between the Association and Developer or an affiliate of Developer, or (3) any contract or lease that is not bona fide or was unconscionable to the Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the Board elected by the Owners (as opposed to appointed by Declarant) in accordance with these Bylaws takes office upon not less than ninety (90) days notice to the other party.

(e) Collecting the assessments against the 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.

(f) Making and amending rules and regulations respecting the use of the property so that such do not unduly restrict the use and enjoyment by the Owners, their tenants and guests.

(g) Opening of bank accounts on behalf of the Board and designating the signatories required therefor.

(h) 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.

(i) Enforcing by legal means, when deemed necessary and appropriate in the opinion of the Board, the provisions of the Declaration, Certificate of Incorporation, these Bylaws and the rules and regulations for the use of the property adopted by it and bringing any proceedings which may be instituted on behalf of the Owners.

(j) Obtaining and carrying insurance against casualties and liabilities, and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Association, and not billed to Owners.

(l) Keeping books with detailed accounts in chronological order of the receipts and expenditures affecting the property and Association, and the administration of the property, specifying the maintenance and repair expenses of the roads and common areas, and any other expenses incurred. The said books shall be available for examination by the Owners, their duly authorized agents or attorneys, in accordance with and pursuant to the processes set forth in § 81-318 of DUCIOA. All books and records shall be kept in accordance with good and accepted accounting practices, and if so directed by the Board, the same may be audited by an outside auditor employed by the Board who shall not be a resident of Seashore Villas, or an Owner of a Unit therein. The cost of such audit shall be a common expense. An audited financial statement, if prepared, shall be available within one hundred twenty (120) days of the end of the fiscal year.

(m) Notifying the Mortgagee of any property of any default by the Owner whenever requested in writing by such Mortgagee to send such notice.

(n) Maintaining written minutes of all meetings.

(o) Resolving disputes between and among Owners and the Board and making decisions regarding disputes related to the interpretation and application of the Declaration, Certificate of Incorporation, these Bylaws and rules and regulations promulgated pursuant thereto.

(p) Borrowing in an amount not to exceed twenty-five percent (25%) of the value of the Common Areas for any proper Association purpose by the execution of notes and mortgages or as security for the repayment thereof or such other security or securities as the

Association shall designate for the payment of principal thereof and interest due thereon, subject to any restrictions or limitations which may be contained in the Declaration or DUCIOA.

(q) To do such other things and acts not inconsistent with the Declaration or Certificate of Incorporation which it may be authorized to do by a resolution of the Association.

Section 6.3. Election and Term of Office. During the Developer Control Period, all Board members shall serve for one (1) year terms. At the first meeting of the Association after the termination of the Developer Control Period during which an election is held, the terms of office of the members elected by the Unit Owners to serve on the Board shall be staggered. If three (3) members are elected, two (2) members shall serve two (2) year terms, and (1) member shall serve a one (1) year term. If four (4) members are elected, two (2) members shall serve two (2) years terms, and two (2) members shall serve one (1) year terms. If five (5) members are elected, three (3) members shall serve two (2) year terms and two (2) members shall serve one (1) year terms. At the expiration of the initial terms of office of the members of the Board elected at the first meeting of the Association after the termination of the Developer Control Period, their successors shall be elected to serve for two (2) year terms. The members of the Board shall hold office until their respective successors shall have been elected and the newly elected member=s willingness to serve confirmed.

Section 6.4. Removal of Members of the Board. At any regular or special meeting of the Board duly called, any one (1) or more of the members of the Board may be removed with or without cause by a majority of the Board members, and a successor may then and there be appointed by a majority of the remaining Board members to fill the vacancy thus created. Any member of the Board whose removal, with or without cause, has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of an Association meeting in response to said proposal and the purpose thereof and shall be given an opportunity to be heard at the meeting. In such a situation where the removal of a Board member, with or without cause, has been proposed by the Owners, a majority of the Owners present, in person or by proxy, at the meeting called for this purpose may remove the Board member in question and a successor may then and there be appointed by a majority of the Owners present to fill the vacancy thus created.

Section 6.5. Vacancies. Vacancies in the Board caused by any reason other than the removal of a member by a vote of the Owners shall be filled by a vote of a majority of the remaining members of the Board at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, even though the Board members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board for the remainder of the term of the member so removed and until a successor shall be elected at the next annual meeting of the Association.

Section 6.6. Organizational Meeting. The first meeting of the members of the Board following an annual meeting of the Association shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board so elected, and no notice shall be necessary to the newly elected members of the Board in order legally to constitute such meeting, providing a majority of the whole Board shall be present thereat.

Section 6.7. Regular Meetings. Regular meetings of the Board (except for executive sessions held for a permitted purpose set forth in § 81-308A of DUCIOA) shall be open to all Owners after the Developer Control Period ends and shall be held at least quarterly at such time and place as shall be determined from time to time by a majority of the Board members. Notice, including the agenda, of regular meetings of the Board shall be given to each Board member, by mail, email, telegraph, telefacsimile or telephone with mail confirmation, at least ten (10) but not more than sixty (60) days prior to the day named for such meeting. Except when a schedule of meetings has been distributed to the 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 meeting to be delivered to each Owner by any means described in Section 9.1. of these Bylaws at least ten (10) but not more than sixty (60) days prior to the meeting (but not later than the time notice of the meeting is sent to members of the Board).

Section 6.8. Special Meetings. Special meetings of the Board (except for executive sessions held for a permitted purpose set forth in § 81-308A of DUCIOA) shall be open to all Owners after the Developer Control Period ends and may be called by the President on at least ten (10) but not more than sixty (60) days' notice to each Board member, given by mail, email, telegraph, telefacsimile or telephone with mail confirmation, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Board members. The Secretary shall cause notice of any special meeting to be delivered to each Owner by any means described in Section 9.1. of these Bylaws at least ten (10) but not more than sixty (60) days prior to the meeting (but not later than the time notice of the meeting is sent to members of the Board).

Section 6.9. Waiver of Notice. Notwithstanding any provision to the contrary contained herein, any Board member may, at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall constitute a waiver of notice by him of the time and place of such meeting. If all Board members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting, including meetings conducted by telephone conference.

Section 6.10. Quorum of Board. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Board.

Section 6.11. Fidelity Bonds. The Board shall obtain adequate fidelity bonds for all officers, directors and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute a valid expense payable by the Association.

Section 6.12. Compensation. No Board member shall receive any compensation from the Association for acting as such, but may be reimbursed for necessary expenses incurred in regard to service as a Board member, as approved by the Board from time to time.

Section 6.13. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep or cause to be kept a minute book of the Board recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. Unless modified by the Board by resolution, *Roberts Rules of Order* (current edition) shall govern the conduct of all meetings of the Association when not in conflict with the Declaration or these Bylaws.

Section 6.14. Liability of the Members of the Board. The members of the Board shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the Board members from and against all contractual liability to others arising out of contracts made or action taken by the Board on behalf of the Owners unless any such contract or action shall have been made in bad faith or contrary to the provisions of the Declaration, Certificate of Incorporation or of these Bylaws. It is intended that the members of the Board shall have no personal liability with respect to any contract made or action taken by them on behalf of the Owners. Every agreement made or action taken by the Board on behalf of the Owners shall, if obtainable, provide that the members of the Board, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder, and that each Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the total Units in Seashore Villas. The 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 Board, against expenses (including reasonable 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 believed to be in or not opposed to the best interests of the Owners.

ARTICLE VII

Officers

Section 7.1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The 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 Board. Any other officers may be, but shall not be required to be, members of the Board. Any Board member who serves as an officer shall be permitted to hold more than one office if such is necessary to fill the principal positions of President, Vice President, Secretary and Treasurer.

Section 7.2. Election of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any vacancy in an office shall be filled by the Board at a regular meeting or special meeting called for such purposes.

Section 7.3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his

successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 7.4. President. The President shall be the chief executive of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are incident to the office of the 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 he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall also be responsible for the preparation, execution, certification and recordation of any amendments to the Declaration, Certificate of Incorporation, these Bylaws or any other governing document for the Association.

Section 7.5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board or by the President.

Section 7.6. Secretary. The Secretary shall keep or cause to be kept the minutes of all meetings of the Association and of the Board; he shall have charge of such books and papers as the Board may direct; he shall provide or cause to be provided notice of all scheduled Association meetings to each Owner at such address as each Owner shall have designated by notice in writing to the Secretary; and he 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 7.7. Treasurer. The Treasurer shall have the responsibility for Association 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; he shall be responsible for the deposit of all monies and other valuable effects in the name of the Board, or the managing agent, in such depositories as may from time to time be designated by the Board, and he 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 7.8. 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 (2) officers or by an officer and such other person or persons as may be designated by the Board. All such instruments for expenditures or obligations of less than \$1,000.00 may be executed by any one (1) officer or by such other person as may be designated by the Board.

Section 7.9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such, but may be reimbursed for expenses incurred in regard to services rendered to the Association, as approved by the Board from time to time.

ARTICLE VIII
Amendments to Bylaws

Section 8.1. Amendments. Except as otherwise provided in these Bylaws, these Bylaws may be modified or amended either (i) by a vote of at least fifty-one percent (51%) of the membership present, in person or by proxy, at any regular or special meeting, provided that notice of the proposed amendment shall have been given to each Owner at least ten (10) days in advance of such meeting or (ii) pursuant to a written instrument duly executed by a majority of all of the Owners.

ARTICLE IX
Miscellaneous

Section 9.1. Notices. All notices, demands, bills, statements or other communications under the Declaration or the corporate governing documents for the Association, including these Bylaws, shall be in writing and shall be deemed to have been duly given if: (a) delivered personally; (b) if to an Owner, if sent by email, facsimile or other method of electronic transmission to the Owner at the email/electronic address or facsimile number which the Owner shall designate in writing and file with the Secretary; (c) if to an Owner, if sent by first-class mail, postage prepaid, to an Owner at the address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Owner as provided in the tax assessment records for Sussex County; (d) if to the Association, if sent by email, facsimile or other method of electronic transmission to the Association at the email/electronic address or facsimile number which the Association shall designate in writing to the Owners as the principal email/electronic address or facsimile number of the Association; or (e) if to the Association, if sent by first-class mail, postage prepaid to the Association, the Board or the professional managing agent, if any, at the principal office of the Association or at such other address as shall be designated by notice in writing to the Owners pursuant to this section.

Section 9.2. Gender, Number. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 9.3. Definitions. Words and phrases which are used herein and which are defined and/or discussed in the Declaration and Certificate of Incorporation shall have the meaning as set forth in the Declaration and Certificate of Incorporation.

Section 9.4. Conflicts. In the event of any conflicts between the Declaration and these Bylaws, the Declaration shall be controlling.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the original members of the Board of Directors for the Association have hereunto set their hands and seals the 22nd day of March, 2018.

Denise S. Holleger
Witness

Denise S. Holleger
Witness

/
Witness

Preston L. Dyer (SEAL)
Preston L. Dyer

Gary McCrea (SEAL)
Gary McCrea

See attached (SEAL)
Mason T. Dyer

STATE OF DELAWARE :
COUNTY OF Sussex :

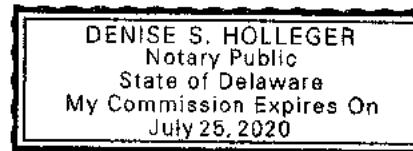
ss.

BE IT REMEMBERED, That on this 22nd day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Preston L. Dyer, original member of the Board of Directors of the SEASHORE VILLAS COMMUNITY ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

Denise S. Holleger
NOTARY PUBLIC

Commission Expires: _____
Type or Print Name of Notary: _____



IN WITNESS WHEREOF, the original members of the Board of Directors for the Association have hereunto set their hands and seals the 22nd day of March, 2018.

Witness

[Signature]
Preston L. Dyer

(SEAL)

Witness

[Signature]
Gary McCrea

(SEAL)

[Signature]
Witness

[Signature]
Mason T. Dyer

(SEAL)

STATE OF DELAWARE

:

ss.

COUNTY OF _____

:

BE IT REMEMBERED, That on this _____ day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Preston L. Dyer, original member of the Board of Directors of the SEASHORE VILLAS COMMUNITY ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

NOTARY PUBLIC

Commission Expires: _____

Type or Print Name of Notary: _____

STATE OF DELAWARE :

COUNTY OF Sussex :

ss.

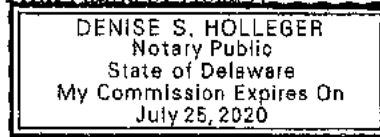
BE IT REMEMBERED, That on this 22nd day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Gary McCrea, original member of the Board of Directors of the SEASHORE VILLAS COMMUNITY ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

Denise S. Holleger
NOTARY PUBLIC

Commission Expires: _____

Type or Print Name of Notary: _____



STATE OF DELAWARE :

COUNTY OF Sussex :

ss.

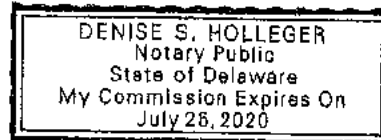
BE IT REMEMBERED, That on this 22nd day of March, 2018, personally came before me, The Subscriber, a Notary Public for the State and County aforesaid, Mason T. Dyer, original member of the Board of Directors of the SEASHORE VILLAS COMMUNITY ASSOCIATION, Inc., a Delaware corporation, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and Deed, and the act and the Deed of the said corporation; that the signature is in his own proper handwriting; and that the act of signing, sealing, acknowledging and delivering the said Indenture was first duly authorized by resolution of the Board of Directors of the corporation.

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

Denise S. Holleger
NOTARY PUBLIC

Commission Expires: _____

Type or Print Name of Notary: _____



**Sussex County**

Scott Dailey
Recorder of Deeds
Georgetown, DE 19947

Instrument Number: 2018-28219

Parties:

Recorded As: EREC-DECLARATION

Direct- SEASHORE VILLAS

Recorded On: August 03, 2018

Indirect- SEASHORE VILLAS

Recorded At: 10:45:28 am

Receipt Number: 892435

Number of Pages: 4

Processed By: Mary W

Book-VI/Pg: Bk-D VI-4928 Pg-155

Total Rec Fee(s): \$58.00

**** Examined and Charged as Follows ****

Erec-D \$ 58.00

Tax Amount	Consid Amt	RS#/CS#
------------	------------	---------

I hereby certify that the within and foregoing was recorded in the Recorder's Office in Sussex County

*****DO NOT REMOVE - THIS PAGE IS PART OF THE RECORDED DOCUMENT*****

TAX MAP #5-33 12.00 76.05 Unit _____

Prepared By & Return To:
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958
HG/tm - RE18-0601

**AMENDMENT TO THE DECLARATION
ESTABLISHING A PLAN FOR CONDOMINIUM OWNERSHIP OF PREMISES
SITUATED IN BALTIMORE HUNDRED, SUSSEX COUNTY, DELAWARE
PURSUANT TO THE UNIT PROPERTY ACT OF THE STATE OF DELAWARE
FOR**

SEASHORE VILLAS

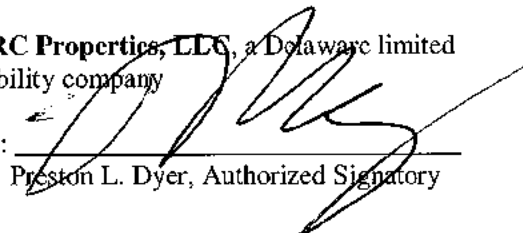
AND NOW, on this 2nd DAY of August, 2018, DRC Properties, LLC, a Delaware limited liability company, hereinafter referred to as the "Developer", does hereby amend the enabling Declaration establishing a plan for condominium ownership for Seashore Villas, the original Declaration thereof being recorded in the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, in Deed Book 4893, Page 69, the original Declaration Plan thereof being recorded in the said Office of the Recorder of Deeds, in Plot Book 262, Page 23; by filing this Amendment thereto pursuant to, and as duly authorized by the original Declaration establishing a plan for condominium ownership of premises located in Baltimore Hundred, Sussex County, Delaware, pursuant to the DUCOIA and Unit Property Act of The State of Delaware, being Seashore Villas.

I. Schedule C-1 of the Declaration is hereby amended in its entirety.

Upon the recordation of this Amendment to Declaration and the Schedule "C-1" herein, all as shown on the Declaration Plan for Seashore Villas, as recorded in the said Office of the Recorder of Deeds, in Plot Book 262, Page 23, adding the Units described on Schedule "C-1" to the Declaration **(Phase 1, Units 4, 5 & 6) of Seashore Villas**, the percentage of ownership of common elements and the percentage of voting rights and common expenses of each individual unit owner or owners shall be as shown on the attached Amended Schedule "C-1".


IN WITNESS WHEREOF, the said DRC Properties, LLC, a Delaware limited liability company, has caused its name to be hereunto set under seal by Preston L. Dyer, an Authorized Member, the day and year above first written.

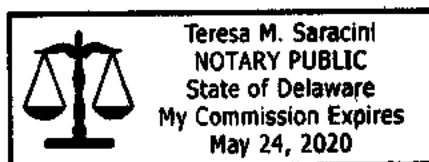
DRC Properties, LLC, a Delaware limited liability company

By: 
Preston L. Dyer, Authorized Signatory

STATE OF DELAWARE)
)
COUNTY OF SUSSEX)

The foregoing instrument was acknowledged before me this 2nd August day of July, 2018, by Preston L. Dyer, Authorized Signatory of DRC Properties, LLC on behalf of the limited liability company.


Notary Public
Name: TERESA M. SARACINI
My Commission expires: MAY 24, 2020



AMENDED SCHEDULE "C-1"
SEASHORE VILLAS

The following represents the respective percentages of ownership in the Common Elements for each Unit which shall be utilized for purposes of determining voting rights and the percentage share of each Unit for the expenses of and relating to the various rights in the Common Elements, irrespective of any market or sales value:

<u>Phase 1</u>	<u>Percentage</u>
Unit# 4	33.33
Unit# 5	33.33
Unit# 6	33.34
<hr/>	
	100.00%

~~Electronically Recorded Document# 2019000038063 BK: 5134 PG: 232~~
~~Recorder of Deeds, Scott Dailey On 10/10/2019 at 2:44:51 PM Sussex County, DE~~
~~Doc Surcharge Paid~~

TAX MAP #5-33 12.00 76.05
Prepared By & Return To:
Baird Mandalas Brockstedt LLC
1413 Savannah Road, Suite 1
Lewes, DE 19958
HG/tm -- RE19-__

CORRECTIVE
TWELVETH AMENDMENT TO THE DECLARATION
ESTABLISHING A PLAN FOR CONDOMINIUM OWNERSHIP OF PREMISES
SITUATED IN BALTIMORE HUNDRED, SUSSEX COUNTY, DELAWARE
PURSUANT TO THE UNIT PROPERTY ACT OF THE STATE OF DELAWARE
FOR
SEASHORE VILLAS

AND NOW, on this 2nd day of October, 2019, DRC Properties, LLC, a Delaware limited liability company, hereinafter referred to as the "Developer", does hereby amend the enabling Declaration establishing a plan for condominium ownership for Seashore Villas, the original Declaration thereof being recorded in the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, in Deed Book 4893, Page 69, the original Declaration Plan thereof being recorded in the said Office of the Recorder of Deeds, in Plot Book 262, Page 23; by filing this Amendment thereto pursuant to, and as duly authorized by the original Declaration establishing a plan for condominium ownership of premises located in Baltimore Hundred, Sussex County, Delaware, pursuant to the DUCOLA and Unit Property Act of The State of Delaware, being Seashore Villas.

1. Schedule C-1 of the Declaration is hereby amended in its entirety.

Upon the recordation of this Amendment to Declaration and the Schedule "C-1" herein, all as shown on the Declaration Plan for Seashore Villas, as recorded in the said Office of the Recorder of Deeds, in Plot Book 292 Page 95 adding the Units described on Schedule "C-1" to the Declaration (Phase 4, Units 66 and 67) of Seashore Villas, the percentage of ownership of common elements and the percentage of voting rights and common expenses of each individual unit owner or owners shall be as shown on the attached Amended Schedule "C-1".

THIS DOCUMENT IS BEING RE-RECORDED TO CORRECT THE ERROR
PRINTED IN THE PERCENTAGE INTERESTS IN AMENDED SCHEDULE C-1.
RECORDED IN BOOK 5134 PAGE 232

~~Document# 2019000038003 BK: 5134 PG: 233~~

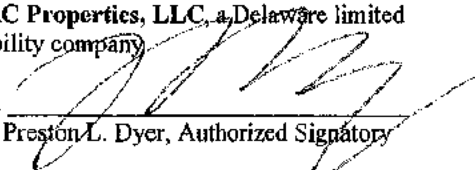
~~Recorder of Deeds, Scott Dailey On 10/10/2019 at 2:44:51 PM Sussex County, DE~~

~~Doc Surcharge Paid~~

IN WITNESS WHEREOF, the said DRC Properties, LLC, a Delaware limited liability company, has caused its name to be hereunto set under seal by Preston L. Dyer, an Authorized Member, the day and year above first written.

DRC Properties, LLC, a Delaware limited liability company

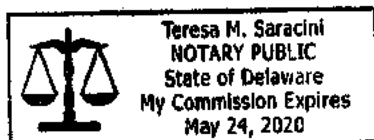
By:

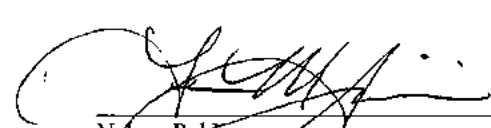

Preston L. Dyer, Authorized Signatory

STATE OF DELAWARE)

COUNTY OF SUSSEX)

The foregoing instrument was acknowledged before me this 2nd day of October, 2019, by Preston L. Dyer, Authorized Signatory of DRC Properties, LLC on behalf of the limited liability company.




Notary Public

Name: Teresa M. Saracini

My Commission expires: May 24, 2020

AMENDED SCHEDULE "C-1"
SEASHORE VILLAS

The following represents the respective percentages of ownership in the Common Elements for each Unit which shall be utilized for purposes of determining voting rights and the percentage share of each Unit for the expenses of and relating to the various rights in the Common Elements, irrespective of any market or sales value:

Phase 1 Percentage

Unit# 4	5.55
Unit# 5	5.55
Unit# 6	5.55

Phase 2 Percentage

Unit #59	5.55
Unit #60	5.55
Unit #61	5.55
Unit #62	5.55
Unit# 63	5.55

Phase 3 Percentage

Unit #7	5.55
Unit #8	5.55
Unit #9	5.55
Unit #10	5.55
Unit #11	5.55
Unit #12	5.55

Phase 4 Percentage

Unit #64	5.55
Unit #65	5.55
Unit #66	5.55
Unit #67	5.65

100.00%