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CODE OF REGULATIONS OF  
THE DEVON

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Article 1: Plan of Unit Ownership:

A. - Unit Ownership. The property located in the City of Wilmington, County of New Castle, and State of 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, §§2201 et seq.], by the Declaration recorded in the Office of the Recorder of Deeds in New Castle County, Delaware simultaneously herewith, in Deed Record \_\_\_\_\_, Volume \_\_\_\_\_, Page \_\_\_\_\_, and shall hereinafter be known as "The Devon" (hereinafter called the "Condominium") and as shown on the Declaration Plan recorded in the Office of the Recorder of Deeds in New Castle County, Delaware at Microfilm number \_\_\_\_\_.

B. 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 any 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. The acceptance of a deed or transfer document or the entering into of a lease or the act of occupancy of a Unit shall conclusively establish the acceptance and ratification of 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, leasing or occupying a Unit and shall constitute and evidence an agreement by such person to comply with the same.

C. Definitions. The following words and terms shall herein have the meanings respectively ascribed thereto in the Declaration: Building, Code of Regulations, Common Elements, Common Expenses, Common Surplus, Condominium Documents, Council, Declaration Plan, Land, Majority of Unit Owners, Property, Proportionate Interest, Rules and Regulations, Unit, Unit Owner and Unit Property Act.

D. 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.

Article 2: Association of Owners:

A. Composition. All of the Unit Owners, acting as a group in accordance with the Unit Property Act, the Declaration and this Code of Regulations, shall constitute the "Association of Owners," who shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Condominium, and performing all of the other acts that may be required to be performed by the Association of Owners, in accordance with the Unit Property Act and the Declaration. Except as to those matters which the Unit Property Act specifically requires to be performed by the vote of the Unit Owners, the administration of the foregoing responsibilities shall be performed by the Council as more particularly set forth in Article 3.

B. Annual Meetings.

(1) Promptly after the earlier of (a) December 31, 1985 or (b) until the Declarant shall have sold 90% or more of the total number of Units, the Declarant

shall notify the owners of such Units, and the first annual meeting of the Association of Owners shall be held within thirty (30) days thereafter on a call issued by the President.

(2) At such meeting the persons designated by the Declarant shall resign as members of the Council, and all of the Unit Owners, including the Declarant if the Declarant owns any Unit or Units, shall elect a new Council which shall consist of five (5) members.

(3) Thereafter, the annual meeting of the Association of Owners shall be held on the third Monday in January of each succeeding year.

(4) At such annual meeting the Council shall be elected by ballot of the Unit Owners in accordance with the requirements of Section D and E of Article 3 of this Code of Regulations, provided, however, so long as the Declarant shall own at least ten (10) Units, the Declarant shall be entitled to elect three (3) members of the Council, who shall serve for the shortest terms.

(5) The Association of Owners may transact such other business at such meetings as may properly come before them.

C. Place of Meetings. Meetings of the Association of Owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Council.

D. Special Meetings.

(1) 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 signed and presented to the Secretary by Unit Owners owning

not less than 25% of the Proportionate Interest of all Owners; provided, however, that no special meeting shall be called prior to the first annual meeting of the Association of Owners except by resolution of the Council.

(2) The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

(3) No business shall be transacted at a special meeting except as stated in the notice. Within thirty (30) days after the earlier of (a) December 31, 1985 or (b) until the Declarants shall have sold 90% or more of the total number of Units. A special meeting of the Association of Owners shall be held at which meeting all of the members of the Council elected by the Declarant shall resign, and the Owners, including the Declarant if the Declarant owns any Unit or Units, shall thereupon elect successor members of the Council to act in the place and stead of those resigning.

E. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Owners, at least ten (10) but not more than twenty (20) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at such address as each 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.

F. Adjournment of Meetings. If any meetings of the Association of Owners cannot be held because a quorum is not present, Owners owning a majority of the Proportionate Interest 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.

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

- (1) Roll Call
- (2) Proof of notice of meeting.
- (3) Reading of minutes of preceding meeting.
- (4) Reports of officers.
- (5) Report of the Council.
- (6) Reports of committees.
- (7) Election of members of the Council (when so required).
- (8) Unfinished business.
- (9) New Business.

H. 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 or partnership, or in the name of a fiduciary.

I. Quorum. Except as otherwise provided in this Code of Regulations, the presence in person or by proxy of a majority of the Owners shall constitute a quorum at all meetings of the Association of Owners.

J. Conduct of Meeting. The President shall preside over all meetings of the Association of Owners and the Secretary 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.

Article 3: Council:

A. Number and Qualification.

- (1) The affairs of the Condominium shall be governed by the Council.



(2) Until the Declarant shall have sold 90% or more of the total number of Units, and thereafter until successors shall have been elected by the Unit Owners, the Council shall consist of three (3) persons who shall be principals of the Declarants, or such other persons, as shall have been designated by the Declarant, provided, however, that this provision shall terminate no later than December 31, 1985.

(3) Thereafter, the Council shall be composed of five (5) persons, all of whom shall be Unit Owners or residents of the State of Delaware; provided, however, that anything in this Code of Regulations to the contrary notwithstanding, so long as the Declarant owns at least ten (10) Units, three (3) members of the Council shall be selected and designated by the Declarants.

(4) The Declarants shall have the right in their sole discretion to replace such Council members as may be so selected and designated by it, and to select and designate their successors.

B. Powers and Duties. 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 directed to be exercised and done by the Association of Owners by the Unit Property Act or by this Code of Regulations. 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. The Council may 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:

(1) Preparation of an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses.

(2) Making assessments against Owners to defray the costs and expenses of the Condominium, establishing the means and methods of collecting such assessments from the Owners, and establishing the period for the time installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Council, the annual assessment against each Owner for his Proportionate Interest shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.

(3) Providing for the operation, care, upkeep, and maintenance of all of the Common Elements and services of the Condominium.

(4) 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 Owners.

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

(6) Bringing, prosecuting, defending and settling litigation on behalf of itself, the Property and the Unit Owners, and to pay any adverse judgment entered therein.

(7) Enter into and to performing under contracts, deeds, leases and other written instruments or documents in the name of the Council and to authorize the execution and delivery thereof by the officer or assistant officer.

(8) Making and amending Rules and Regulations respecting the use of the Property.

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

(10) 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.

(11) Entering into or ratifying management contracts for the operation, maintenance or management of the Property.

(12) 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.

(13) Obtaining and carrying insurance against casualties and liabilities, as provided in Article 6 of this Code of Regulations, and paying the premium cost thereof.

(14) Paying the cost of all services rendered to the Condominium and not billed to Owners of individual Units.

(15) The power to purchase, hold, sell, convey, mortgage or lease any one or more Units in the name of the Council.

(16) Keeping books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners, and first mortgagees of Units, or 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 and such Mortgagees. 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.

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

(18) 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.

C. Managing Agent. The Council may 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 Section B of this Article 3. The Council may delegate to the Managing Agent all of the powers granted to the Council by this Code of

Regulations; provided that any actions by the Managing Agent with respect to the powers set forth in paragraphs (2) and (8) of said Section B shall require the written consent thereto of the Council in order to be binding upon Unit Owners; and provided, further, that any action by the Managing Agent with respect to the powers set forth in paragraphs (9) and (12) of said Section B shall require the prior written consent thereto of the Council.

D. Election Procedure. A member shall be elected to Council by a majority vote of a duly constituted annual meeting or special meeting of the Association of Owners called for that purpose. If no candidate for a given seat on the Council obtains a majority vote on the first ballot, then the candidate receiving the smallest vote shall be eliminated and another ballot taken, which procedure shall be repeated as often as necessary in order to maintain a majority vote for such seat. All voting for Council members shall be by written and secret ballot supervised by three inspectors of election appointed by the President from among the qualified voters present at such meeting.

E. Term Of Office. At the first annual meeting of the Association of Owners, the term of office of two (2) members of the Council shall be fixed at 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 of one (1) member of the Council shall be fixed at one (1) year. At the expiration of the initial term of office of each respective member of the Council, his successor shall be elected to serve for a term of three (3) years. The members of the Council shall hold office until their respective successors shall have been elected by the Association of Owners.

F. 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 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 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. Notwithstanding anything in this Section to the contrary, so long as the Declarant owns a total of ten (10) Units, no person selected and designated by the Declarant as a member of the Council may be removed without the written consent of the Declarant and in such event the Declarant shall select and designate his successor.

G. 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 meeting of the Association of Owners; 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.

H. 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 at 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.

I. 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 two such meetings shall be held during each fiscal year. Notice of regular meetings of the Council shall be given to each member, by mail or telegraph, at least three (3) business days prior to the day named for such meeting.

J. Special Meetings. Special meetings of the Council may be called by the President on three (3) business days' notice to each member, given by mail or telegraph, 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 in like manner and on like notice on the written request of at least two (2) members.

K. Waiver of Notice. Any member may, at any time, in writing, waive notice of any meeting of the Council, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Council shall constitute a waiver of notice by him of the time and place of such meeting. If all members are present at any meeting of the Council, no notice shall be required and any business may be transacted at such meeting.

L. 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.

M. Fidelity Bonds. The Council may require 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.

N. Director and Officer Liability Insurance. The Council may obtain Director and Officer Liability Insurance for all council members and officers of the Condominium. The premiums on such insurance shall constitute a Common Expense.

O. Compensation. No member of the Council shall receive any compensation from the Condominium for acting as such.

P. Conduct of Meetings. The President shall preside over all meetings of the Council and the Secretary 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. Robert's 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.

Q. Action By Written Consent. So long as the Council is composed entirely of designees of the Declarant, the members of the Council may act by unanimous consent in lieu of a meeting. Thereafter, unless authorized by a vote of the Unit Owners, the Council shall act only at duly constituted meetings thereof.

R. 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 members from and against all contractual liability to others arising out of contracts made by the Council on behalf of the Unit Owners unless any such contract 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 members of the Council shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the 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 Proportionate Interest bears to the Proportionate Interests of all of the Unit Owners. Every agreement made by the Council or by the Managing Agent on behalf of the Unit Owners shall, 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 Proportionate Interest bears to the Proportionate 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 believed to be in or not opposed to the best interest of the Unit Owners.

S. Council Committees. The Council may, from time to time, establish such one or more ad hoc committees as it may deem necessary or appropriate for the administration of the affairs of the Council or of the Condominium. Each such committee shall have the discretionary, decision making or advisory powers with which the Council may vest it, provided, however, that the Council shall retain full responsibility for all acts undertaken by any committee within the authority granted to it. The members of any such committee shall be appointed from the members of Council or from those persons entitled to vote at any meeting of Unit Owners, or any combination thereof.

Article 4: Officers:

A. Designation. The principal officers of the Condominium shall be the President, the Vice President, the Secretary, and the 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.

B. 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.

C. 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.

D. Vacancies. Any vacancy in any office by reason of death, resignation, removal or otherwise, shall be promptly filled by a majority vote of the Council, and the successor officer shall serve the balance of the term so filled.

E. 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 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.

F. 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.

G. Secretary. The Secretary 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.

H. Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial

records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; he shall be responsible for the deposit of all monies and other valuable effects in the name of the Council, or the Managing Agent, in such depositories as may from time to time be designated by the Council, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the General Corporation Law of the State of Delaware.

I. Agreements, Contracts, Deeds, Checks, etc.

All agreements, contracts, deeds, leases, checks and other instruments of the Condominium for expenditures or obligations of \$1000 or more, with the exception of individual payroll checks, shall be executed by any two officers of the Condominium or by such other person or persons as may be designated by the Council. All such instruments for expenditures or obligations of less than \$1000, as well as all payroll checks, regardless of their amount, may be executed by any one officer of the Condominium or by such other person as may be designated by the Council.

J. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

Article 5: Operation of the Property:

A. Determination of Common Expenses and Assessments Against Owners.

(1) 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 the last day of December of the same calendar year.

(2) Preparation and Approval of Budget.

Each year on or before December 1st, 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, and 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, 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 Property and the rendering to the 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 to each Unit Owner, on or before December 1st preceding the 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.

(3) Regular Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the Property set forth in the budget for the fiscal year adopted by the Council shall be assessed against each Unit Owner in proportion to his respective Proportionate Interest, 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. If the Council deems it advisable, the assessment made against each Unit Owner for each fiscal year shall set forth separately such Unit Owner's share of

the amount of the total assessment allocated to normal and recurring expenses of administration, management, operation and repair, and the amount of the total assessment allocated to each category of reserves included in the budget. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Council or the Managing Agent (as determined by the Council), one-twelfth (1/12th) of the assessment for such fiscal year made pursuant to the foregoing provisions; provided, however, if the Council so determines, 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 (1/4th) on the first day of the fourth, seventh and tenth months of such 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 either be credited according to the Proportionate Interest of each Unit to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted, or refunded to each Unit Owner, as the Council determines. Any net shortage shall, if the Council deems it advisable, be added according to each Unit Owner's Proportionate Interest to the installments due in the succeeding six (6) months after the rendering of the accounting.

(4) Parking Assessment. The Council shall estimate, prior to the expiration of each fiscal year of the Condominium, that portion of the net charges for Common Expenses which are directly attributable to the operation and maintenance of the underground parking garage portion of the Property. This portion of the net charges shall be allocated equally for each parking space in the aforesaid parking garage portion of the Property to produce the individual parking space charge (the "Parking Space Charge"). Each Unit Owner whose Unit has appurtenant to it the exclusive right to use a parking space located in the underground parking garage portion of the Property shall pay, in addition to the Regular Assessment provided for in Section A(3) above, the Parking Space Charge, either (a) in equal monthly installments, such installment payments to be made to the Council on or before the first day of each month, or (b) by such other method of payment as the Council may determine from time to time.

(5) Special Assessment. In the event the Council purchases a Unit for the use and occupancy of the resident manager for the Condominium, the cost of such Unit shall be treated as a Common Expense. That portion of the Common Expenses which are directly attributable to the purchase of the Unit to be used and occupied by the resident manager shall be allocated amongst each Unit Owner according to his Proportionate Interest and collected through a Special Assessment which shall be collectable (a) upon the purchase of the Owner's Unit, or (b) in twelve equal monthly payments, commencing on the first day of the month following the date of the purchase of the Unit, and continuing on the like day of the next succeeding 11 months, whichever the Council, in its sole discretion, decides.

(6) Reserves. The Council shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Council deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except where an emergency requires an expenditure to prevent or minimize loss from further damage to, or deterioration of, the Common Elements, reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Association of Owners. 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 Proportionate 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 such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly (or quarterly, if payments are required by the Council to be made quarterly) 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 assessment.



(7) Initial Assessment. An initial payment, in addition to all other assessments, of One Hundred Dollars (\$100) is hereby levied to provide the initial reserve account of the Condominium and is payable by each Unit Owner upon the purchase of his Unit. In addition, an amount equal to two months Regular Assessment, based upon Declarant's good faith estimates of the same, shall be payable by each Unit Owner upon the purchase of his Unit. This sum shall be placed in an account and used to provide the initial working capital of the Condominium. The payments required under this paragraph (7) shall be in addition to all other monthly Regular, Parking and Special Assessment payments called for under this Code of Regulations. When the first Council appointed by the Declarant under this Code of Regulations takes office, it may determine the budget, as defined in this Section, for the period commencing upon the last day of December of the fiscal year in which such first sale occurs. Assessments may, in the discretion of the Council, be levied against the Unit Owners during said period as provided in paragraph (3) of this Section.

(8) 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 allowable share of the Common Expenses 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 rate established for the previous fiscal period until the monthly (or quarterly) payment which is due more than ten (10) days after such new annual or adjusted budget shall have been mailed or delivered.

(9) Accounts. Except as otherwise provided, all sums collected by the Council 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 his Proportionate Interest.

B. 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 A of this Article 5. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him of such Unit.

C. Collection of Assessments. The Council shall take prompt action to collect any assessments for Common Expenses due from Unit any Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof.

D. 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 Owner.

E. Additions, Alterations or Improvements by Owners. No Unit Owner shall make any structural addition, structural alteration or structural improvement in or to his Unit without the prior written consent thereto of the Council. Any application to any governmental authority for a permit to make any 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 materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to

person or damage to property arising therefrom. The provisions of this Section E shall not apply to Units owned by the Declarant until such Units shall have been initially sold by the Declarant and paid for.

F. Restrictions on Use of Units. Each Unit and the Common Elements shall be occupied and used in accordance with the provisions of the Declaration.

G. 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 Unit Owner prior to the time when the same shall become effective.

Article 6: Insurance:

A. Authority to Purchase. Except as otherwise provided in Section (c) of this Article 6, 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 to the extent available, at least the following:

(1) Casualty or physical damage insurance in an amount equal to the full replacement value (i.e., 100% of "replacement cost" less any deductible amount not to exceed One Thousand Dollars (\$1,000) per loss per occurrence, if said deductible amount is not objected to by any mortgagee) of the Condominium with an "agreed amount" endorsement and a "Condominium replacement cost" endorsement, without deduction or allowance for depreciation (said amount to be re-determined annually by the Council with the assistance of

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

(a) Loss or damage by fire or other hazards covered by the standard extended coverage endorsement.

(b) 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.

(2) Public Liability Insurance in such amounts and in such form as may be considered appropriate by the Council (but not less than \$1,000,000 covering all claims for bodily injury or property damage arising out of one occurrence), 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 or any portion thereof; and

(3) 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.

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

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

(2) Exclusive authority to negotiate losses under said policies shall be vested in the Council or its

authorized representative, including any trustee with which the Council or Association of Owners may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be hereinelsewhere referred to as the "Insurance Trustee".

(3) 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.

(4) All policies shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to any and all insureds named thereon, including any and all mortgagees of the Units. Duplicate 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 Units at the times such policies are issued and at least thirty (30) days prior to the expiration of the then current policies.

(5) The net proceeds of such policies, if less than Twenty Five Thousand Dollars (\$25,000), shall be payable to the Council, and if more than Twenty Five Thousand Dollars (\$25,000) shall be payable to the Insurance Trustee designated in Section (D) of this Article.

(6) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Council, a Unit Owner and/or their respective agents, employees or invitees, and of any defenses based upon coinsurance or invalidity arising from the acts of the insured.

Said policies cannot be cancelled, invalidated or suspended on account of any conduct of the Council and/or their agents, employees or invitees.

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

C. 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 waivers of subrogation. Any Unit Owner who obtains individual insurance policies covering any portion of the Property, other than personal property belonging to such 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.

D. Insurance Trustee.

(1) The Council shall have the right to designate any bank, trust company, savings and loan association, building loan association, insurance company, or any institutional lender as the Insurance Trustee, and all parties bene-

ficially interested in such insurance coverage shall be bound thereby. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of this Code of Regulations.

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

E. 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 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.

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

G. Reconstruction Funds.

(1) Reconstruction 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 reconstruction 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 ac-

count of a casualty is Twenty Five Thousand Dollars (\$25,000) or more, 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 reconstruction fund shall be disbursed by the Insurance Trustee; otherwise the reconstruction fund shall be held and disbursed by the Council.

(2) Method of Disbursement. The reconstruction 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 Building as are designated by the Council.

(3) 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 reconstruction 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 owner which is not in excess of assessments paid by the Unit Owner into the reconstruction fund shall not be made payable to any mortgagee.

(4) Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing the Common Elements and the balance to the cost of repairing the Units in the shares set forth above.

(5) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the Presi-



dent or Vice President, and the Secretary of the Condominium certifying (a) whether the damaged Property is required to be reconstructed and repaired; (b) the name of the payee and the amount to be paid with respect to disbursements from any reconstruction fund held by it or whether surplus funds to be distributed are less than the assessments paid by the Unit Owners; and (c) all other matters concerning the holding and disbursing of any reconstruction fund held by it. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

Article 7: Sales, Leases, and Alienation of Units:

A. 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. No part of this 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 (including subdivision) of the Unit to which such interests are appurtenant, or as part of a sale, lease, transfer, gift, devise or other disposition (including subdivision) of such part of the interests in the Common Elements of all Units.

B. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, hypothecate, sell, lease, give, or devise his Unit or the exclusive right to use a parking space in the underground parking garage portion of the Property 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, and, if applicable, the Parking Space Charge, prior to the date of conveyance, except as provided by Article 5, Section B.

Article 8: Mortgages:

A. 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.

B. 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 Owner of the mortgaged Unit.

C. Notice of Default. The Council, when giving notice to a Unit Owner of a default in paying any assessment for Common Expenses or any other default, shall send a copy of such notice to each holder of a mortgage covering such Unit Owner's Unit whose name and address has theretofore been furnished to the Council.

Article 9: Compliance and Default:

A. Relief. Each Unit Owner 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 Owners, acting through its Council or through the Managing Agent, to the following relief:

(1) 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 ac-

tion 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 this 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 Owners, the Council, the Managing Agent, or, if appropriate, by any aggrieved Owner.

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

(3) No Waiver of Rights. The failure of the Association of Owners, the Council, or of 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 Owners, the Council or the Unit Owner to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Association of Owners, the Council, or any Unit Owner pursuant to any term, provision, 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.

(4) 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, such Unit Owner shall be obligated to pay interest on amounts due at the highest rate permitted by law from the due date thereof; unless such interest is waived by the Council.

(5) 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: (a) 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 (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

B. Lien for Contributions.

(1) The total annual contribution of each Unit Owner for the Common Expenses pursuant to Article 5, Section A 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 further document as may be required by the then laws of the State of Delaware to confirm the establishment of such lien.

(2) In any case where an assessment against a Unit Owner is payable in installments, upon a default by

such Unit Owner in the payment of any single installment, which continues for thirty (30) days after written notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Council, and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Owner by the Council or the Managing Agent.

(3) 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 Owners. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental for 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.

(4) 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.

(5) The lien for contributions shall be subordinate to liens of any first mortgagee.

Article 10: Miscellaneous:

A. 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 post-

age prepaid, (1) if to a Unit Owner, at the address which the Owner shall designate in writing and file with the Secretary, or if not 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.

B. 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 this Code of Regulations, or the intent of any provision thereof.

C. Gender. The use of the masculine gender in this Code of Regulations shall be deemed to include the feminine or neuter genders, whenever the context so requires. The use of the singular number shall include the plural, and the plural number shall include the singular whenever the context so requires.

D. Effective Date. This Code becomes effective when it and the Declaration and the Declaration Plan have been duly entered or recorded in the Office of the Recorder of Deeds in and for New Castle County, Delaware.

E. Interpretation. The provisions of this Code shall be liberally construed in order to effectuate a uniform plan for development and operation of a condominium project as expressed in the Declaration.

This Code of Regulations shall, to all reasonable extent be deemed to be consistent with and supplementary to the provisions of the Act. Any conflict between the Declaration and this Code of Regulations shall, if not otherwise resolvable, be resolved in favor of the Declaration. The unconstitutionality, illegality, invalidity or nonconformance with the Act of any provisions of this Code shall not

affect the remaining portions thereof which shall thereupon be deemed of continuing validity, force and effect. Any provisions of this Code of Regulations which may not be directly or indirectly provided for or permitted by the Act, but which is not specifically prohibited by the Act, or by any other statute or rule of law, shall, if not enforceable under the Act, be deemed to be a contractual undertaking and obligation, voluntarily assumed, by each and every Unit Owner, as the entirety of Unit Owners may be constituted from time to time, and such contractual undertaking and obligation shall be in consideration of the said assumption by each and every other Unit Owner, and same may be enforced in the same manner as any other contractual undertaking and obligation. No provision in this Code shall be deemed invalid, waived, abrogated or no longer enforceable by reason of the passage of time or of any failure to enforce same, irrespective of the length of time passed or the number of failures of enforcement of one or more such provisions.

Article 11: Amendments to Code of Regulations:

A. Amendments. Except as otherwise provided in this Section, this Code of Regulations 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 (a) Section B of Article 2, insofar as it provides that the Declarant, so long as it is the Owner of ten (10) or more Units, shall be entitled to select a specified number of the

members of the Council and (b) this Section A of Article 11 may not be amended without the consent in writing of the Declarant, so long as the Declarant shall be the Owner of ten (10) or more Units.

B. Recording. A modification or amendment of this Code of Regulations shall become effective only if such modification is recorded in the Land Records of New Castle County, Delaware.

C. 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 Owners shall be bound to abide by such modification or amendment.

D. 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 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 mortgagee or mortgagees holding mortgages on more than fifty percent (50%) of the Units encumbered by mortgages.

E. Non-Interference with Declarant. So long as the Declarant owns one or more Units subject to the Declaration, no Amendment or Rule and Regulation shall be adopted



that could interfere (1) with the sale, lease or other disposition of such Unit(s) or (2) with the right of the Declarant to vote the votes appurtenant thereto.

Established and adopted by the undersigned, being the first members of the Council the day and year first above written.

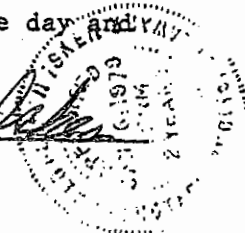
<u>Donald Nelson Nelson</u>	<u>Alfred Badarak</u>
<u>Donald Nelson Nelson</u>	<u>J. Milgrim</u>
<u>Donald Nelson Nelson</u>	<u>Alice F. Currier</u>

STATE OF DELAWARE }  
NEW CASTLE COUNTY } SS

BE IT REMEMBERED, That on this 14th day of February, 1980, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, ALFRED BADERAK, JEROME MILGRIM and ALICE F. CURRIER, parties to this Indenture, known to me personally to be such and they acknowledged this to be their act and deed.

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

Donald Nelson Nelson  
Notary Public



REC'D BY MURRAY, JR. RECORDER