BYLAWS FOR
MARSH FARM ESTATES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
PLAN OF OWNERSHIP

Section 1. Unit Ownership.

The Planned Community known as Marsh Farm Estates located in Indian River Hundred, Sussex County, Delaware, has been submitted to the provisions of the Delaware Uniform Common Interest Ownership Act of the State of Delaware, 25 Del.C. Sections 81-101, et seq. (the "Act"), by the Declaration Establishing a Planned Community Ownership of Premises Situated in Indian River Hundred, Sussex County, Delaware, pursuant to the Delaware Uniform Common Interest Ownership Act for Marsh Farm Estates Subdivision (the "Declaration"), recorded in the Office of the Recorder of Deeds, in and for Sussex County, Delaware (the "Recorder's Office") immediately prior hereto, and as shown on the Record Plan of Marsh Farm Estates Subdivision prepared by Land Design Inc. dated October 27, 2015 and recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware in Plat Book 223, Page 77, as may hereafter be amended (the "Record Plan"). Any capitalized terms or words not otherwise defined in these Bylaws shall have the definition and meaning ascribed thereto to the Declaration.

Section 2. Applicability of Bylaws.

The provisions of these Bylaws are applicable to the Planned Community and to the use and occupancy thereof. All present and future Unit Owners, mortgagees, lessees and occupants of Units and their employees and any other person who may use the facilities of the Planned Community in any manner, are subject to these Bylaws, and the acceptance of a deed or transfer document, or the act of occupancy of a unit, shall conclusively establish the acceptance and ratification of these Bylaws, the Declaration, the Record Plan, and any Rules and Regulations, as they may be amended from time to time, by the person so acquiring, leasing or occupying a unit, and shall constitute and evidence an agreement by such person to comply with the same.

Section 3. Office.
The office of the Planned Community and the Executive Board shall be located at 14127 Rottwaller Road, Laurel, DE 19956 or at such other place as may be designated from time to time by the Executive Board.

ARTICLE II
ASSOCIATION OF OWNERS

Section 1. Composition.

All of the Unit Owners of Units contained in the Planned Community, acting as a group in accordance with the Act, the Declaration and the Bylaws, shall constitute the Association of Unit Owners which has been incorporated as Marsh Farm Estates Homeowners Association, Inc., a Delaware non-profit corporation (the "Association"). This Association shall have the responsibility of administering the Planned Community, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Planned Community and performing all of the other acts that may be required to be performed by the Association pursuant to the Delaware Uniform Common Interest Ownership Act and the Declaration. Except as to those matters which the Delaware Uniform Common Interest Ownership Act specifically requires to be performed by the vote of the Unit Owners, the administration of the foregoing responsibilities shall be performed by the Executive Board as more particularly set forth in Article III.

Section 2. Annual Meetings.

Gudmar Marsh, LLC, a Maryland limited liability company, and Marsh Farm LLC, a Delaware limited liability company (hereinafter referred to individually and collectively as the "Declarant"), or a property manager selected by them, shall notify the Unit Owners of the existing units that the first annual meeting of the Association has been called, on or before the date at least thirty (30) days prior to the date one (1) year after the incorporation of the Association. The first annual meeting of the Association shall be held on or before the date one (1) year after incorporation of the Association on such call issued by the Declarant. Thereafter, annual meetings of the Association must be held in each succeeding year at the time and place determined by the Executive Board, no later than one (1) year following the previous annual meeting. At such annual meetings the Executive Board, except to the extent otherwise provided in Section 1 of Article III of these Bylaws prior to the Declarant Control Termination Date (hereinafter defined), shall be elected by a ballot of the Unit Owners in accordance with the requirements of Section 4 of Article III of these Bylaws. The Association may transact such other business at such meetings as may properly come before them.

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

Section 4. Special Meetings.

The President may call a special meeting of the Association at any time. Additionally, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Executive Board or within thirty (30) days after receipt of a petition signed and presented to the Secretary by Unit Owners owning not less than twenty percent (20%) of the percentage interests of all Unit Owners; provided, however, that no special meeting shall be called prior to the first annual meeting of the Association by resolution of the Executive Board. If the Association does not notify Unit Owners of a special meeting within thirty (30) days after the requisite number or percentage of Unit Owners requested the Secretary to do so by a petition, the requesting Unit Owners may directly notify all Unit Owners of that meeting. The notice of any special meeting shall comply with the requirements of Section 5 of Article II of these Bylaws. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings and Waiver.

Except in the case of emergency meetings, which may be held without prior notice, it shall be the duty of the Secretary to mail a notice with the agenda of each annual or special meeting of the Unit Owners or with a statement as to the website address where the agenda is located, at least fourteen (14) days but not more than twenty (20) days prior to such meeting to each Unit Owner of record, at such address as each Unit Owner shall have designated by notice in writing to the Secretary. The notice shall state the time and place of such meeting and the items on the agenda, or must state the website address where the agenda is located, including the following: (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 Unit Owner present at the meeting, the President may add items to the agenda, (iii) any budget changes, and (iv) any proposal to remove an officer or member from the Executive Board. The mailing of a notice of a meeting in the manner provided in this Section 5 shall be considered service of notice. Notwithstanding the foregoing, the agenda may be posted on the website of the Association, if any, in lieu of being included in the notice, provided that the Association shall, by any means described in Section 81-12 of the Act, furnish to any Unit Owner who so requests a copy of the agenda prior to the meeting. Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners, in writing, and such waiver shall be deemed equivalent to the giving of such notice.

Section 6. Adjournment of Meetings.

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

Section 7. **Order of Business.**

The order of business at all annual meetings of the Association shall be as follows:

(a) Roll call
(b) Proof of notice of meeting
(c) Reading of minutes of preceding meeting
(d) Reports of officers
(e) Reports of the Executive Board
(f) Reports of committees
(g) Election of inspectors of election (when so required)
(h) Election of members of the Executive Board (when so required)

Unfinished business

Section 8. **Ownership Interests in Units.**

Ownership interests in and to Units may be taken in the name of an individual; or in the names of two or more persons, as tenants in common or as joint tenants with right of survivorship, or as tenants by the entirety; or in the name of a corporation, partnership, or limited liability company, or in the name of a fiduciary.

Section 9. **Voting.**

Voting at all meetings of the Association shall be on a percentage basis and the percentage of the vote to which each Unit Owner is entitled shall be one vote for each Unit. Where the ownership of a Unit is in more than one person, if only one of several Unit Owners of a Unit is present at a meeting of the Association, that Unit Owner is entitled to cast all the votes allocated to that Unit. If more than one of the Unit Owners is present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the Unit Owners of that Unit. There is majority agreement if any one of the Unit Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Unit Owners of that Unit. 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 Unit Owners. Any such invalidated votes shall not, however, invalidate or otherwise alter the effectiveness of such Unit Owners' attendance at the meeting by proxy or otherwise for quorum purposes. Whenever the approval or disapproval of a Unit Owner is required by the Act, the Declaration, or these Bylaws, such approval or disapproval shall only be made by the person who would be entitled to cast the vote for the
Unit Owner in any meeting of the Association. Except where a greater number is required by the Act, the Declaration or these Bylaws, a majority of the Unit Owners is required to adopt decisions at any meeting of the Association. If the Declarant or a Dealer owns or holds title to one or more Units, the Declarant or Dealer, as applicable, shall have the right at any meeting of the Association to cast the vote to which such Unit is entitled. Votes allocated to a Unit owned by the Association may not be cast and shall not be calculated either in a quorum or in any percentage of Unit votes needed for any action by the Unit Owners.

Section 10. Proxies.

A vote may be cast in person or by proxy. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may revoke a proxy given only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. Proxies shall be valid only for the particular meeting designated therein or for multiple meetings within a time period not to exceed one (1) year designated therein. To be effective, proxies must be filed with the Secretary before the appointed time of the meeting for which they are used.

Section 11. Majority of Owners.

As used in these Bylaws, the term "majority of the owners" shall mean those Unit Owners having more than fifty percent (50%) of the aggregate percentage interests of all Unit Owners.

Section 12. Quorum.

A quorum is present throughout any meeting of the Association if:

(a) Persons entitled to cast at least twenty percent (20%) of the votes of the Association are present in person, by proxy, or by ballot at the beginning of the meeting, provided that at least twenty-five percent (25%) of the Unit Owners are not directly related to the Declarant are present; or

(b) Ballots solicited in accordance with Section 81-310(f) of the Act are delivered to the Secretary 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 13. Action by Ballot.
Action may be taken by ballot without a meeting as follows:

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

(b) All solicitations for votes by ballot must:

(1) Indicate the number of responses needed to meet the quorum requirements;

(2) State the percentage of approvals necessary to approve each matter other than election of the Executive Board;

(3) Specify the time by which a ballot must be delivered to the Association in order to be counted, which time shall not be less than three (3) days after the date that the Association delivers the ballot; and

(4) Describe procedures, including time, size, and manner, by when Unit Owners wishing to deliver information to all Unit Owners regarding the subject of the vote may do so.

(c) Approval by ballot pursuant to this section is only valid if:

(1) The number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action; and

(2) 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.

(d) A ballot shall not be revoked after delivery to the Association by death, disability or revocation by the person who cast the vote.

Section 13. Conduct of Meeting.

The President shall preside over all meetings of the Association and the Secretary shall 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 thereat. Roberts Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, other specific provisions of these Bylaws or the Act.
Section 14. **Minutes.**

The Association shall maintain minutes of all meetings of its members and Executive Board, a record of all actions taken by the members or Executive Board without a meeting, and a record of all actions taken by a committee of the Executive Board in place of the Executive Board on behalf of the Association.

Section 15. **List of Members.**

The Association shall maintain a record of its members in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order by class, showing the number of votes each member is entitled to cast.

Section 16. **Record Keeping.**

The Association shall keep a copy of the following records at the principal office:

(a) Its original or restated Certificate of Incorporation and Bylaws and all amendments to them currently in effect;

(b) The minutes of all members' meetings and records of all action taken by members without a meeting for the past three (3) years;

(c) Any financial statements and tax returns of the Association prepared for the past three (3) years, together with the report of the auditors of the financial records;

(d) A list of the names and business addresses of its current members of the Executive Board and officers;

(e) Its most recent annual report delivered to the Secretary of State; and

(f) Financial and other records sufficiently detailed to enable the Association to comply with Section 81-409 of the Act.

Section 17. **Right of Members to Inspect Records.**

(a) Subject to the provisions of this Section, all records kept by the Association, including the Association's membership list and address, and aggregate salary information of employees of the Association, shall be available for examination and copying by a Unit Owner and the Unit Owner's authorized agent, so long as the request is made in good faith and for a proper purpose related to the Unit Owner's membership in the Association. This right of examination may be exercised: (i) only during reasonable business hours or at a mutually convenient time and location, and (ii) upon five (5) days' written notice
reasonably identifying the purpose for the request and the specific records of the Association requested.

(b) Subject to the provisions of this Section, all rules governing the Association and other books, records and financial statements of the Association shall be made available for examination and copying by the lenders and the holders and insurers of the first mortgage of any unit and any prospective purchaser of a unit in the Planned Community.

(c) Records kept by an 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, Bylaws or 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 law;
7. Meeting minutes or other confidential records of an executive session of the Executive Board; or
8. Individual Unit Owner files other than those of the requesting Unit Owner.

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

(e) The Association may charge a fee for providing copies of any records under Sections 16 and 17 of Article II of these Bylaws but that fee may not exceed the actual cost of the materials and labor incurred by the Association.
The right to copy records under Sections 16 and 17 of Article II of these Bylaws includes the right to receive copies by xerographic or other means, including copies through an electronic transmission if available and so requested by the Unit Owner.

(g) The Association is not obligated to compile or synthesize information.

(h) Information provided pursuant to Sections 16 and 17 of Article II of these Bylaws may not be used for commercial purposes.

Section 18. Expenses Prior to First Assessment.

The Declarant shall pay all Common Expenses of the Planned Community, until the first assessment is made by the Association in accordance with Section 2 of Article III of these Bylaws.

Section 19. Litigation.

The Association shall have the authority pursuant to Section 81-302(a)(4) of the Act to commence and pursue litigation involving the Planned Community, subject to the following rules:

(a) Before the Association commences litigation, arbitration or any administrative proceedings against the Declarant or any Dealer or any person employed by or under contract with the Declarant or any Dealer involving any alleged construction defect with respect to the Planned Community, the Association shall provide written notice of its claims to the Declarant and those persons whom the Association seeks to hold responsible for the claimed defects (the "Allegedly Responsible Persons"). The text of the notice may be in any form reasonably calculated to put the Allegedly Responsible Persons on notice of the general nature of the Association's claims including, without limitation, a list of the claimed defects. The notice may be delivered by any method of service and may be addressed to any person provided that the method of service and the person who is actually served either: (i) provides actual notice to the Allegedly Responsible Persons named in the claim, or (ii) the method of service used would be sufficient under local law to confer personal jurisdiction over the person in connection with commencement of a lawsuit by the Association against that person.

(b) The Association may not commence litigation, arbitration, or any administrative proceedings against an Allegedly Responsible Person for a period of ninety (90) days after the Association sends notice of its claim to that Allegedly Responsible Person. During the ninety (90) day period, the Declarant and any other Allegedly Responsible Person may present to the Association a plan to repair or otherwise remedy the construction defects described in the notice. If the Association does not receive a timely remediation plan from each Allegedly Responsible Person to whom it directed notice, the
Association shall be entitled to commence any proceedings against that Allegedly Responsible Person as the Executive Board determines to be appropriate.

(c) If the Association does receive one (1) or more timely plans to repair or otherwise remedy the construction defects described in the notice, then the Executive Board shall promptly consider those plans and then notify the Allegedly Responsible Persons of whether or not each such plan is acceptable as presented, acceptable with stated conditions, or not accepted.

(d) If the Association accepts a repair plan from an Allegedly Responsible Person, or if the Allegedly Responsible Person agrees to stated conditions to an otherwise acceptable plan, then the parties shall agree on a time frame for implementation of that plan, and the Association shall not commence litigation, arbitration or any administrative proceedings against that Allegedly Responsible Person during the time that the plan is being diligently implemented.

(e) If an Allegedly Responsible Person submits notice of a timely repair plan but the Association and the Allegedly Responsible Person have not agreed in writing to the terms of the plan or its implementation, then the Association is entitled to commence litigation, arbitration or any administrative proceedings against that Allegedly Responsible Person.

Except as provided in Section 81-416(d) of the Act with respect to warranty claims, any statute of limitation affecting the Association's right of action against a declarant or other Allegedly Responsible Person under this Section is tolled during the ninety (90) day period described in paragraph (b) of this Section above and during any extension of that time because the Allegedly Responsible Person has commenced and is diligently pursuing the remediation plan.

(g) After the time described in paragraph (c) of this Section expires, whether or not the Association agrees to any repair plan, nothing in this Section bars to the commencement of litigation by:

(1) The Association against an Allegedly Responsible Person who fails to submit a timely repair plan or whose plan is not acceptable or who fails to diligently pursue implementation of that plan; or

(2) A Unit Owner with respect to that owner's unit and any Limited Common Elements assigned to that unit, regardless of any actions of the Association.

(h) Nothing in this Section precludes the Association from making emergency repairs to correct any defect that poses a significant and immediate health or safety risk.
(i) Subject to the other provisions of this Section and the Declaration, the
determination of whether and when the Association may commence any proceedings may
be made by the Executive Board and nothing in this section requires a vote by any number
of percentage of Unit Owners as a precondition to litigation.

ARTICLE III
EXECUTIVE BOARD

Section 1. Number and Qualifications.

The affairs of the Planned Community shall be governed by a Board of Directors
known as the Executive Board. Persons eligible to serve as members of the Executive
Board are designees of the Declarant, Unit Owners or spouses of Unit Owners, mortgagees
(or designees of mortgagees) of Units, or Delaware residents. The Executive Board shall
initially consist of three (3) persons named in the Declaration. The Declarant shall have
the right, in Declarant's sole discretion, to replace all initial Executive Board members,
and to select and designate their successors and thereafter remove Executive Board
members and designate their successors from time to time, until not later than sixty (60)
days after the conveyance of twenty-five percent (25) of the Units that may be created in
the Planned Community to Unit Owners other than Declarant (the "First Benchmark").
During the period from the First Benchmark until no later than the earlier of (i) sixty (60)
days after the conveyance of seventy-five percent (75) of the Units that may be created in
the Planned Community to unit Owners other than Declarant, (ii) two (2) years after
Declarant and any other declarants as defined in Section 81-103(16) of the Act have 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 for residential purposes was last exercised, or
(iv) the day the Declarant, after giving written notice to Unit Owners, records an instrument
voluntarily surrendering all rights to control activities in the Association (the "Declarant
Control Termination Date"), one (1) member of the Executive Board is to be elected by the
Unit Owners pursuant to Section 2 of Article II of these Bylaws and the remaining two (2)
members are to continue to be selected and designated by Declarant. Not later than the
Declarant Control Termination Date, the Unit Owners must elect an Executive Board of at
least five (5) members, at least a majority of whom must be Unit Owners. The Declarant
shall have no power to designate any Executive Board member after the Declarant Control
Termination Date.

Section 2. Powers and Duties.

The Executive Board shall have all of the powers and duties necessary for the
administration of the affairs of the Planned Community and may do all such acts and things
as are allowed by the Act or by these Bylaws. The Executive Board shall have the power,
from time to time, to adopt any Rules and Regulations deemed necessary for the enjoyment
of the Planned Community provided such rules and regulations shall not be in conflict with
the Act, the Declaration Plan, these Bylaws, and the Declaration. The Executive Board
shall delegate to one of its members the authority to act on behalf of the Executive Board on all matters relating to the duties of the managing agent, if any, which might arise between meetings of the Executive Board. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Executive Board shall have the power to, and be responsible for, the following:

(a) Preparation of an annual budget, in which there shall be established the contribution of each Unit Owner to the Common Expenses related to the Planned Community.

(b) Making assessments against Unit Owners to defray the costs and expenses of the Planned Community, establishing the means and methods of collecting such assessments from the Unit Owners, and establishing the period of the installment payment of the annual assessment for Common Expenses. The annual assessment against each Unit Owner for the Unit’s proportionate share of the Common Expenses shall be payable in equal monthly, quarterly or annual installments, as determined by the Executive Board, each such installment to be due and payable in advance on the date(s) established by the Executive Board.

(c) Providing for the operation, care, upkeep, replacement, maintenance and surveillance of all of the Common Elements and services of the Planned Community.

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, and providing services for the Planned Community, 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 Unit Owners.

(e) Collecting the assessments against the Unit Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Planned Community.

(f) To impose charges for late payment of assessments.

(g) Making and amending Rules and Regulations respecting the use of the Common Elements in accordance with Section 9 of Article V of these Bylaws.

(h) Opening of bank accounts on behalf of the Planned Community and designating the required signatories.

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

(i) Enforcing by legal means the provisions of the Declaration and these
Bylaws and the Rules and Regulations for the use of the Common Elements adopted by it
and bringing any proceedings which may be instituted on behalf of the Unit Owners.

(k) Suspending any privileges of Unit Owners, other than the right of a Unit
Owner to vote on any matter submitted to a vote of Unit Owners, or services provided to
Unit Owners by the Association (other than those necessary for the habitability of the
Owner's Unit) for non-payment of assessments.

(1) Levying reasonable fines for violations of the Declaration, these Bylaws,
and Rules and Regulations of the Association.

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

(n) Paying the cost of all services rendered to the Planned Community, and not
billed to Unit Owners.

(o) Keeping books with detailed accounts in chronological order of the receipts
and expenditures affecting the operation of the Planned Community, and the administration
of the Planned Community, specifying the maintenance and repair expenses of the common
elements, and any other expenses incurred. The said books shall be available for
examination by the Unit Owners, their duly authorized agents or attorneys, during general
business hours or working days at the times and in the manner that shall be set and
announced by the Executive Board for the general knowledge of the Unit Owners. All
books and records shall be kept in accordance with good and accepted accounting practices.
The books and records shall be audited prior to the Declarant Control Termination Date at
the expense of Declarant by an outside auditor employed by the Executive Board who shall
not be a resident of the Planned Community, or a Unit Owner of a Unit, or an affiliate of
Declarant. The cost of such audit shall be a Common Expense.

(p) Notifying the mortgagee of any Unit of any default by the Unit Owner
whenever requested in writing by such mortgagee to send such notice.

(q) To resolve disputes between and among Unit Owners, the Executive Board
and/or the Declarant and to make decisions regarding disputes related to the interpretation
and application of the Declaration, Bylaws and rules and regulations promulgated pursuant
thereto.
Section 3. Managing Agent.

The Executive Board may employ for the Planned Community a professional managing agent at a compensation established by the Executive Board, to perform such duties and services as the Executive Board shall authorize, including, but not limited to, the duties listed in Section 2 of this Article III. The Executive Board may delegate to the managing agent all of the powers granted to the Executive Board by these Bylaws; except with respect to the powers set forth in paragraphs (b) and (g) of said Section 2; and provided, further, that any action by the managing agent with respect to the powers set forth in paragraphs (d), (h) and (j) of said Section 2 shall require the prior written consent thereof by the Executive Board. Any such delegation shall be in writing reflecting the consent of the Executive Board and shall expressly provide that such delegation may be terminated and revoked at any time upon written notice. No agreement with a professional Managing Agent may bind the Association unless said agreement provides for the right of the Association to terminate the same without cause or penalty at any time after the Declarant Control Termination Date, upon not more than ninety (90) days' notice. Any such agreement shall be for a reasonable term.

Section 4. Term of Office.

The term of office of one (1) member of the Executive Board shall be fixed at three (3) years, the term of office for one (1) member of the Executive Board shall be fixed at two (2) years, and the term of office of one (1) member of the Executive Board shall be fixed at one (1) year. At the expiration of the initial term of each respective member of the Executive Board, his successor shall be appointed or elected, as applicable, to serve for a term of two (2) years. The members of the Executive Board shall hold office until their respective successors shall have been appointed or elected, as applicable, by Declarant or Association, as applicable, in accordance with Section 1 of this Article III.

Section 5. Removal of Members of the Executive Board.

Notwithstanding any provision of the Declaration or these Bylaws to the contrary, the Unit Owners, by a two-thirds (2/3) vote of all persons present, in person, by proxy or by ballot, and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Executive Board with or without cause; except that notwithstanding the foregoing a member appointed by the Declarant may not be removed by a Unit Owner vote prior to the Declarant Control Termination Date but instead may be removed at any time by Declarant for any reason or no reason whatsoever, in Declarant's sole subjective discretion.
(a) The Unit Owners may consider the question of whether to remove a member of the Executive Board either:

(1) At any duly called meeting of the Unit Owners at which a quorum is present if that subject was listed in the notice of the meeting; or

(2) At a special meeting called for the purpose of removing a member of the Executive Board, whether or not a quorum is present, so long as the voting at the special meeting is conducted in the manner described in subsection (c) of this Section.

(b) At any meeting at which a vote to remove a member of the Executive Board is to be taken, the Executive Board shall provide a reasonable opportunity to speak before the vote to all persons favoring and opposing removal of that member, including without limitation the member being considered for removal.

(c) If a special meeting is called for the purpose of removing a member of the Executive Board, then the following rules apply, whether or not a quorum is present at that meeting in person or by proxy:

(1) After all persons present at the meeting have been given a reasonable opportunity to speak, the meeting shall be recessed for a period calculated in the manner described in paragraph (c)(2) of this Section below.

(2) Promptly following the recess, the Association shall notify all Unit Owners of the recessed meeting and inform the Unit Owners of their opportunity to cast votes either in favor of or against removal during the thirty (30) day period following the day that the notice is sent.

(3) The notice sent to Unit Owners shall specifically inform them of their right to cast votes either in a secret written ballot, on a form provided to the Unit Owners or by electronic means according to instructions contained in that notice.

(d) Whether a vote under subsection (c) of this section is taken before or after a recess, and whether or not taken by electronic means, a member of the Executive Board may be removed only if the number of votes cast in favor of removal:

(1) Exceeds the number of votes cast in opposition to removal; and

(2) Is greater than one-third (1/3) of the total votes of the Association.
Vacancies in the Executive Board caused by any reason other than the removal of a member by a vote of the Association shall be filled by a vote of a majority of the remaining members of the Executive Board at a special meeting of the Executive Board held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Executive 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; provided, however, that the vacancy of any member designated by the Declarant pursuant to a right of the Declarant to make such designation shall be filled by the Declarant.

Section 7. **Organization Meeting.**

The first meeting of the members of the Executive Board following each annual meeting of the Association shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Executive Board so elected, and no notice shall be necessary to the newly elected members of the Executive Board in order legally to constitute such meeting, providing a majority of the whole Executive Board shall be present thereat.

Section 8. **Regular Meetings.**

Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the members and must be held at least quarterly. Notice, including the agenda, of regular meetings of the Executive Board, shall be given to each member of the Executive Board by mail, facsimile or telephone (with mail confirmation) at least ten (10) days but no more than sixty (60) days prior to the day named for such meeting. Except when a schedule of meetings has been distributed to Unit Owners that identifies the meeting in question, notice of the regular meeting of the Executive Board including the time and place of the meeting and the items on the agenda, including an opportunity for Unit Owners to offer comments to the Executive Board regarding any matter affecting the Planned Community, shall be delivered to each Unit Owner at least ten (10) days but no more than sixty (60) days prior to the day named for such meeting. The notice must state the time and place of the meeting and the items on the agenda, including an opportunity for Unit Owners to offer comments to the Executive Board regarding any matter affecting the Planned Community.

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

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

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

Section 9. Special Meetings.

Special meetings of the Executive Board may be called by the President or by a majority of the Executive Board on fourteen (14) business days' notice (except in the case of emergency meetings that may be held without prior notice) to each member, given by mail, facsimile or telephone, which notice shall state the time, place and purpose of the meeting. Notice of the special meeting of the Executive Board including the time and place of the meeting and the items on the agenda, including an opportunity for Unit Owners to offer comments to the Executive Board regarding any matter affecting the Planned Community, shall be delivered to each Unit Owner at least ten (10) days but no more than sixty (60) days (except in the case of emergency meetings that may be held without prior notice) prior to the day named for such meeting. The notice must state the time and place of the meeting and the items on the agenda, including an opportunity for Unit Owners to offer comments to the Executive Board regarding any matter affecting the Planned Community.

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

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

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

Section 10. Meetings Open to Members.

(a) After the Declarant Control Termination Date, all meetings of the Executive Board shall be open to the Unit Owners except for executive sessions held for purposes of:

(1) Consulting with the Association's lawyers regarding, or Executive Board discussion of, litigation, mediation, arbitration, or administrative proceedings or any contract matters;

(2) Labor or personnel matters;

(3) Discussing matters related to contract negotiations, including the review of bids or proposals, if premature general knowledge of those matters would place the Association at a disadvantage; or

(4) Discussion of any complaint from or alleged violation by a Unit Owner, when the Executive Board determines that public knowledge would violate the privacy of the Unit Owner.

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

Section 11. **Telephonic or Video Conferencing.**

The Executive Board may meet in a telephonic or video conference call or interactive electronic communication process provided that:

(a) The meeting notice indicates that the meeting is to be a telephonic, video, or other conference and, if not a meeting in executive session, provide information as to how Unit Owners may participate in the conference directly or by meeting at a central location or conference connection; and

(b) The process must provide all Unit Owners the opportunity to hear the discussion and offer comments as provided in Section 81-308A(b) of the Act.

Section 12. **Unanimous Consent.**

After the Declarant Control Termination Date, in lieu of a meeting, the Executive Board may act by unanimous consent as documented in a record signed by all of its members, but the Executive Board may not act by unanimous consent to: 1) adopt a rule, budget or special assessment, 2) impose a fine or take action to enforce the Declaration, Bylaws, or rules, 3) buy or sell real property, 4) borrow money, or 5) contract for a sum greater than one percent (1%) of the Association's annual budget. The Secretary shall promptly notify all Unit Owners of any action taken by unanimous consent.

Section 13. **Waiver of Notice.**

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

Section 14. **Quorum of Executive Board.**

At all meetings of the Executive Board, a majority of the total number of members of the Executive Board 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 Executive Board.
Section 15. **Fidelity Bonds.**

The Executive Board shall obtain adequate fidelity bonds for all officers and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute Common Expenses.

Section 16. **Compensation.**

No Executive 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 an Executive Board member, as approved by the Executive Board from time to time.

Section 17. **Conduct of Meetings.**

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

Section 18. **Liability of the Members of the Executive Board.**

The members of the Executive Board shall not be liable to the Unit Owners for any mistake of judgment, negligence or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the Executive Board members from and against all contractual liability to others arising out of contracts made or action taken by the Executive Board on behalf of the Unit Owners unless any such contract or action shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. It is intended that the members of the Executive Board shall have no personal liability with respect to any contract made or action taken by them on behalf of the Unit Owners. Every agreement made or action taken by the Executive Board or by the managing agent on behalf of the Unit Owners shall, if obtainable, provide that the members of the Executive Board, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall not have personal liability thereunder, and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the percentage interests of all Unit Owners. The Unit Owners shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a member of the Executive Board, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believes to be in or not opposed to the best interests of the Unit Owners.
ARTICLE IV
OFFICERS

Section 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 Executive Board. The Executive Board may appoint an assistant Treasurer, an assistant Secretary and such other officers as in its judgment may be necessary. The President shall be a member of the Executive Board. Any other officers may be, but shall not be required to be, members of the Executive Board.

Section 2. Election of Officers.

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

Section 3. Removal of Officers.

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

Section 4. President.

The President shall be the chief executive of the Association. The President shall preside at all meetings of the Association and of the Executive Board. The President shall have all of the general powers and duties which are incident to the office of 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 Unit Owners from time to time as the President may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Planned Community.

Section 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 Executive Board shall appoint some other member of the Executive Board to act in the place of the President, on an interim basis. The Vice President
shall also perform such other duties as shall from time to time be imposed upon him by the Executive Board or by the President.

Section 6. Secretary.

The Secretary shall keep the minutes of all meetings of the Association and of the Executive Board, he shall have charge of such books and papers as the Executive Board may direct; 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. 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 Executive Board, or the managing agent, in such depositories as may from time to time be designated by the Executive Board, and he shall, in general, perform all duties incident to the office of a stock corporation organized under the General Corporation Law of the State of Delaware.

Section 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 officers or by such other person or persons as may be designated by the Executive Board. All such instruments for expenditures or obligations of less than $1,000.00 may be executed by any one officer or by such other persons as may be designated by the Executive Board.

Section 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 Executive Board from time to time.

ARTICLE V
OPERATION OF THE ASSOCIATION

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

(a) Fiscal Year: The fiscal year of the Association shall be the calendar year.
(b) Preparation and Approval of Budget.

(1) When the first Executive Board appointed by the Owner under these Bylaws, takes office, it may determine the budget, as defined in this Section, for the period commencing upon the sale of the first Unit by the Declarant or Dealer and ending on the calendar year in which such first sale occurs. Thereafter each year on or before December 1, the Executive Board shall adopt a budget containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, the Declaration, the Bylaws or a resolution of the Association, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Planned Community and the rendering to the Unit Owners of all related services. Such budget shall also include such reasonable amounts as the Executive Board considers necessary to provide working capital for the Planned Community, and if so elected by the Executive Board, a general operating reserve and reserves for contingencies and replacements.

(2) The Executive Board shall send each Unit Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each owner, on or before the commencement of the next ensuing fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses and the Planned Community assessments.

(a) Within thirty (30) days after adoption of any proposed budget after the Declarant Control Termination Date, the Executive Board shall 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 Executive Board shall 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 majority of all Unit Owners reject the budget, the budget is ratified, whether or not a quorum is present. If a proposed periodic budget is rejected, the periodic budget last ratified by the Unit Owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Executive Board.

(b) In addition to adoption of its regular periodic budget, the Executive Board may at any time propose a budget which would require a special assessment against all the Units. Except as provided in subsection 2(a) of this Section, the special assessment is effective only if the Executive Board follows the procedures for ratification of a budget described in subsection (1) of this Section and the Unit Owners do not reject that proposed special assessment.
(c) If the Executive Board determines by unanimous vote that the special assessment is necessary in order to respond to an emergency, then: (1) the special assessment shall become effective immediately in accordance with the terms of the vote; (ii) notice of the emergency assessment shall be promptly provided to all Unit Owners; and (iii) the Executive Board shall spend the funds paid on account of the emergency assessment solely for the purposes described in the vote.

(c) Assessment and Payment of Common Expenses. All assessments of the Association shall be based on the budget adopted at least annually by the Association at a uniform rate for all Units. All assessment of the Association shall be a lien against each Unit Owner's Unit from the time the first installment thereof becomes due. Payment of the annual assessment shall be due on the schedule of payments set by the Executive Board. The Executive Board shall supply to all Unit Owners an itemized accounting of the Common Expenses for the last ensuing fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Executive Board for such fiscal year, and showing the net amount over or short of the actual expenditures in conjunction with preparing a new budget for the next ensuing fiscal year. Any Common Expense or portion thereof included as part of the Common Expense budget, but benefiting fewer than all of the Units, including fees for services provided by the Association to the occupants of individual Units, shall be assessed exclusively against the Units based on their use and consumption of services. Assessments to pay a judgment against the Association may be made only against the Units in the Planned Community at the time the judgment was entered, in proportion to their Common Expense liabilities. If any Common Expense is caused by the misconduct of any Unit Owner or a Unit Owner's guests or invitees, the Association may assess the expense exclusively against the Unit of that Unit Owner. If Common Expense liabilities are reallocated, Common Expense assessments and any installment thereof not yet due must be recalculated in accordance with the reallocated Common Expense liabilities.

(d) Reserves. The Executive Board may elect to build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the original budget which may become necessary during the year shall be charged first against such reserves. If any annual budget deficit (defined as actual annual Association expenses exceeding Association income adjusted upwards by the amount of any annual assessments that are due and payable from Owners but remain delinquent and unpaid at the end of the applicable fiscal year) remains at the end of the Association's fiscal year for which a budget was approved by the Executive Board during the Declarant Control Period only, after the application of all such reserves towards such deficit as provided above, then the Declarant shall make a nonrefundable capital contribution to the working capital fund of the Association in the amount of such remaining budget deficit. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Executive Board may at any time levy a further assessment, which shall be assessed against the Unit Owners according
to their respective percentage interests, and which may be payable in a lump sum or in installments as the Executive Board may determine. The Executive Board shall serve notice of any further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted assessment on the dates specified by the Court.

(e) Initial Assessment. To facilitate the establishment of a working capital account and reserve account for the Association, the Purchaser of a Unit from a Dealer, shall, upon the Purchase of a Unit, pay an Initial Assessment of Five Hundred Dollars ($500.00) which shall be paid into the Working Capital Account and Reserve Account of the Association as follows:

(1) Initial Working Capital Contribution. A Four Hundred Dollar ($400) portion of the Initial Assessment shall be paid into a Working Capital Account of the Association created by the Declarant for the initial and ongoing operation of the Association.

(2) Initial Reserve Contribution. A One Hundred Dollar ($100) portion of the Initial Assessment shall be paid into a Reserve Account created by the Declarant as set forth in this Section.

(f) Despite any provisions of these Bylaws or the Declaration to the contrary, any Unit Owner of a Unit (including but not limited to a Dealer) that does not have a home constructed on said Unit, upon the commencement of yearly assessments pursuant to Article V, Section 1(g) hereof, shall be subject to a "Lot-Only Assessment" in the amount of $75.00 per year until sixty (60) days after the date of a Certificate of Occupancy that has been issued for a home on the Unit, or for a period of seventy-two (72) months after the commencement of yearly assessments pursuant to Article V, Section 1(g) hereof, whichever shall first occur; thereafter such Unit shall be subject to assessments pursuant to Article V, Section 1(g) hereof. The Lot-Only Assessment hereby imposed shall be in lieu of the regular, yearly assessment imposed by this Declaration. All assessment amounts or charges imposed in accordance with this Declaration or other governing document of the Association, other than the yearly assessments, shall continue to be the obligation of all Unit Owners, including purchasers of a Unit who are subject to a Lot-Only Assessment in accordance with this Article V, Section 1(g).

(g) Yearly Assessments. The yearly assessment shall be fixed annually by the Executive Board and shall be charged or assessed against each Unit for any year except that such yearly assessment shall be prorated based upon the date within the calendar year in which the Unit is sold from the Declarant or Dealer. The amount of future yearly assessments shall be fixed annually in accordance with this Article V, Section 1(b), and shall be charged or assessed against each Unit for any year; provided, however, that the
yearly assessment shall not increase by more than thirty percent (30%) over such assessment for the previous year unless two thirds (2/3) of the Unit Owners vote to increase the assessment by more than thirty percent (30%).

(h) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Executive Board to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the assessment charge at the then existing monthly, quarterly or annual rate last established for the previous fiscal period until each new annual or adjusted budget shall have been mailed or delivered.

(i) Accounts. All sums collected by the Executive Board with respect to assessments against the Unit Owners may be commingled into a single fund, but shall be held for each Unit Owner in accordance with the percentage interest attributable to the Unit. Any surplus funds of the Association remaining after payment of or provision of Common Expenses and any prepayment of reserves must be paid annually to the Unit Owners in proportion to their Common Expense liabilities or credited to them to reduce their future Common Expense assessments.

Section 2. Payment of Common Expenses.

All Unit Owners shall be obligated to pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article V. No Unit Owner may exempt himself or herself from liability for this contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of the Unit Owner's Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against their Unit subsequent to a sale, transfer or other conveyance by him of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the conveyance, without prejudice to the purchaser's right to recover from the selling owner the amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled to a statement from the Executive Board or Managing Agent setting forth the amount of the unpaid assessments against the selling owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that if a mortgage of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of a foreclosure of a first mortgage, such purchaser, its successors and assigns, shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale. Such unpaid share of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale shall be collectible from all Unit Owners,
including the purchaser of the foreclosure sale, in proportion to their respective percentage interests.

Section 3. **Collection of Assessments.**

The Executive Board shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof.

Section 4. **Effect of Nonpayment of Assessment.**

(a) If any assessment is not paid on the date when due as above established, then the established fiscal year assessment (notwithstanding the fact that the Executive Board has allowed for quarterly or monthly installments) shall be deemed due and delinquent and it shall, together with such interest thereon and costs of collection thereof, as hereinafter provided, establish the right of the Executive Board to foreclose the lien on the Unit which shall bind such Unit in the hands of the then Unit Owner. In addition to such lien right, the obligation of the then Unit Owner to pay such assessment shall remain his personal obligation and shall not pass to his successors or assigns other than as a lien upon the Unit unless expressly assumed by them. If the assessment is not paid, within thirty (30) days of its due date, the entire fiscal year assessment shall bear interest at the maximum amount authorized by Title 25 of the *Delaware Code* Section 81-316, from its due date, and the Executive Board may bring an action against the Unit Owner to enforce the lien on the Unit, and in the event judgment is obtained, such judgment shall include interest at the maximum amount authorized by Title 25 of the *Delaware Code* Section 81-316, reasonable attorneys' fees to obtain and enforce such judgment, and costs as fixed by the court.

(b) A lien under this Section is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances recorded before the recordation of the Declaration, (ii) a first or second security interest on the Unit recorded before the date on which the assessment sought to be enforced became delinquent, and (iii) liens for real estate taxes and other governmental assessments or charges against the Unit. The lien shall have priority over the security interests on the Unit recorded before the date on which the assessment sought to be enforced became delinquent for an amount not to exceed the aggregate customary Common Expenses assessment against such Unit for six (6) months as determined by the periodic budget adopted by the Association pursuant to Section 81-315(a) of the Act; provided that for the lien to have priority over the security interests on the Unit recorded before the date on which the assessment sought to be enforced became delinquent, the Association with assessments shall have recorded in the county in the Planned Community is located a document which contains the name of the Association, the address, a contact telephone number, a contact email address and a website address, if any. In addition, the Association shall have recorded at any time, but not less than thirty (30) days prior to the Sheriff's sale of a Unit in its Planned Community for which Common
Expense assessments are due, a statement of lien which shall include a description of such Unit, the name of the record owner, the amount due and the date due, the amount paid for recording the statement of lien and the amount required to be paid for filing a termination thereof upon payment, and the signature and notarized statement of an officer of the Association that the amount described in the statement of lien is correct and due and owing. Upon payment of the amount due, the payer 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. This subsection does not affect the priority of mechanics' or materialmen's liens, nor the priority of liens for other assessments made by the Association. The lien under this subsection is not subject to the provisions of homestead or other exemptions.

(c) A lien for unpaid assessments under this Section is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the full amount of the assessments becomes due; provided, that a Unit Owner subject to a lien under this Section files a petition for relief under the United States Bankruptcy Code [11 US. C. §101, et seq.], the period of time for instituting proceedings to enforce the Association's lien shall be tolled until thirty (30) days after the automatic stay of proceedings under §362 of the Bankruptcy Code [11 US. C. §362] is lifted.

(d) A judgment or decree in any action brought under this section must include costs and reasonable attorney's fees for the prevailing party.

(e) The Association upon written request shall furnish to a Unit Owner a statement setting forth the amount of unpaid assessments against the Unit. If the Unit Owner's interest is real estate, the statement must be in recordable form. The statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board and every Unit Owner.

(f) The Association's lien may be foreclosed or executed upon as follows:

(1) The Association's lien must be foreclosed in like manner as a mortgage on real estate by equitable foreclosure or executed upon by other lawful procedures provided for in the Declaration;

(2) In the case of foreclosure, the Association shall give reasonable notice of its action to all lien holders of the Unit whose interest would be affected and to all other persons as would be required under applicable law for the foreclosure of a mortgage on real estate.

(3) The following restrictions apply to any action by the Association to foreclose its lien under this section:
(a) No foreclosure action may be commenced unless: (A) the Unit Owner, at the time the action is commenced, owes a sum equal to at least three (3) months of Common Expense assessments based on the periodic budget last adopted by the Association pursuant to §81-315(a) of the Act; and (B) the Executive Board expressly votes to commence a foreclosure action against such Unit.

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

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

Section 5. Other Liens.

Whether perfected before or after the creation of the Planned Community, if a lien, other than a deed of trust or mortgage (including a judgment lien or lien attributable to work performed or materials supplied before creation of the Planned Community), becomes effective against two (2) or more Units, the Unit Owner of an affected Unit may pay to the lien holder the amount of the lien attributable to the Unit Owner's Unit, and the lien holder, upon receipt of payment, promptly shall deliver a release of the lien covering that Unit. The amount of payment must be proportionate to the ratio which that Unit Owner's Common Expense liability bears to the Common Expense liabilities of all Unit Owners whose Units are subject to the lien. After payment, the Association may not assess or have a lien against that Unit Owner's Unit for any portion of the Common Expenses incurred in connection with that lien.


The Executive Board shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid assessments for Common Expenses due from such owner.

Section 7. Maintenance and Repair.

(a) By the Executive Board/Assessed to All Unit Owners. The Executive Board shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be
charged to such Unit Owner) of the following, the costs of which shall be charged to all Unit Owners as a Common Expense:

(1) All the Common Elements.

(2) The storm and sanitary sewer systems and appurtenances, all Common Element water and plumbing facilities, and portion of the water system and sewer system (not owned by the Unit Owner or private companies or public bodies supplying water and sanitary sewage to the Units) and systems that are deemed Common Elements, including all conduits, ducts, plumbing, wiring and other facilities for the furnishing of such utility services into two or more Units, but excluding therefrom all plumbing, fixtures, systems and parts thereof which are enjoyed by only a single Unit and are located solely within the boundary of an individual Unit.

(3) All incidental damage caused to any Unit by such work as may be done or caused to be done by the Executive Board in accordance therewith.

(4) Maintenance of landscaping and provisions for landscaping the Common Elements and Lawn Area including, but not limited to, mowing, as determined by the Executive Board; and maintenance of landscaping and provisions for landscaping the Lawn Areas, including, but not limited to, mowing, if included as part of the yearly assessment by the Executive Board.

(5) All portions of the Common Elements.

(b) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and be of a quality equivalent to the original construction. The method of approving payment vouchers for all Common Elements and improvements, repairs and replacements shall be determined by the Executive Board.

Section 8. **Restriction on Use of Units.**

Each Unit and the Common Elements shall be occupied and used in accordance with the provisions of these Bylaws and the terms and provisions of the Declaration.

Section 9. **Rules and Regulations.**

(a) Rules and Regulations concerning the operations and use of the Common Elements may be promulgated and amended by the Executive Board, provided that such Rules and Regulations are not contrary to or inconsistent with the Act, the Declaration, or these Bylaws. Copies of the Rules and Regulations shall be furnished by the Executive Board to each Unit Owner prior to the time when the same shall become effective. Unit
Owners may amend or defeat a Rule or Regulation if twenty percent (20%) of the Unit Owners petition the Executive Board at least thirty (30) days prior to the next scheduled membership meeting. Rules and Regulations are deemed approved unless modified or defeated by a vote of sixty percent (60%) of the Unit Owners. Rules and Regulations may not be amended, adopted or revoked so long as the Declarant owns a Unit, without the Declarant's consent.

(b) Before adopting or substantially amending any rule, the Executive Board must notify all Unit Owners of: (i) its intention to adopt the proposed rule and (ii) a date on which the Executive Board will convene a meeting to receive comments on them from the Unit Owners.

(c) The Association may regulate the display of American flags or political signs within the Planned Community. A rule regulating display of the flag of the United States must be consistent with federal law, but the rule may not prohibit the right of a Unit Owner to display the flag of the United States, measuring up to three (3) feet by five (5) feet, on a pole attached to the exterior wall of that Unit Owner's Unit.

(d) The Association may regulate the size and location for any "For Sale" sign provided that (i) in no event shall any Unit Owner display any "For Sale" sign during the first two (2) years of the Declarant Control Period, and (ii) thereafter no rule may prohibit the right of a Unit Owner to display a "For Sale" sign, measuring up to twelve (12) inches by eighteen (18) inches on the exterior window or wall or lawn of the Unit Owner's Unit.

(e) The Association may adopt Rules and Regulations that affect the use of or behavior in Units that may be used for residential purposes to:

(1) Prevent any use of a Unit which violates the Declaration;

(2) Regulate any behavior in or occupancy of a Unit which violates the Declaration or adversely affects the use and enjoyment of other Units or the Common Elements by other Unit Owners;

(3) Restrict the leasing of Units to the extent those rules are reasonably designed to meet underwriting requirements of institutional lenders who regularly lend money secured by first mortgages on Units in common interest communities or regularly purchase those mortgages; or

(4) Serve any purpose for which Rules and Regulations may be adopted pursuant to the terms of the Declaration.

(0) All Rules and Regulations adopted by the Association must be reasonable.
(g) The Executive Board must maintain on a current basis for reference by Unit Owners' tenants a complete statement of all Rules and Regulations.

(h) The Unit Owner shall obtain from the Executive Board and deliver to or otherwise make available to each tenant of the Unit Owner's Unit, at the time the lease is executed or, in the absence of a written lease when the tenancy begins, a current copy of the rules for the Planned Community as furnished by the Executive Board and shall deliver to or otherwise make available to the tenant a copy of any additions or revisions to the rules as such additions or revisions are adopted and noticed to the Unit Owners by the Executive Board.

(i) A tenant shall be bound to comply with the noticed rules, and the Unit Owner leasing to the tenant shall take all lawful action against a tenant who materially violates the noticed rules.

(j) By entering into a lease for a unit, the Unit Owner of that Unit irrevocably appoints the Executive Board as attorney-in-fact coupled with an interest to enforce the noticed rules against the tenant of that lease in the event that the Unit Owner shall fail, within a reasonable time after written demand by the Executive Board, to take what the Executive Board reasonably regards as adequate enforcement action against the tenant in material violation of noticed rules. In the event of enforcement action (including any summary action for possession at law or a petition for injunctive relief in equity) under this subsection, the tenant shall have no resort to any defense based upon lack of contractual privity with the Executive Board.

ARTICLE VI

INSURANCE

Section 1. Authority to Purchase.

(a) The Executive Board shall be required to obtain and maintain, to the extent obtainable, public liability and property damage insurance in such limits as the Executive Board may from time to time determine, insuring each member of the Executive Board, the managing agent and each Unit Owner against any liability to the public or to the Unit Owners (and their invitees, agents and employees) arising out of or incident to, the ownership and/or use of the Common Elements. Said insurance shall be issued on a comprehensive liability basis and shall contain a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured. The Executive Board shall review such limits each year, to determine in their discretion the adequacy of such insurance. It shall be the responsibility of each Unit Owner to obtain, at the Unit Owner's own expense, liability and casualty insurance with respect to ownership and/or use of each Unit, and the Executive Board shall not be responsible for obtaining such insurance.
(b) The Executive Board shall also obtain and maintain:

(1) fidelity insurance if and to the extent necessary to meet the requirements of law; and

(2) such other insurance as the Executive Board may determine or as may be required from time to time by a majority of the Unit Owners.

Section 2. **Insurance Trustee.**

(a) The Executive Board shall have the right to designate any bank, trust company, savings and loan association, building loan association, insurance company, any institutional lender or any bonded person or entity as the insurance trustee, and all parties beneficially interested in such coverage shall be bound thereby. The insurance trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of these Bylaws.

(b) The insurance trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or contents of the policies, the correctness of any amounts received by it on account of the proceeds of any insurance policies, nor for the failure to collect any insurance proceeds. The sole duty of the insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the Unit Owners and their respective mortgagees.

Section 3. **Executive Board as Agent.**

The Executive Board is hereby irrevocably appointed the agent for each Unit Owner and for each mortgagee of a Unit to adjust all claims arising under insurance policies purchased by the Executive Board and to execute and deliver releases upon the payment of claims.

Section 4. **Premiums.**

Premiums upon all insurance policies purchased by the Executive Board shall be deemed to be a Common Expense.

Section 5. **Unacceptable Insurance Policies.**

Insurance policies are unacceptable where:

(a) Under the terms of the insurance carrier’s charter, bylaws, or policy, contributions or assessments may be made against borrowers, Federal National Mortgage
Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") or the
designee of FNMA or FHLMC; or

(b) By the terms of the insurance carrier's charter, bylaws, 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)
which could prevent FNMA, FHLMC, or the borrowers from collecting insurance
proceeds.

ARTICLE VII
CONDEMNATION

Whenever all or any part of the Common Elements of the Planned Community shall
be taken by condemnation or eminent domain, or is conveyed in lieu thereby the Executive
Board acting on the agreement of at least seventy-five percent (75%) of the total vote of
the Association, all holders of first mortgages on Units to which at least fifty-one percent
(51%) of the votes of Units subject to mortgages held are allocated, and of the Declarant
(for so long as Declarant or any Dealer owns any Unit primarily for the purpose of sale),
then the award or the proceeds collected for such taking or sale in lieu thereof shall be
payable to the Association and shall be retained by and for the benefit of the Association.

ARTICLE VIII
MORTGAGES

Section 1. Notice to the Executive Board.

A Unit Owner who mortgages his Unit shall notify the Executive Board of the name
and address of his mortgagee.


The Executive Board, whenever so requested in writing by a mortgagee of a Unit,
shall promptly report any then unpaid assessments for Common Expenses due from, or any
other default by, the owner of the mortgaged Unit.

Section 3. Notice of Default.

The Executive Board, when giving notice to a Unit Owner of a default in paying an
assessment for Common Expenses, or any other default, shall send a copy of such notice
to each holder of a mortgage covering such owner's Unit whose name and address has been
furnished to the Executive Board.
Section 4. First Lien Holder's Rights.

(a) A "First Lien Holder" shall mean a holder, insurer, or guarantor of a first mortgage on any Unit in the Planned Community.

(b) Notices of Action. A First Lien Holder, upon written request to the Association (such request shall state the name and address of such First Lien Holder and identify the Unit which secures the lien of the First Lien Holder) will be entitled to timely written notice of:

   (1) Any proposed amendment of the Declaration, Record Plan, and/or Bylaws effecting a change in:

      (a) The boundaries of any Unit or the exclusive easement rights appertaining thereto;

      (b) The number of votes in the Association appertaining to any Unit;

      (c) The purposes to which any Unit or the Common Elements are restricted; or

      (d) Any proposed action that requires the consent of a specified percentage of mortgagees.

   (2) Any proposed termination in the Planned Community regime;

   (3) Any delinquency in the payment of assessments or charges owed by an owner of a Unit subject to the mortgage of such eligible First Lien Holder, where such delinquency has continued for a period of sixty (60) days; or

   (4) Any lapse, cancellation, or material modification to any insurance policy maintained by the Association pursuant to these Bylaws and any subsequent amendment thereto.

(c) Other Provisions for First Lien Holders.

   (1) Termination of the Association. Any election to terminate the Association after substantial destruction or a substantial taking of the Common Elements must require the approval of First Lien Holders to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by such eligible holders are allocated.

ARTICLE IX
COMPLIANCE AND DEFAULT

Section 1. Relief.

Each owner of a Unit shall be governed by and shall comply with, all the terms of the Declaration, the Bylaws and the rules and regulations of the Executive Board, and any amendments of the same. A default by a Unit Owner shall entitle the Association, acting through its Executive Board or through the managing agent, to the following relief:

(a) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these Bylaws and the Rules and Regulations of the Executive Board shall be grounds for relief which may include, without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Executive Board, the managing agent or, if appropriate, by any aggrieved owner.

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

(c) Costs and Attorneys' Fees. In any proceeding arising out of a default by a Unit Owner, the Executive Board shall be entitled to recover the costs of the proceeding, and such reasonable attorneys' fees as may be determined by the court.

(d) No Waiver of Rights. The failure of the Association, the Executive Board or a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws or the Rules and Regulations of the Executive Board shall not constitute a waiver of the right of the Association, the Executive Board or the Unit Owners to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Executive Board or any owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws or the Rules and Regulations of the Executive Board shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Declaration, these Bylaws or the rules and regulations of the Executive Board or at law or in equity.
(e) Interest. In the event of a default by any Unit Owner in paying any Common Expenses or other sum assessed against him which continues for a period in excess of thirty (30) days after its due date, such Unit Owner shall be obligated to pay interest on the amounts due at the maximum rate authorized by 25 Del. C. Section 81-316 from the due date thereof.

(f) Abatement and Enjoinment of Violation by Owners. The violation of any Rule or Regulation adopted by the Executive Board, or the breach of any regulation contained herein, or the breach of any provision of the Declaration, entitles the Executive Board to all available rights pursuant to law or set forth in these Bylaws: (1) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; or (2) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 2. Lien for Contribution.

(a) The total annual contribution of each Unit Owner for the Common Expenses pursuant to Article V, Section 1 of these Bylaws is hereby declared to be a lien levied against the Unit of such Unit Owner, which lien shall be effective as of the first day of each fiscal year of the Association. The Executive Board, or the Managing Agent, may file or record such other or further notice of lien, or such other or further document as may be required by the then laws of the State of Delaware to confirm the establishment of such lien.

(b) In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the payment of any single installment, which continues for thirty (30) days after its due date, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Executive Board or the managing agent.

(c) The lien for contribution may be foreclosed in the manner provided by the laws of the State of Delaware by suit brought in the name of the Executive Board, or the managing agent, acting on behalf of the Association.

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

ARTICLE X
AMENDMENTS TO BYLAWS

Section 1. Amendments.

Except as otherwise provided in this section, these Bylaws may be modified or amended either (1) by a vote of a majority of the Unit Owners at any regular or special meeting, provided that notice of the proposed amendment shall have been given to each Unit Owner at least ten (10) days in advance of such meeting; or (2) pursuant to a written instrument duly executed by a majority of the Unit Owners; provided, however, that notwithstanding the foregoing prior to the Declarant Control Termination Date no amendment may be made without the written consent of Declarant, which consent may be granted or withheld for any reason or no reason whatsoever in Declarant's sole subjective discretion. Any amendment in Declarant's sole subjective and absolute opinion, may materially or adversely interfere with or affect (a) the lease, sale, other disposition or use of any one or more of the Units owned by Declarant or any Dealer, (b) the value, use, or marketability of any one or more of the Units owned by Declarant or any Dealer, or (c) the financing available to Declarant with respect to any of the foregoing that shall be subject to the consent of the Declarant or Dealer as long as the Declarant or any Dealer owns a Unit.

Notwithstanding the provisions of Section 1 of this Article, or any law, custom or usage to the contrary, Declarant also shall have the absolute right, power and authority and shall have an irrevocable power of attorney, coupled with an interest, at any time and from time to time, in its sole subjective and absolute discretion, to amend these Bylaws as necessary to (a) correct any clerical or typographical errors, ambiguities, title questions or defects, or conflicts with or to comply with any and all applicable laws and legal requirements, (b) achieve compliance with the requirements of Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, Veterans Administration or other governmental agency or their successors, or (c) conform the Bylaws to be consistent with the provisions required or allowed by the Act.

Section 2. Recording.

A modification or amendment of these Bylaws shall become effective only if such modification or amendment is recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware.

Section 3. Conflicts.
No modification or amendment of these Bylaws may be adopted which shall be inconsistent with the provisions of the Act. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official Bylaws of the Planned Community, and all Unit Owners shall be bound to abide by such modification or amendment.

Section 4. Approval of Mortgagees.

These Bylaws contain provisions concerning various rights, priorities, remedies and interest of the mortgagees of units. Such provisions herein are to be construed as covenants for the protection of the mortgagees on which they may rely in making loans secured by mortgages on the units. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a mortgagee shall be adopted without the prior written consent of such mortgagee. If there is more than one mortgagee holding mortgages on the units, it shall be sufficient to obtain the written consent of the mortgagees of at least fifty-one percent (51%) of the units encumbered by mortgages. Consent of a mortgagee holding a mortgage on a unit shall be assumed when a mortgage fails to submit a response to any written proposal for an amendment within sixty (60) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail with a "return receipt" requested. No amendment or modification of these Bylaws affecting material rights of the Unit Owners including the following: priority of assessment liens, responsibility for maintenance and repairs, insurance or fidelity bonds, leasing of units, impositions of any restriction on a Unit Owner's right to sell or transfer his or her unit, or manner or method of restoration or repair after a hazard damage or partial condemnation shall be effective unless approved by at least sixty-seven percent (67%) of the Unit Owners under the other terms and conditions set out in Section 1.

ARTICLE XI
MISCELLANEOUS

Section 1. Notices.

All notices, demands, bills, statements or other communications under these Bylaws or the other corporate governing documents for the Association, including the Declaration, shall be in writing and, except to the extent otherwise specifically provided in these Bylaws, shall be deemed to have been duly given if: (a) delivered personally; (b) if to a Unit Owner, if the Unit Owner gives the Association prior written authorization to provide electronic notice, sent by email or other method of electronic transmission to the Unit Owner at the email/electronic address that the Owner designates in writing and files with the Secretary; (c) if to a Unit Owner, if sent by first-class mail, postage prepaid, to the Unit Owner at the address that the Unit Owner designates in writing and files with the Secretary or, if no such address is designated, at the address of the Unit Owner as provided in the tax assessment records for Sussex County; (d) if to the Association, if sent by email
or other method of electronic transmission to the Association at the email/electronic address that the Association designates in writing to the Unit Owners as the principal email/electronic address of the Association; or (e) if to the Association, if sent by first-class mail, postage prepaid to the Association 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 Unit Owners pursuant to this section.

Section 2.  **Invalidity.**

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

Section 3.  **Captions.**

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

Section 4.  **Gender.**

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 5.  **Definitions.**

Words and phrases which are used herein and which are defined in the Declaration shall have the meaning as set forth in the Declaration; and the Definitions paragraph 2 of the Declaration are incorporated herein by reference.

Section 6.  **Conflicts.**

These Bylaws and the Declaration are promulgated under the provisions of 25 Del. C. Chapter 81; and in the event of any conflicts between said documents and the provisions of 25 Del. C. Chapter 81, the provisions of 25 Del. C. Chapter 81 shall be controlling; however, to the extent possible, these documents should be interpreted to conform with said statutory provisions.

**IN WITNESS WHEREOF,** the original members of the Executive Board of the Association have hereunto set their hands and seals effective as of the ___ day of _vS____, 2017.
STATE OF New Jersey
COUNTY of Essex

BE IT REMEMBERED, that on this ______ day of January, 2017, personally came before me, the Subscriber, a Notary Public for the aforesaid, original member of the Executive Board of Marsh Farm Estates Homeowners Association, Inc., a Delaware corporation, party to these Bylaws, known to me personally to be such, and acknowledged this Indenture to be his/her act and deed, and the act and the deed of the said corporation; that the signature is in her/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 Executive Board of the corporation.

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

[Signature]

Commission Expires: 11/12/2022

Type or Print Name of Notary: Richard Thomas
STATE OF Th -Q\ 4 Ware :  
COUNTY OF \r< r1+:____

BE IT REMEMBERED, that on this____ day of J____ 2017, personally came before me, the Subscriber, aNotary Public for the St and County aforesaid, Koskceg, ikucees, Vlorpe44, original member of the Executive Board of Marsh Farm Estates Homeowners Assonation, Inc., a Delaware corporation, party to these Bylaws, known to me personally to be such, and acknowledged this Indenture to be his/her act and deed, and the act and the deed of the said corporation; that the signature is in her/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 Executive Board of the corporation.

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

NOTARY PUBLIC

MARK F. DUNKLE
DELAWARE LAWYER
NOTARIAL OFFICER
29 DEL C. § 4323(a) (3)

Type or Print Name of Notary:

Commission Expires:
BE IT REMEMBERED, that on this 3rd day of ____, 2017, personally came before me, the subscriber, a Notary Public for the State and County aforesaid, Mark F. Dunkle, original member of the Executive Board of Marsh Farm Estates Homeowners Association, Inc., a Delaware corporation, party to these Bylaws, known to me personally to be such, and acknowledged this Indenture to be his/her act and deed, and the act and the deed of the said corporation; that the signature is in her/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 Executive Board of the corporation.

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

[Signature]

MARK F. DUNKLE
DELAWARE LAWYER
NOTARIAL OFFICER
29 DEL. C. § 4323(a) (3)

Type or Print Name of Notary: F. Dunkle

Commission Expires: 6
## SCHEDULE "1"

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