

TAX MAP #3-34-6.00-490.00
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AMENDED AND RESTATED
CODE OF REGULATIONS
FOR
SUMMERLYN CONDOMINIUM

Whereas, pursuant to the Code of Regulations of governing Summerlyn Condominium, of record in the Office of the Recorder of Deeds in and for Sussex County at Deed Book 2814, Page 303, the Unit Owners of Summerlyn Condominium may, by affirmative vote of 51% or greater of Unit Owners, amend the Code of Regulation;

Whereas, on December 15, 2007, a majority of Unit Owners voted to amend the Code of Regulations by deleting certain provisions and adding others; and

Whereas, for ease of reference, rather than filing just an amendment, Summerlyn Condominium Association, Inc., the successor in interest to the Developer as it relates to amendment to the Code or Regulations of Summerlyn Condominium, wishes to file with the Recorder of Deeds an Amended and Restated Code of Regulations which incorporates the changes approved by a majority of Unit Owners on December 15, 2007.

Now therefore, this ___ day of _____, 2008, the Code of Regulations for Summerlyn Condominium, unless and until amended following the procedures stated herein, shall read as follows:

ARTICLE I
Plan of Unit Ownership

Section 1. Unit Ownership.

The property located in Lewes and Rehoboth Hundred, Sussex County, Delaware (hereinafter called the "Property"), has been submitted to the provisions of the Unit Property Act of the State of Delaware (Del. C. of 1974, as amended, Title 25, Sections 2201-2242), by the Declaration of REHOBOTH BEACH SUMMERLYN, L.L.C. recorded in the Office of the Recorder of Deeds, in and for Sussex County, Delaware, simultaneously herewith, in Deed Book 2812 at Page 303 and shall hereinafter be known as SUMMERLYN CONDOMINIUMS (hereinafter called the "Condominium") and as shown on the Declaration Plan recorded in the Office of the Recorder of Deeds, in and for Sussex County, Delaware in Plot Book 78, Page 332.

Section 2. Applicability of Code of Regulations.

The provisions of this Code of Regulations are applicable to the property of the condominium and to the use and occupancy thereof. All present and future owners, mortgagees, lessees and occupants of units and their employees and my other person who may use the facilities of the property in any manner, are subject to this Code of Regulations, the Declaration and the Rules and Regulations hereinafter promulgated. The acceptance of a deed or transfer document, or the act of occupancy of a unit shall conclusively establish the acceptance and ratification of this Code of Regulations, the Rules and Regulations, and the provisions of the Declaration, as they may be amended from time to time, by the person so acquiring 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 Condominium and of the Council shall be located at the condominium or at such other place as may be designated from time to time by the Council.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Association of Owners, if so directed by Resolution of the Council or upon a petition, if so directed by Resolution of the Council or upon a petition signed and presented to the Secretary by Unit Owners owning not less than 25% of the percentage interests of all Unit Owners. The notice and agenda of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings.

It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Unit Owners, at least fourteen (14) days, but not more than thirty (30) days prior to such meeting, stating the purpose thereof, as well as, the time and place where it is to be held to each Unit Owner of record, at such address as each Unit Owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 6. Adjournment of Meetings.

If any meetings of the Association of Owners cannot be held because of 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 of Owners 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 Council.
- (f) Reports of the Committees.
- (g) Election of inspectors of election (when so required).
- (h) Election of members of the Council (when so required).
- (i) Unfinished business.
- (j) New business.

Section 8. Title to Units.

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

Section 9. Voting.

Voting at all meetings of the Association of Owners shall be on a percentage basis and the percentage of the vote to which each Unit Owner is entitled shall be the percentage interest assigned to his unit in the Declaration. Where the ownership of a unit is in more than one person. then the person who shall be entitled to cast the vote of that unit shall be the person named in a certificate signed by all of the owners of the unit and filed with the secretary. Such certificate shall be valid until revoked by a subsequent certificate. Whenever the approval or disapproval of a Unit Owner is required by the Unit Property Act, the Declaration or this Code of Regulations, such approval or disapproval shall only be made the person who would be entitled to cast the vote for the unit owner at any meeting of the association of owners. Except where a greater number is required by the Unit Property Act, the Declaration, or this Code of Regulations, a majority of the unit owners is required to adopt decisions at any meeting of the Association of Owners.

Section 10. Proxies. A vote may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated therein and must be filed with the secretary before the appointed time of the meeting

Section 11. Majority of Owners.

As used in this Code of Regulations, 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,

Except as otherwise provided in this Code of Regulations, the presence in person or by proxy of a majority of the unit owners shall constitute a quorum at all meetings of the association of owners.

Section 13. Conduct of Meeting.

The president shall preside over all meetings of the Association of Owners and the Secretary-Treasurer shall keep the minutes of the meeting and record in a minute book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat. Roberts Rules of Order shall govern the conduct of all meetings of the Association of Owners when not in conflict with the Declaration, this Code of Regulations or the Unit Property Act. All meetings of Unit Owners or meetings of any council shall be open to all other Unit Owners governed by the same council; provided, however, that where a portion of any meeting of any Council is reserved for consultations with legal counsel, or for personnel matters relating to employees of the council, such portion of the meeting shall be excluded from the provisions of this subsection.

ARTICLE II

Council

Section 1. Number and Qualification.

The affairs of the condominium shall be governed by a Board of Directors known as the Council.

Section 2. Powers and Duties.

The affairs of the condominium shall be governed by the Council. The Council shall have all of the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things as are not by the Unit Property Act or by this Code of Regulations directed to be exercised and done by the Association of Owners. The Council shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the enjoyment of the Condominium provided such Rules and Regulations shall not be in conflict with the Unit Property Act or the Declaration or this Code of Regulations. The

Council shall delegate to one of its members, the authority to act on behalf of the Council on all matters relating to the duties of the managing agent, if any, which might arise between meetings of the Council. In addition to the duties imposed by this Code of Regulations or by any resolution of the Association of Owners that may hereafter be adopted, the Council 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.
- (b) Making assessments against Unit Owners to defray the costs and expenses of the Condominium, 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. Unless otherwise determined by the Council, the annual assessment against each Unit Owner for his proportionate share of the common expenses shall be payable in advance on the first day of each month for said month.
- (c) Providing for the operation, care, upkeep, replacement, maintenance and surveillance of all of the common elements and services of the Condominium.
- (d) Designating, hiring and dismissing the personnel necessary for the maintenance operation, repair and replacement of the common elements, and providing services for the property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the 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 any out the administration of the Property.
- (f) Making and amending Rules and Regulations respecting the use of the property.
- (g) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefore.
- (h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the property and repairs to, and restoration of, the property, in accordance with the other provisions of this Code of Regulations, after damage or destruction by fire or other casualty.

- (i) Enforcing by legal means the provisions of the Declaration, this Code of Regulations and the Rules and Regulations for the use of the property adopted by it and bringing any proceedings which may be instituted on behalf of the Unit Owners.
- (j) Obtaining and carrying insurance against casualties and liabilities, as provided in Article VI of this Code of Regulations, and paying the premium cost thereof.
- (k) Paying the cost of all services rendered to the condominium, and not billed to Unit owners.
- (l) Keeping books with detailed accounts in chronological order of the receipts and expenditures affecting the condominium, and the administration of the condominium, 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 owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Council for the general knowledge of the owners. All books and records shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least once a year by an outside auditor employed by the Council who shall not be a resident of the condominium, or an owner of a unit therein. The cost of such audit shall be a common expense.
- (m) Notifying the mortgagee of any Unit of any default by the Unit Owner whenever requested in writing by such mortgagee to send such notice.
- (n) Maintaining written minutes of all meetings.
- (o) To resolve disputes between and among Unit Owners. Council and Developer and make decisions regarding disputes related to the interpretation and application of the Declaration. Code of Regulations and rules and regulations promulgated pursuant thereto.
- (p) To do such other things and acts not inconsistent with the Unit Property Act and with the Declaration which it may be authorized to do by a resolution of the association of owners.

Section 3. Managing Agent.

The Council may (but is not required to) employ for the Condominium a professional managing agent at a compensation established by the Council. to perform such duties and services as the Council shall authorize, including, but not limited to, the duties listed in paragraphs (a), (c), (d), (e), (h), (1), (k), (l), (in) and (n) of Section 2 of this Article III. The Council may delegate to the

managing agent all of the powers granted to the Council by this Code of Regulations: except with respect to the powers set forth in paragraphs (b), (f) and (g), and (i) of Section 2 of this Article III. No agreement with a professional managing agent may bind the Association unless said agreement provides for the right of the Association to terminate the same without cause or penalty at any time after transfer of control of the Association from Developer to Unit Owners, upon not more than ninety (90) days notice. Any such agreement shall be for a reasonable term.

Section 4. Election and Term of Office.

At the first annual meeting of the Association of Owners, the term of office of the three (3) members of the Council shall be fixed for three (3) years, the term of office of two (2) members of the Council shall be fixed at two (2) years and the term of office for two (2) members shall be fixed at one year. At the expiration of the initial term of office of each respective member of the Council, his successor shall be elected or designated to serve for terms of up to three (3) years as determined by the Association. The members of the Council shall hold office until their respective successors shall have been elected or appointed by the Developer.

Section 5. Removal of Members of the Council.

At any regular or special meeting of the Association of Owners duly called, any one or more of the members of the Council may be removed with or without cause by a majority of the Unit Owners, and a successor may then and there be elected to fill the vacancy thus created. Any member of the Council whose removal has been proposed by the Unit Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and he shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies.

Vacancies in the Council caused by any reason other than the removal of a member by a vote of the Association of Owners shall be filled by a vote of a majority of the remaining members of the Council at a special meeting of the Council 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 Council 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 of Owners.

Section 7. Organization Meeting.

The first meeting of the members of the Council following the annual meeting of the Association of Owners shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Association of Owners at the meeting which such Council shall have been elected. and no notice shall be necessary to the newly elected members of the Council in order legally to

constitute such meeting, providing a majority of the whole Council shall be present thereat.

Section 8. Regular Meetings.

Regular meetings of the Council may be held at such time and place as shall be determined from time to time by a majority of the members, but at least one (1) such meeting shall be held during each fiscal year. Notice of regular meetings of the Council shall be given to each member, by mail, telegraph, facsimile, or telephone (with mail confirmation), at least fourteen (14) business days prior to the day named for such meeting.

Section 9. Special Meetings.

Special meetings of the Council may be called by the President on fourteen (14) business days' notice to each member, given by mail, telegraph, facsimile or telephone or posted for 7 days in each building in an area open to all Unit Owners, which notice shall state the time, place and purpose of the meeting. Special meetings of the Council shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least two (2) members.

Section 10. Quorum of Council.

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

Section 11. Fidelity Bonds.

The Council may require adequate fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium funds. The premiums on such bonds shall constitute a common expense.

Section 12. Compensation.

No member shall receive any compensation from the Condominium for acting as such.

Section 13. Conduct of Meetings.

The President shall preside over all meetings of the Council and the Secretary-Treasurer shall keep a minute book of the Council recording therein all resolutions adopted by the Council 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 Council when not in conflict with the Declaration, this Code of Regulations or the Unit Property Act.

Section 14. Liability of the Members of the Council.

The members of the Council 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 Council members from and against all contractual liability to others arising out of contracts made or action taken by the Council 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 this Code of Regulations. It is intended that the liability of any Unit Owner arising out of any contract made by the Council or out of the aforesaid indemnity in favor of the members of the Council shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the percentage interests of all Unit Owners. Every agreement made by the Council or by the managing agent on behalf of the Owners shall, if obtainable, provide that the members of the Council or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the percentage interests of all Unit Owners. The Unit Owners shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a member of the Council, 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 III

Officers

Section 1. Designation.

The principal officers of the Condominium shall be the President, the Vice-President, the Secretary-Treasurer, all of whom shall be elected by the Council. The Council 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 Council. Any other officers may be, but shall not be required to be, members of the Council.

Section 2. Election of Officers.

The officers of the Condominium shall be elected annually by the Council at the organization meeting of each new Council and shall hold office at the pleasure of the Council. Any vacancy in an office shall be filled by the Council at a regular meeting or special meeting called for such purpose.

Section 3. Removal of Officers.

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

Section 4. President.

The President shall be the chief executive of the Condominium. He shall preside at all meetings of the Association of Owners and of the Council. He shall have all of the general powers and duties which are incident to the office of the president of a stock corporation organized under the General Corporation Law of the State of Delaware, including, but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

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 Council shall appoint some other member of the Council 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 Council or by the President.

Section 6. Secretary-Treasurer.

The Secretary-Treasurer shall keep the minutes of all meetings of the Association of Owners and of the Council, he shall have charge of such books and papers as the Council 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. Agreements, Contracts. Deeds. Checks, etc., all agreements, contracts, deeds, leases, checks and other instruments of the Condominium for expenditures or obligations of over \$1,000.00 shall be executed by an) two officers or by such other person or persons as may be designated by the Council.

Section 8. Compensation of Officers.

No officer shall receive any compensation from the Condominium for acting as such.

ARTICLE IV
Operation of the Property

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

(a) Fiscal Year.

The fiscal year of the Condominium shall consist of the twelve month period commencing on January 1 of each year and terminating on December 31 of the same year.

(b) Preparation and Approval of Budget.

Each year on or before November 1, the Council shall adopt a budget for the condominium 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, and those parts of the units as to which it is the responsibility of the Council to maintain, repair and replace, the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses by the Unit Property Act, the Declaration, this Code of Regulations or a resolution of the Association of Owners, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the condominium and the rendering to the Unit Owners of all related services. Such budget shall also include such reasonable amounts as the Council considers necessary to provide working capital for the condominium, a general operating reserve, and reserves for contingencies and replacements. The Council shall send to each Unit Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the common expenses payable by each Unit Owner, 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 of the Condominium

(c) Assessment and Payment of Common Expenses.

The total amount of the estimated funds required for the operation of the Condominium set forth in the budget for the fiscal year adopted by the Council shall be assessed against each Unit Owner in proportion to his respective percentage interest in the Condominium, and shall be a lien against each Unit Owner's Unit as of the first day of the fiscal year to which such budget applies. On or before the first day of each fiscal year, and the first day of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Council or the managing agent (as determined by the Council), one-twelfth (1/12) of the assessment for such fiscal year made pursuant to the foregoing provisions; provided, however, if the Council so determined, assessments may be collected quarterly in which event each Unit Owner shall be obligated to pay to the Council or the

managing agent (as determined by the Council) one-fourth (1/4) of the assessment for such fiscal year on the first day of each fiscal year, and one-fourth (1/4) on the first day of the fourth, seventh and tenth months of each fiscal year. Within sixty (60) days after the end of each fiscal year, the Council shall supply to all Unit Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Council for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Council deems it advisable, be credited according to each Unit Owner's percentage interest to the next periodic installment due from each Unit Owner under the current fiscal year's budget, until exhausted, and any net shortage shall, if the Council deems it advisable, be added according to each Unit Owner's percentage interest to the installments due to the succeeding six (6) months after the rendering of the accounting.

(d) Payment of Limited Expenses

Reserves. The Council shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Council 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 Council may determine. The Council 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 monthly (or quarterly) amount or, if the additional assessment is not payable in installments, the amount of such installment.

(e) Effect of Failure to Prepare or Adopt Budget.

The failure or delay of the Council 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 expense 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 monthly charge at the then existing monthly, quarterly or annual rate last established for the previous fiscal period until such new annual or adjusted budget shall have been mailed or delivered.

(f) Accounts.

All sums collected by the Council with respect to assessments against the Unit Owners may be co-mingled into a single fund.

(g) Property Transfer Assessment.

An initial payment of \$400.00, in addition to all assessments, is hereby levied and is payable by each Unit Owner at purchase settlement of his Unit.

(h) The Board of Directors (Council) shall have the authority to levy fines in cases where Rules and regulations established for the benefit of the collective ownership have been violated. This power shall be exercised only with the approval of a majority (4) of the total board membership and fines may not be onerous or capricious in nature.

Section 2. Payment of Common Expenses.

All Unit Owners shall be obligated to pay the common expenses assessed by the Council pursuant to the provisions of Section 1 of this Article V. No Unit Owner may exempt himself from liability for this contribution toward common expenses by waiver of the use of enjoyment of any of the common elements or by the abandonment of his Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his 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 Unit Owner the amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled to a statement from the Council or managing agent setting forth the amount of the unpaid assessments against the selling Unit Owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth: and provided, further, that if a mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of a first mortgage, 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 Council shall take prompt action to collect any assessments for common expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof.

Section 4. Effect of Nonpayment of Assessment.

If any assessment is not paid on the date when due as hereinabove established, then the established fiscal year assessment (notwithstanding the fact the Council 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 in the Council to foreclose the lien on the condominium Unit which shall bind such Unit in the hands of the then Unit Owner. In addition to such lien right, the personal obligation of the then 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 Delaware rate on judgments from its due date, and the Council may bring an action against the Unit Owner or enforce the lien on the Unit, and in the event judgment is obtained, such judgment shall include interest at the maximum amount authorized by 25 De1.C. Section 2233, reasonable attorneys' fees to obtain and enforce such judgment, and costs as fixed by the court.

Section 5. Statement of Common Expenses.

The Council 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 Unit Owner.

Section 6. Maintenance and Repair.

(a) By the Council: The Council 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 owner) of the following, the cost of which shall be charged to all owners as a common expense:

1) All of the Common Elements, whether located inside or outside of the Units.

2) All exterior walls and exterior surfaces (including the painting of the exterior surfaces) repair of the roof, party walls and all other portions of the Units which contribute to the support of any building, such as the outside walls of a building and all fixtures which are not unit elements on the exterior thereof, the boundary walls of Units, floor joists and attached ceilings and walls, interior ceilings and interior floors of Units and excluding the surfaces of all walls, floors and ceilings of a Unit.

3) All water and plumbing facilities and systems that are declared 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 located outside the specific boundaries of any Unit; and including all catch basins and television master antenna systems located outside the specific boundaries of any Unit: the roof and all roof drainage pipes, gutters and leaders.

4) All incidental damage caused to any unit by such work as may be done or caused to be done by the Council in accordance therewith.

(b) By the Unit Owner: Except for the portions of his unit required to be maintained, repaired and replaced by the Council, each Unit Owner shall be responsible for the maintenance, repair and replacement, at his own expense, of the following:

- 1) The non-structural walls and framing constituting the entrance of each unit;
- 2) The electric panel for each unit;
- 3) The hot water heater;
- 4) Interior non-load bearing walls or partitions;
- 5) All electrical outlets and lights serving the unit (whether within or without the unit);
- 6) All stoves, refrigerators, air conditioning units, ceiling fans, washer-dryers, sinks, baths, or other plumbing or heating or cooling facilities located within or without the unit but solely serving the Unit, including the air conditioner-heat pump;
- 7) the plumbing and water lines serving each unit commencing at the collector from the main lines serving each unit;
- 8) all interior stairs, stair wells and stair carriages solely serving a unit;
- 9) any fireplaces;
- 10) any screened porch or storage area.

Each Unit Owner shall keep the interior of his Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his unit. In addition, each Unit Owner shall be responsible for all damages to any and all other units or to the common elements resulting from his failure to make any of the repairs required to be made by him by this section, and to repair all damages to other units or to the common elements caused by that Unit Owner and/or his tenants, guests, family members, employees, agents, business invitees or licensees, to the extent not covered by insurance on the common elements, or if such damage is so caused and the loss is covered by insurance on the common elements, the Unit Owner shall be responsible for any increase in insurance premiums directly attributable to said insured loss. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other owners. Each Unit Owner shall promptly report to the Council or the managing agent any defect or need for repairs for which the Council is responsible.

(c) Manner of Repair and Replacement.

All repairs and replacements shall be substantially similar to the original construction and installation. The method of approving payment vouchers for all repairs and replacements shall be determined by the Council.

Section 7. Additions, Alterations or Improvements by the Council.

Whenever in the judgment of the Council the common elements shall require additions, alterations or improvements costing in excess of Two Thousand Dollars (\$2,000.00) during an period of twelve (12) consecutive months, and the making of such additions, alterations or improvements shall have been approved by a majority of the Unit Owners, the Council shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a common expense. Any additions, alterations or improvements costing Two Thousand Dollars (\$2,000.00) or less during any period of twelve (12) consecutive months may be made by the Council without approval of the Unit Owners and the cost thereof shall constitute part of the common expenses.

Section 8. Additions, Alterations or Improvements by Unit Owners.

No Unit Owner shall make any structural addition, alteration or improvement in or to his unit without the prior written consent thereto of the Council and payment of an additional fee for the added value to the master insurance policy. The Council shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such owner's unit within sixty (60) days after such request, and its failure to do so within the stipulated time shall constitute a consent by the Council to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any unit shall be executed by the Council only, without however incurring any liability on the part of the Council or any of them to any contractor, subcontractor or material man on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. The provisions of this Section shall not apply to Units owned by the Developer until such Units shall have been initially sold by the Developer and paid for.

Section 9. Restriction on Use of Units.

Each Unit and the common elements shall be occupied and used in accordance with the provisions of the Declaration.

Section 10. Right of Access.

A Unit Owner shall grant a right of access to his Unit to the Council or the managing agent, or any other person authorized by the Council or the managing agent, or any group of the foregoing, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the common elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or the common elements in his Unit or elsewhere in the property, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of

an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. The Unit Owner, shall, at all times, cause two (2) keys to its Unit to be in possession of the Council or the Management Agent. The first key will be controlled by Council or the Management Agent. The second key will be stored in building Knox Boxes as required by Sussex County Fire Code. Annual interior inspections of all units are required by Sussex County building regulations. Safety equipment is tested during these annual appointments. A representative of the Management Agent and/or the Council will be present during these inspections.

Section 11. Rules and Regulations.

Rules and regulations concerning the operation and use of the common elements may be promulgated and amended by the Council, provided that such rules and regulations are not contrary to or inconsistent with the Unit Property Act, the Declaration or this Code of Regulations. Copies of the rules and regulations shall be furnished by the Council to each owner prior to the time when the same shall become effective.

Section 12. Electricity.

Electricity shall be supplied by the public utility company serving the area directly to each Unit through separate meters and each Unit Owner shall be required to pay the bills for electricity consumed or used in his Unit. The electricity serving the common elements shall be separately metered, and the Council shall pay all bills for electricity consumed in such portions of the common elements as a common expense.

Section 13. Sewer Service.

Sewer service shall be supplied by Sussex County directly to each Building.

(a) Easement. An easement for the installation, maintenance and inspection of the sanitary sewage disposal lines and appurtenances thereto is granted and reserved unto the Developer through, under, over and across the property.

Section 14. Utilities, Inc.

Water Service: Water service shall be supplied by Tidewater; Electric service: electricity service shall be supplied by the best cost provider.

Section 15. Parking Spaces.

Parts of the common elements identified as parking areas in the Declaration Plan recorded simultaneously with the Declaration of this Code of Regulations shall be used by the Unit Owners for self-service parking. The cost of maintenance and repair of all parking areas shall be a common expense.

Section 16. Garages.

Parts of the limited common elements identified as garages in the Declaration Plan recorded shall be used by that unit owner for garage parking. These garages shall be limited common elements and these units shall be assigned

one (1) parking space as limited common element appurtenant to said unit as shown on the Declaration Plan. Sale or lease of a garage unit is permitted but only to another unit owner.

Section 17. Pets.

Common domestic pets, a maximum of 2 per unit, are permitted. Domestic pets are defined as: all cat breeds considered house cats and all dogs unless listed by insurance carriers as uninsurable breeds. In general, common high-risk breeds are Rottweilers, German Shepherds, Doberman Pinschers, and Pit Bulls.

The right to keep pets in units extends only to owners and long term tenants. Long term tenants are defined as lessees of three months or longer.

Exotic pets or pets kept for commercial purposes are not permitted. In addition, the Board reserves the right to order the removal of any pet that is deemed a nuisance by the Board based upon credible complaints from residents.

Board approval will be required for any exceptions to these rules except any current resident pets will be grandfathered for purposes of this section.

Section 18. Roads.

The road known as Summerlyn Drive is a private road. A non-exclusive easement over and across said roads for ingress, egress and regress is granted to the Unit Owners of SUMMERLYN CONDOMINIUMS. Maintenance of the roads shall be a common expense of the Owners of Units in SUMMERLYN CONDOMINIUMS.

ARTICLE V Insurance

Section 1. Authority to Purchase.

Except as otherwise provided in Section 3 of this Article VI, all insurance policies relating to the property shall be purchased by the Council as trustee for the Unit Owners and their respective mortgagees, as their interests may appear, which insurance shall be governed by the following provisions:

(a) Physical damage insurance in the amount equal the full replacement value (i.e. 100% of "replacement cost" less any deductible deemed reasonable by the Council) of the project with an "agreed amount" endorsement and a "replacement cost" endorsement, without deduction or allowance for depreciation (said amount to be redetermined annually by the Council with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least all risks loss:

- 1) Loss or damage by fire or other hazards covered by the standard extended coverage endorsement.
- 2) Such other risks as shall customarily be covered with respect to

projects similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm, water damage, machinery explosion or damage, and such other insurance as the Council may from time to time determine.

(b) Public Liability Insurance in such amounts (but not less than One Million Dollars {\$1,000,000.00}) and in such form as may be considered appropriate by the Council including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile and any and all other liability incident to the ownership and/or use of the Condominium project or any portion thereof-said Public Liability Insurance to name the Developer and the Association of Owners as Insured, as their interests may appear.

(c) Workmen's compensation insurance to the extent necessary to comply with any applicable law; and

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

(e) Insurance coverage for the following property contained within the individual Units:

- 1) fixtures, improvements and alterations which are part of the building.
- 2) refrigerators, air conditioners, cooking ranges, dishwashers, clothes washers and dryers.

Section 2. Limitations.

Any insurance obtained pursuant to the requirements of this Article, shall be subject to the following provisions:

(a) All policies shall be written with a company or companies licensed to do business in the State of Delaware and holding a rating of "B+" or better in "Best's Insurance Guide".

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

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the Unit Owners or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the

Council pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) All policies shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days' prior written notice to any and all insured named thereon, including any and all mortgagees of the Condominium Units and shall further provide that the coverage thereof shall not be terminated for non-payment of premiums without thirty (30) day's notice to all of the insured, including all mortgagees of the Condominium Units. Duplicated originals of the insurance policies and all endorsements thereto, together with proof of payment of premiums, shall be delivered to all Unit Owners at their request and shall be delivered to all mortgagees of Condominium units at the times such policies are issued and at least thirty (30) days prior to the expiration of the then current policies.

(e) That the net proceeds of such policies, if less than FIVE THOUSAND DOLLARS (\$5,000.00) shall be payable to the Council, and if more than FIVE THOUSAND DOLLARS (\$5,000.00), shall be payable to the Insurance Trustee designated in section 4 of this Article.

(f) All policies shall contain a waiver of subrogation by the insurer as to any claims against the Council, the Unit Owner and/or their respective agents, employees or invitees and if any defenses based upon co-insurance or invalidity arising from the acts of the insured. Said policies cannot be canceled, invalidated or suspended on account of any conduct of the Council, the Unit Owner and/or their respective agents, employees or invitees, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured. Said policies cannot be canceled, invalidated or suspended on account of any conduct of the Council, the Unit Owner, and/or their agents, employees or invitees.

(g) All policies shall contain the standard mortgage clause. In the event a mortgagee endorsement has been issued as to a Unit, the proceeds payable shall be held in trust for the mortgagee and the Unit Owner as their interests may appear.

Section 3. Separate Insurance.

Each Unit Owner shall have the right, at his own expense, to obtain additional insurance for his own Unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability, provided that no Unit Owner shall be entitled to exercise his right to acquire or maintain such additional insurance coverage so as to decrease the amount which the Council, on behalf of all Unit Owners, may realize under any insurance policy which it may have in force on the property at any particular time or to cause any insurance coverage maintained by the Council to be brought into contribution with such additional insurance coverage obtained by the Unit

Owner, and provided further, that all such additional policies shall contain waiver of subrogation.

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

(b) Any Unit Owner who obtains individual insurance policies covering any portion of the property, other than personal property belonging to such Unit Owner shall be required to file a copy of such individual: policy or policies with the Council within thirty (30) days after the purchase of such insurance.

Section 4. Insurance Trustee.

(a) The Council 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 this Code of Regulations.

(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 staged in this Code of Regulations, for the benefit of the Unit Owners and their respective mortgagees.

Section 5. Council as Agent.

The Council is hereby irrevocably appointed the agent for each Unit Owner and for each mortgagee of a Unit and for each Unit Owner of any other interest in the property to adjust all claims arising under insurance policies purchased by the Council and to execute and deliver releases upon the payment of claims.

Section 6. Premiums.

Premiums upon all insurance policies purchased by the Council shall be deemed to be a common expense.

ARTICLE VI
Repair and Reconstruction after Fire or other Casualty

Section 1. When Repair and Reconstruction are Required.

In the event of damage to or destruction of all or any of the common elements as a result of fire, or other casualty (unless there is substantially total destruction of one or more of the common elements and if seventy-five percent (75%) of all owners duly resolve, at a meeting called within ninety (90) days after the occurrence of the casualty, not to proceed with repair or restoration), the Council shall arrange for and supervise the prompt repair and restoration of the common elements (including any fixtures initially installed therein by the developer, and replacements thereof installed by the owners, but not including any Units fixtures or other furniture, furnishings, fixtures or equipment installed by the owners in the Units).

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates: Immediately after a fire or other casualty causing damage to any common element, the Council shall obtain reliable and detailed estimates of the cost of repairing and restoring the common elements (including any fixtures initially installed by the developer, but not including any Units, fixtures or other furniture, furnishings, fixtures or equipment installed by the owner in the Unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Council determines to be necessary.

(b) Assessments: If the proceeds of insurance are not sufficient to defray the said estimated costs of reconstruction and repair as determined by the Council, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the owners directly affected by the damage or destruction, in proportion to their respective percentage interests, in sufficient amounts to provide payment of such costs.

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

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

Section 3. Disbursements of Construction Funds.

(a) Construction Fund: The net proceeds of insurance collected on account of a casualty and the funds collected by the Council from assessments against Unit Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this section. If the net proceeds of insurance collected on account of a casualty exceed Five Thousand Dollars (\$5,000.00), then the funds collected by the Council from assessments against the Unit Owners shall be deposited by the Council with the Insurance Trustee, and the entire construction fund shall be disbursed by the Insurance Trustee; otherwise the construction fund shall be held and disbursed by the Council.

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

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

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

(e) When Reconstruction Is Not Required. If there is substantially total destruction of one or more of the common elements and if seventy five percent (75%) of all Unit Owners directly affected by the damage or destruction duly resolve, at a meeting called within ninety (90) days after the occurrence of the casualty, not to proceed with repair or reconstruction, then, and in that event, the salvage value of the substantially destroyed common elements shall be subject to a suit for partition at the suit of any Unit Owner, in which event the net proceeds of the sale, together with the proceeds of insurance policies held

by the Council, shall be considered as one fund and shall be divided among the Unit Owners directly affected by such destruction or damage in proportion with their percentage interests after discharging out of the respective share of each Unit Owners to the extent sufficient for such purposes, all liens against the respective Units of such Unit Owners.

(f) Damage to or Destruction of Units. In the event of damage or destruction by fire or other casualty to any Unit as defined in this Article VII or to any Limited Common Elements appurtenant to a Unit as defined in the Declaration, such Unit Owner shall, at his own expense, promptly clear away the ruins and debris of any damaged improvements or vegetation and leave such Unit and Limited Common Elements in a clean, orderly, safe and slightly condition. Said Unit Owner shall repair or rebuild such Unit or Limited Common Elements or other improvements to substantially the same condition as prior to such fire or other casualty in accordance with all applicable standards, restrictions, and provisions of the Declaration, Declaration Plan and all applicable zoning, subdivision, building and other governmental regulations. All such work of repair or construction shall be commenced promptly following such damage or destruction and shall be carried through, without interruption, diligently to conclusion.

Article VII Sales, Leases and Alienation of Units

Section 1. No Severance of Ownership.

No Unit Owner shall execute any deed, lease, mortgage or other instrument conveying or mortgaging the title to his Unit without including therein the undivided interest of such Unit in the common elements, it being the intention hereof to prevent any severance of such combined ownership and interest. Any such lease, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the interests in the common elements of any Unit may be sold, leased, transferred, given, devised, or otherwise disposed of, except as part of a sale, lease, transfer, gift, devise, or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, lease, transfer, gift, devise or other disposition of such part of the interests in the common elements of all Units.

Section 2. Payment of Assessments.

No Unit Owner shall be permitted to convey, mortgage, hypothecate, sell, lease, give or devise his Unit unless and until he (or his personal representative) shall have paid in full to the Council all unpaid common expenses theretofore assessed by the Council against his Unit and payable prior to the date of conveyance, except permitted mortgagees.

ARTICLE VIII
Condemnation

Whenever all or any part of the Common Elements of SUMMERLYN CONDOMINIUMS shall be taken by condemnation of eminent domain, or is conveyed in lieu thereof by the Council acting on the agreement of at least seventy-five (75%) of the total vote of the Association of the Developer (for so long as Developer owns any Unit primarily for the purpose of sale or has the unexpired option to add the additional Property or any portion thereof to the development). then the award or the proceeds collected for such taking or sale in lieu thereof shall be payable to the Association and shall be disbursed or held as follows:

(a) If the taking or sale in lieu thereof involves a portion of the Common Elements on which improvements have been constructed, then unless within sixty (60) days after such taking the Developer (for so long as Developer owns any Unit primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development). together with at least seventy-five (75%) of the total membership of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken to the extent practicable all the remaining lands included in the Common Areas which are available therefore, in accordance with the plans approved by the Council and by the Developer. If the awards or proceeds are not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund established for such purpose. the Council may levy a special assessment against all Owners, without the necessity of a vote of the members, such special assessment to be in an amount sufficient to provide funds to pay such excess cost of repair or reconstruction. Such special assessment shall be levied against the Owners equally in the same manner as annual assessments may be made at any time during or following the completion of any repair or reconstruction. If such improvements are not to be repaired or restored, the award or proceeds shall be retained by and for the benefit of the Association.

(b) If the taking or sale in lieu thereof does not involve any improvements to the Common Elements or if there are funds remaining after such restoration or replacement of such improvements as completed, then the award, proceeds or net funds shall be retained by and for the benefit of the Association.

(c) If the taking or sale in lieu thereof includes all or any part of a Unit and includes any part of the Common Elements, then a court of competent jurisdiction shall apportion such award or proceeds and such award or proceeds shall be disbursed to the Association and the Owners so affected so as to give just compensation to the Owners of any Unit; provided, however, such apportionment may instead be resolved by the agreement of:

- 1) the Council;

2) the Owners of all Units wholly or partially taken or sold, together with the Mortgagees for such Units;

3) the Developer for so long as the Developer owns a Unit primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the development.

ARTICLE IX Mortgages

Section 1. Notice to the Council.

A Unit Owner who mortgages his Unit shall notify the Council of the name and address of his mortgagee and shall file a conformed copy of the Note and Mortgage with the Council.

Section 2. Notice of Unpaid Assessments for Common Expenses.

The Council, 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 Unit Owner of the mortgaged Unit.

Section 3. Notice of Default.

The Council, 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 theretofore been furnished to the Council.

Section 4. Notice of Condemnation or Casualty Loss.

Upon written request, Council shall provide a mortgagee with notice of condemnation or casualty loss affecting a material portion of the project or the unit securing the mortgage.

ARTICLE X Compliance and Default

Section 1. Relief.

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

(a) Legal Proceedings: Failure to comply with any of the terms of the Declaration, this Code of Regulations and the rules and regulations shall be grounds for relief which may include, without limiting the same, an action to recover any sums due for money damages; injunctive relief. foreclosure of the lien for payment of all assessments, any other relief provided for in the Code of Regulations, 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 of Unit Owners, the Council, the managing agent, or, if appropriate, by any aggrieved Unit Owner.

(b) Additional Liability: Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or his employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Council. 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 Council 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 of Unit Owners, the Council, or a Unit Owner to enforce any right, provision, covenant, or condition which may be granted by the Declaration, this Code of Regulations or the rules and regulations shall not constitute a waiver of the right of the Association of Unit Owners, the Council or the Unit Owners to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Association of Unit Owners, the Council, or any Unit Owner pursuant to any term, revision, covenant, or condition of the Declaration, this Code of Regulations or the rules and regulations 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. this Code of Regulations or the rules and regulations, 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 legal rate of interest provided on judgment in the State of Delaware from the due date thereof.

(f) Abatement and Enjoinment of Violations by Unit Owners: The violation of any rule or regulation adopted by the Council, or the breach of any regulation contained herein. or the breach of any provision of the Declaration, shall give the Council the right, in addition to any other rights pursuant to law or set forth in this Code of Regulations:

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 Council 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 Contributions.

(a) The total annual contribution of each Unit Owner for the common expenses pursuant to Article V, Section 1 of this Code of Regulations 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 Condominium. The Council, 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 Council 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 Council, or the managing agent, acting on behalf of the Association of Unit Owners. During the pendency of such suit, the Unit Owner shall be required to pay a reasonable rental of the unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The Plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the then laws of the State of Delaware.

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

ARTICLE XI MISCELLANEOUS

Section 1. Notices.

All notices, demands, bills, statements, or other communications under this Code of Regulations shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid; (1) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the unit of such Unit Owner or (2) if to the Association of Owners, the Council or the managing agent, at the principal office of the managing agent 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 this Code of Regulations shall not impair or affect in any manner the validity, enforceability or effect to the balance of this Code of Regulations.

Section 3. Captions.

The captions herein are inserted only as a matter of convenience and for reference, and in not way define, limit or describe the scope of this Code of Regulations, or the intent of any provision thereof.

Section 4. Gender.

The use of the masculine gender in this Code of Regulations 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.

ARTICLE XII AMENDMENTS TO CODE OF REGULATIONS

Section 1. Amendments.

Except as otherwise provided hereinabove or hereinbelow, this Code of Regulations maybe modified or amended either (i) by a vote of at least fifty-one percent (51 %) 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 fourteen (14) days in advance of such meeting or (ii) pursuant to a written instrument duly executed by a majority of the Unit Owners: provided, however that.

(a) Section of Article II, insofar as it provides that the Developer, so long as he has the right to erect and annex one (1) or more Units, shall be entitled to select a specified number of the members of the Council;

(b) Section 9 of Article II, insofar as it provides that the Developer, so long as he has the right to erect and annex one (1) or more Units may vote the votes appurtenant thereto;

(c) Section 1 of Article III, (d) Section 5 of Article III and (e) this Section 1 of Article XIII may not be amended without the consent in writing of the Developer, so long as the Developer shall have the right to erect and annex one (1) or more Units.

Section 2. Recording.

A modification or amendment of this Code of Regulations shall become effective only if such modification or amendment is recorded in the land records in and for Sussex County, Delaware.

Section 3. Conflicts.

No modification or amendment of this Code of Regulations may be adopted which shall be inconsistent with the provisions of the Unit Property Act. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official Code of Regulations of the Condominium, and all Unit Owners shall be bound to abide by such modification or amendment.

Section 4. Approval of Mortgagees. This Code of Regulations contains provisions concerning various rights, priorities, remedies and interests 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 this Code of Regulations impairing or affecting such rights, priorities, remedies or interests of a mortgagee shall be adopted 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 mortgagee or mortgagees holding mortgages on more than fifty percent (50%) of the Units encumbered by mortgages. The rights, priorities, remedies or interests of a mortgagee for the purposes of this Section shall include, but shall not be limited to, the following:

(a) Voting rights.

(b) Assessments, assessment liens or subordination of such liens.

(c) Reserves for maintenance, repair and replacement of common elements.

(d) Insurance or fidelity bonds.

- (e) Expansion or contraction of project or addition, annexation or withdrawal of property to or from project
- (f) Decision by Association of Owners to establish self-management when professional management had been required previously by an eligible mortgage holder.
- (g) Restoration or repair of project (after hazard damage or partial condemnation) in a manner other than that specified in the documents.
- (h) Responsibility for maintenance and repairs.
- (i) Boundaries of any unit.
- (j) Reallocation of interests in general or limited common elements or rights to their use.
- (k) Convertibility of units into common elements or vice versa.
- (l) Imposition for any restrictions on & unit owners' right to sell or transfer his unit.
- (m) Any action to terminate the legal status of the project after substantial destruction or condemnation occurs.
- (n) Any provisions for express benefit of mortgage holders, insurers or guarantors.

This Code of Regulations is hereby declared as the Amended and Restated Code of Regulations to govern THE SUMMERLYN CONDOMINIUMS.

In Witness whereof, the undersigned has placed its hand and seal hereunto as of this ___ day of _____, 2008.

SUMMERLYN CONDOMINIUM
ASSOCIATION, INC., a corporation
of the State of Delaware

By: _____(SEAL)
President

Attest: _____
Secretary

STATE OF)
 : ss.
COUNTY OF)

BE IT REMEMBERED, That on this _____ day of _____, A.D. 2008, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, David Pass, President of Summerlyn Condominium Association, Inc., party to this Indenture, known to me personally to be such, and she acknowledged this Indenture to be her act and deed.

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

Notary Public