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Parcel I.D. Number:
2-35 14.00 131

PRESERVE ON THE BROADKILL HOMEOWNERS ASSOCIATION, INC.

AMENDED AND RESTATED DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
APPLICABLE ONLY TO PHASE I

THIS SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration"), made on this ____ day of _____, 20____, by PRESERVE ON THE BROADKILL HOME OWNERS ASSOCIATION, INC. (the "HOA"), serves to herein consolidate the original Covenant, recorded May 15, 2003, and its five (5) supplements.

WITNESSETH:

WHEREAS, the HOA and members are the owner of a certain parcel of land in the Town of Milton, Delaware consisting of approximately 16.9561 acres and called "PRESERVE ON THE BROADKILL, PHASE I" and,

WHEREAS, the aforesaid original Declaration was recorded May 15, 2003; and

WHEREAS, the Supplemental Declaration of Covenants, Conditions and Restrictions No. 1 was executed on September 24, 2004 and recorded in the Office of the Recorder of Deeds in Deed Book 3044, page 312 making certain changes to Section 3.02, as provided therein and subjecting Phase II of Preserve on the Broadkill to all the terms and conditions of the Declaration of Covenants, Conditions and Restrictions; and

WHEREAS, on May 26, 2005, Preserve on the Broadkill Phase II was sold to Chestnut Properties III, LLC, effectively separating Phase II from the HOA. The HOA has continued to operate as the association governing Phase I only; and

WHEREAS, the Supplemental Declaration of Covenants, Conditions and Restrictions No. 2 was executed on May 26, 2005 and recorded in the Office of the Recorder of Deeds in Deed Book 3149, page 282, making certain changes in Section 1.05 and Section 13.03, as provided therein;

WHEREAS, the Supplemental Declaration of Covenants, Conditions and Restrictions No. 3 was executed on December 15, 2005 and recorded in the Office of the Recorder of Deeds in Deed Book 3267, page 94, making certain changes in Sections 3.01 and 3.02, and Section 13.03, as provided therein; and

WHEREAS, the Supplemental Declaration of Covenants, Conditions and Restrictions No. 4, applicable only to Phase I, was executed on December 18, 2013, and recorded in the Office of the Recorder of Deeds in Deed Book 4208, page 315, making certain changes in Sections 3.00, 3.01 and 3.03, as provided therein; and

WHEREAS, the Supplemental Declaration of Covenants, Conditions and Restrictions No. 5, applicable only to Phase I, was executed on December 18, 2013, and recorded in the Office of the Recorder of Deeds in Deed Book 4208, page 315, making certain changes in Sections 3.00, 3.01 and 3.03, as provided therein; and

WHEREAS, Section 13.03 allows the Declaration to be amended by the consent of not less than sixty-six and two-thirds percent (66 2/3%) of all Lot Owners, voting at a duly noticed and convened meeting of the Association; and

WHEREAS, this Amended and Restated Declaration of Covenants, Conditions and Restrictions is applicable only to Phase I of Preserve on the Broadkill; and

WHEREAS, the HOA and members desire to maintain Preserve on the Broadkill as a neighborhood within the historic Town of Milton, Delaware, providing standards both to preserve and enhance the authentic and diverse attributes of the community and adapt them to new understandings, as well as to protect the natural beauties of the Property, including its heritage trees, waterfront wetland and topography; and

WHEREAS, the HOA and members has determined and agrees to subject the Property to covenants in this Declaration to accomplish their goal of having a coordinated, cohesive development.

NOW, THEREFORE, the HOA and members declare that the Property shall be held, sold, and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the Property, and be binding on all parties having any right, title or interest in the Property, and any additions to it made in conformance with the provisions of this Declaration, or any part of it, their heirs, successors, and assigns, and shall inure to the benefit of each Owner of the Property or any part of it.

ARTICLE I DEFINITIONS

Section 1.01. “Association” or “Homeowners Association” shall mean and refer to the PRESERVE ON THE BROADKILL HOMEOWNERS ASSOCIATION, PHASE I, its

successors and assigns. “Board” or “Board of Directors” shall mean and refer to the Board of Directors of the Association.

Section 1.02. “Common Area” or “Common Areas” shall mean all real property owned or leased by the Association or otherwise available for the common use and enjoyment of the Owners (including any improvements thereto). The Common Area may include facilities for the benefit of Members, such as, but not limited to, recreational facilities, wetlands and storm water management facilities.

Section 1.03. “Common Expenses” shall mean and refer to the actual and estimated expenses of operating the Association, including a reasonable reserve, all as may be found to be necessary or appropriate by the Board pursuant to this Declaration, the Bylaws and the Articles of Incorporation of the Association.

Section 1.04. “Community-Wide Standard” shall mean the standard of conduct, maintenance or other activity generally prevailing in the Preserve on The Broadkill, Phase I, hereafter known as the “The Community”. Such standard may be more specifically determined and set forth by the Covenant Committee.

Section 1.05. “Covenant Committee” shall be composed of three (3) or more members of the Board of Directors.

Section 1.06. “Declarant” as used in this document shall mean the board of directors.

Section 1.07. “Lot” shall mean and refer to any parcel or subdivided area of land shown upon any recorded subdivision plat of the Property (hereinafter defined) upon which it is intended that a dwelling be constructed.

Section 1.08. “Member” shall mean and refer to every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who owns any lot in the community.

Section 1.09 “Mortgagee” shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. “Mortgage”, as used herein, shall include deed of trust. “First Mortgage”, as used herein, shall mean a mortgage with priority over other mortgages. As used in this Declaration, the term “mortgagee” shall mean any mortgagee and shall not be limited to institutional mortgages. As used in this Declaration, the term “institutional mortgagee” or “institutional holder” shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trust, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association (“FNMA”), Federal Home Loan Mortgage Corporation (“FHLMC”), all corporations and any agency or department of the United States Government or of any state or municipal government, or any other organization or entity which has a security interest in any Lot. “Eligible Mortgage Holder” shall mean a holder of a first mortgage on a Lot who has

requested notice from the Association of amendments to the Association documents or other significant matters which would affect the interests of the mortgagee.

In the event any mortgage is insured by the Federal Housing Administration (“FHA”) or guaranteed by the Veterans Administration (“VA”), then as to such mortgage the expressions “mortgagee” and “institutional mortgagee” include the FHA or the VA as the circumstances may require, acting, respectively, through the Federal Housing Commission and the Commissioner of Veterans’ Benefits or through other duly authorized agents.

Section 1.10. “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Community, but excluding those having a legal interest merely as security for the performance of an obligation.

Section 1.11. “Property” shall mean and refer to “Property Phase I” as set forth in Article II of this Declaration.

ARTICLE II PROPERTY SUBJECT TO DECLARATION

Section 2.01. Property Subject to Declaration. “Property Phase I”, as shown on the site plan recorded March 19, 2003, in the office of the Recorder of Deeds in Plot Book 79, Page 9, Sussex County, Delaware, is the real property which is, and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to this Declaration.

ARTICLE III COMMUNITY, ARCHITECTURAL AND CONSTRUCTION STANDARDS

Section 3.01 Community Objective. Phase I of Preserve on the Broadkill subdivision is a neighborhood within walking distance of the center of the historic town of Milton, Delaware. Its houses are to be designed to have their own special character based upon its siting on a particular lot, floor plans to suit the owner, elevations that are balanced and details reflecting lasting quality--not simply as imitations of historic style--but maintaining principles of good design. Its site plan emphasizes neighborhood interaction by minimizing the prominence of vehicles, with appropriate proportioned pedestrian friendly streets and placing garages away from the street front.

The following architectural and structural standards are designed to achieve these objectives. They shall apply to all lots, improvements and dwellings in Preserve on the Broadkill, Phase I. Variations are not precluded, but are subject to review and approval by the Covenant Committee.

Section 3.02 Architectural Review and Approval. Prior to construction of any

structure on a lot, or an alteration of an existing structure in Phase I, plans and specifications must be submitted for written approval by the Covenant Committee. The Covenant Committee has the sole discretion to engage the services of an outside person, firm or entity, possessing the required degree of expertise to conduct an outside review of the plans and specifications and provide recommendations to the Covenant Committee as to whether the plans and specifications comply with the Phase I restrictions and building construction standards. If the committee fails to approve or disapprove such plans and specifications within 90 days, this article shall be deemed to have been fully complied with. If denied, a new plan must be submitted for review and either approved or denied. In this case an additional 90 days will be required for each new plan submitted. It would be wise, and in the best interest of time, to preliminarily meet with the Covenant Committee prior to the design and submission of any plan.

a) Construction Deposits. At the time of submitting plans and specifications for the construction of a house or other improvement requiring a building permit, on any lot in Phase I, the lot owner shall deposit with the Association the sum of \$3,500.00; (except for Lots 20A-23B that sum shall be for two lots to be allocated as the owners decide). The sum of \$3,500 shall be allocated as follows: \$500.00 shall be applied to defray the cost of any architectural review done by an outside person, firm or entity engaged by the Covenant Committee or the Association to review the plans and specifications submitted by the lot owner and to evaluate whether the proposed improvements comply with the Declaration and its supplements; and, \$3,000.00 shall be a deposit to ensure the completed structure complies with these covenants. Any shortage in one category may be met by any overage in another category. If the total deposit is inadequate, the lot owner shall be responsible for the shortfall and pay the difference upon demand by the Association. Any undistributed excess remaining after one year following the issuance of a permanent certificate of occupancy shall be refunded to the owner. Where the plans provide for improvements after the completion of the house, the Association may, at its discretion, require less than a \$3,500.00 deposit.

b) Permits and Approvals. All lot owners in Phase I are responsible for obtaining all applicable approvals and permits from appropriate public agencies. Upon completion of construction the owner may request in writing issuance of a certificate of compliance by the Covenant Committee. An owner who is aggrieved by any action of the Covenant Committee may appeal decisions to the Board which, after a hearing, may reverse any decision of the Committee by a two-thirds vote of all of the current Board Members.

Section 3.03 Architectural and Construction Standards. The following standards shall apply to all construction on lots in Preserve on the Broadkill, Phase I. 3

a) **Site Design**. Houses and carriage homes should be designed to fit the topography of their lots and be in keeping with the original architectural theme and appearance of the community. Designs that call for large amounts of grading to fit the house, whether flat or sloping, should be avoided and may be disapproved by the Covenant Committee. In addition, if new carriage homes are built in the community, they

must be consistent in design and architecture to the existing carriage homes located on Lots 20a and 20b and Lots 23a and 23b.

(1) The Covenant Committee will require a final grading plan including plan view and all four elevations to be submitted for approval along with the building plans and landscaping plan. The Covenant Committee requires that the final grading plan will be compliant with the Building Code currently in use by the Town of Milton, Delaware and, in addition, will not require excess amounts of fill dirt and grading above and beyond what the Building Code requires to accommodate a particular house design. Neither can a grading plan cause or allow excess water run off on to a neighbor's property.

(b) Building Size and Area. Houses shall be built with at least one and one half or more stories (excluding basements, exposed or unexposed) in accordance with the height limitation set by the Town of Milton, Delaware. Excluding garages, porches, patios, decks, and basements, no house shall be built having less than 2,400 square feet of heated/conditioned livable space. All roof eaves on all sides of each home must have a minimum of 8 inches of soffit covered overhang. If a home is being built on two lots it must be centered on the boundary between the lots.

a) Floor Area or Lot Coverage Ratio. Houses shall have a floor area ratio of not more than 60% of the lot size. Floor area ratio is the quotient obtained by dividing the gross area of all buildings, structures and improvements on the lot by the gross lot area. Structures and improvements include, but are not limited to, balconies, swimming pools, gazebos, decks or patios which are raised 8 inches or more above grade.

A one and a half story house shall have a minimum of 1,600 square feet of heated/conditioned living area on the first floor and a minimum of 800 square feet of heated/conditioned living space on the half story which must contain at least one bed room and one full bathroom.

A two-story home must have at least 1,200 square feet of heated/conditioned living space on the first floor and no less than 1,200 square feet of heated/conditioned space on the second floor.

d) Building Materials. The exterior walls of homes shall be covered with natural materials such as wood, brick or stone. Cement board may be used in lieu of these materials. Accent areas may be covered with Cedar Impressions, profile composite or cement board trim. All rake boards, corner trim, fascia, and window and door trim will be constructed using Azek or a comparable composite material. Vinyl may be used on soffit and porch ceilings. Vinyl lineals and exposed J channel are prohibited. In addition, all street facing porch rails and supports must be constructed using composite or pvc products with structural inserts. No hollow/vinyl covered railing products may be used. Roofs shall be covered with standing seam metal, cedar shingles or composite asphalt shingles with at least a 30-year rating. Other appropriate materials may be used with the approval of the Covenant Committee. All roofs must be gabled or shed style. When the dominant roof is a gable or

shed style, the minimum roof pitch permissible on the dominant roof is 8/12: Pitches on secondary gable or shed roofs may be less steep.

e) Building Completion. All lot improvements shall be completed by the owner within 18 months after the issuance of the building permit. At all times after the date of settlement, the owner is solely responsible for maintaining the lot in a neat and orderly condition as required by the Ordinances of the Town of Milton and the restrictive covenants.

The Association shall have the power and authority to levy and collect individual Assessments against a particular Lot for the cost of construction, maintenance, repairs or replacements within or without the Lot, which the Owner thereof has failed or refused to perform, and which failure has, in the opinion of the Association, endangered or impaired the use or value of other portions of the Property, including, without limitation, the right to abate or eliminate any nuisance or unsafe condition, including those resulting from unfinished construction. The Association shall have the right of entry onto each Lot to perform necessary construction, maintenance, repairs and replacements. The individual Assessment may include an administrative fee charged by the Association in an amount to be determined by the Board of Directors in its discretion from the time to time. All individual Assessments shall be collectible in such manner as the Board of Directors shall determine.

f) Fence, Wall and Hedge. The Covenant Committee shall approve in writing the composition, location and height of any fence, wall or hedge to be constructed on any lot. The Covenant Committee shall require the composition of any fence, wall or hedge to be consistent with the materials used in adjacent lots or other fences, if any. Chain linked fences shall not be used. The maximum fence height is 6 feet above grade except that a fence may be 7 feet in height if the top 1 foot is at least 50% open. The construction of a fence, wall or hedge is limited to the back and side yard of any home, and may not extend forward beyond the front wall of the house. Fence design or hedge or wall placement must accompany the working drawings submitted to the Covenant Committee for any proposed lot.

g) Parking Space. Each lot owner shall provide space for parking of at least 2 autos off the streets and roads of Preserve on the Broadkill (parking on the driveway in front of a garage will suffice).

h) Garages, Driveways and Parking Areas. All homes in Preserve on the Broadkill, Phase I will have at least a 2-car enclosed garage. Garages should be on the side or back of each home with doors facing away from the street when the Covenant Committee deems it possible. All driveways shall have hard dustless surfaces such as asphalt, concrete, brick or stone. All driveway locations shall be approved in advance by the Covenant Committee.

i) Signs, Lot Number and Mailboxes. The size and design of all signs, numbering for lots, mailboxes and such materials shall be approved by the Covenant Committee.

j) Landscaping. Each owner must submit to the Covenant Committee, for its prior approval, a plan for finished landscaping and grading prior to construction. On corner lots, the plan must show what will be planted on any side of the home facing any road in the community.

k) Ponds and Hot Tubs. All ponds must be constructed in-ground. Hot tubs must be constructed in the rear or side yard (not facing a street) within an enclosure of a deck and/or fence, patio enclosure or porch structure. Swimming pools and tennis courts are prohibited in Preserve on the Broadkill, Phase I.

l) Construction Workday Hours. No outside construction work may be done by hired contractors or subcontractors in Preserve on the Broadkill, Phase I on Saturdays, Sundays, or national holidays. On other days, work may begin at 7:30 AM and must end by 5:00 PM. In addition to the hours for outside construction, inside construction may be done by hired contractors or subcontractors in Preserve on the Broadkill, Phase I, on Saturdays from 8:00 AM until 4:00 PM.

m) Maintenance Workday Hours. No outside maintenance work may be done by hired contractors or subcontractors in Preserve on the Broadkill, Phase I on Sundays or national holidays. On Saturdays, maintenance work may begin at 8:00 AM and must end by 3:00 PM. On other days, outside maintenance work may begin at 7:30 AM and must end by 5:00 PM. Noisy outside equipment is forbidden during Saturday maintenance work: excludes lawn mowers and other household maintenance equipment.

ARTICLE IV PROPERTY RIGHTS

Section 4.01. Lot Owner's Easements of Enjoyment. Every Lot Owner shall have a right and easement of enjoyment in and to the Common Areas, including an easement for the use and enjoyment of walkways, if any, within the Common Areas, subject to the following provisions:

(a) The right of the Association to charge reasonable and uniform admission and other fees for the use of any recreational facility situated upon the Common Areas.

(b) The right of the Association to suspend the voting rights and rights to use of any common areas by Lot Owner for any period during which any assessment against the Lot remains unpaid; and, after notice and an opportunity for a hearing before the Board of Directors or a committee appointed by them, for an infraction of this Declaration, the Bylaws or published Rules and Regulations of the Association.

(c) The right of the Association to dedicate or transfer all or any part of the Common Areas to any federal, state, county, or municipal public agency, authority, or utility for any purposes agreed to by the Members, and subject to any conditions required by the Members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) property owners agreeing to such dedication or transfer has been recorded.

(d) The right of the Association to limit the number of guests of Owners of Lots with respect to the use of Common Areas.

(e) The right of the Association to establish uniform Rules and Regulations pertaining to the use of the Common Areas and the facilities thereon.

(f) The right of the Association, utility companies and other Owners with respect to the easements established in Section 7.05 hereof.

(g) The right of the Association, in accordance with its Articles of Incorporation and Bylaws, and with the consent of two-thirds (2/3) of then Members of the Association, voting separately, to borrow money for the purpose of maintaining or improving the Common Areas in a manner designed to promote the enjoyment and welfare of the Members and in aid of such maintenance, repairs or improvements to mortgage any of the Common Areas.

(h) The right of the Association through its Board to take any steps that are reasonably necessary to protect the property of the Association against mortgage default, foreclosures, and tax sales; provided, however, that the actions taken are in conformity with the other provisions of this Declaration.

(i) The right of the Association through its Board to grant easements, licenses or other rights of use to persons or entities who are not members of the Association in connection with the Common Areas for such consideration and on such terms conditions as the Board may from time to time consider appropriate.

Section 4.02. Limitations. Any other provision of this Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any Member of the Association to use the Common Areas for necessary, ordinary and reasonable pedestrian ingress and egress to and from his Lot or to suspend any easement over the Common Areas for storm water drainage, electrical energy, water, sanitary sewer, natural gas, cable television, telephone service, or any similar utilities and services to the Lots.

Section 4.03. Delegation of Use. Any Lot Owner may delegate, subject to the Bylaws and Rules and Regulations of the Association, his right of access to the Common Areas and facilities to the members of his family, his or her tenants and social invitees.

ARTICLE V MEMBERSHIP AND VOTING RIGHTS

Section 5.01. Membership. Every Owner of a Lot that is subject to assessment shall be a Member of the Association. Persons or entities who hold an interest merely as security for the performance of an obligation are not Members. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment.

Section 5.02. Voting Rights. Every person, corporation, partnership, trust or other legal entity, or any combination thereof, who is an Owner of any Lot which is part of the Property, or which otherwise becomes subject to the covenants set forth in this Declaration to assessments by the Association, shall be a Member of the Association. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine in writing to the Association, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event that multiple Owners of any Lot have not designated in writing to the Association which one of them shall be entitled to cast the vote for such Lot, the person who is first named on the deed into them of such Lot shall be deemed to have the right to cast such vote, unless the Association is advised otherwise in writing by all other Owners. Members entitled to vote may, by written proxy filed with the Association, designate any other to cast their vote.

ARTICLE VI BUDGETS AND ASSESSMENTS

Section 6.01. The Board of Directors shall prepare each year the following documents: (1) an Annual Budget covering estimated common expenses of the Association; (2) a Reserve Fund Budget covering the estimated costs of replaceable assets of the Association; and, (3) the assessments and any specific fees, charges, fines, costs and expenses to be levied against and applied to each Lot. Copies of these budgets and assessments shall be mailed or delivered to each Owner at least thirty (30) days before the Annual Meeting of the Association. The budgets and assessments shall become effective upon approval by a majority of the votes of the Members at such Annual Meeting. If one or more of these documents are not prepared or acted upon in any year, the existing ones shall continue in effect. In addition to the annual budgets and assessments, the Association may levy a Special Assessment if approved at a Special Meeting called for such purpose and as provided in the Bylaws of the Association.

Section 6.02. Creation of Lien and Personal Obligation of Assessments. Each Owner of a Lot by acceptance of a deed for the Lot, whether or not it is so expressed in the deed, is deemed to covenant and agree to pay to the Association the annual assessments and special assessments. Such assessments, together with any late charges, costs and reasonable attorney's fees, shall be a charge on the Lot, including all improvements on it, and shall be a continuing lien on such property. Such assessments and charges shall also be the obligation of the then Owner of the Lot, and, if delinquent, shall pass to any successor in title, unless otherwise provided herein.

Section 6.03. Due Dates of Assessments. Assessments provided for in this Declaration shall commence as to all Lots on the first day of the month following the first conveyance of a Lot and prorated in accordance with the fiscal year of the Association. The Board of Directors shall establish due dates and may provide that assessments be paid on a periodic basis.

Section 6.04. Non-Payment of Assessment; Remedies of Association. If an assessment is not paid within (30) days after the due date, it shall bear interest at the prime interest rate of a local bank. The Board of Directors may, in its discretion, establish other penalties and may determine that the assessment be recorded in the Office of Recorder of Deeds and the Owner shall be obligated to pay attorney's fees, filing fees or costs of such action.

Section 6.05. Subordination of Assessment Lien to Mortgages. The assessment lien provided for herein shall be subordinate to any first mortgage or deed of trust. No sale or transfer of a Lot, except by foreclosure of mortgage or deed of trust, shall extinguish an assessment lien.

ARTICLE VII USE RESTRICTIONS

Section 7.01. Permitted Uses. Improvements on the Lots shall be used for residential purposes only. No building shall be erected, altered, placed or permitted to remain on such Lot other than to be used as a single-family dwelling, except that a professional office may be maintained in a dwelling and an accessory unit may be attached to such dwelling provided as follows: (i) such uses are in strict conformity with any applicable zoning law, ordinance or regulation; (ii) the use is approved in writing by the Covenant Committee; (iii) such uses are limited to the person(s) actually residing in the premises; and, (iv) no employees or staff are included other than the person(s) actually residing therein. Furthermore, "professional office" shall mean rooms used for office purposes by a member of a recognized profession, such as a doctor, lawyer, dentist, architect or the like, but does not include medical or dental clinics (defined as two or more doctors or dentists or operated as a public health facility).

Section 7.02. Prohibited Uses and Nuisances. The following uses and nuisances are prohibited except as may be necessary on a temporary basis in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the Common Areas:

(a) No noxious or offensive trade or activity shall be conducted on any Lot or within any dwelling or any other part of the Property, nor shall anything be done in or on it which may be or become an annoyance or nuisance to the neighborhood or other Owners. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren bell amplifier or other sound device, except such devices with timing and loudness controls as may be used exclusively for security purposes, shall be located, installed or maintained on any dwelling or on any other improvements constructed upon any Lot.

(b) The maintenance, keeping, boarding or raising of animals, livestock or poultry of any kind, regardless of number, is hereby prohibited on any Lot or within any dwelling, or other part of the Property, except that this shall not prohibit the keeping of dogs, cats or caged birds as domestic pets provided: (i) they are not kept, bred or maintained for commercial purposes; (ii) such domestic pets are not a source of annoyance or nuisance to

the neighborhood or other Members; (iii) all pets, dogs and cats shall be kept indoors and in control by owners when outdoors; and, (iv) such pets are maintained in strict conformance with all laws and ordinances. The Board of Directors or Covenant Committee, upon resolution of the Board, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source annoyance to other Members, and such determination shall be conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated as may, from time to time, be required by law. Pets shall not be permitted upon the Common Areas unless accompanied by responsible person and unless they are carried or leashed or otherwise under the control of the pet's owner. The Board of Directors shall have the right to adopt such additional Rules and Regulations regarding pets as it may from time to time consider necessary or appropriate.

(c) No burning of any trash and no accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials waste, new or used building materials, or trash of any other kind shall be permitted on any Lot or other part of the Property.

(d) Except for parking within garages, and except as herein elsewhere provided, no junk vehicle, commercial vehicle (including vans used for commercial use), commercial truck (defined for purposes of this Declaration as any truck with an advertisement or logo affixed, as well as any tow truck or any truck with more than two axles, or any two axle truck with a gross vehicle weight of greater than 7,000 pounds and/or a cargo capacity of greater than $\frac{3}{4}$ ton), unlicensed or inoperable motor vehicle (which shall include, without limitation, any vehicle which would not pass applicable state inspection criteria), boat or other similar machinery or equipment of any kind or character (except for such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and except for such equipment and machinery as the Association may require in connection with the maintenance and operations of the Common Areas) shall be kept upon the Property nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon.

(e) Temporary parking of Recreational Vehicles (motorized or pulled) is allowed in the driveway of a property owner with prior notification to the HOA Board. The length of the time that the vehicle can be parked in the property owner's driveway is one week.

(f) Trash and garbage containers shall not be permitted to remain in public view at the front of the house, except on days of trash collection, or after 5:00 p.m. on the day prior to collection. No garbage or trash containers shall be kept on the front of any Lot except on trash collection days, and garbage and trash containers kept or maintained in the side yard of any Lot, under or upon decks, shall be screened from public view at all times. No incinerator shall be kept or maintained upon any Lot.

(g) No Lot shall be divided or subdivided and no portion of any Lot (other than the entire Lot) shall be transferred or conveyed for any purpose. The provisions of this subsection shall not be construed to prohibit the granting of any easement or right-of-way to

any municipality, political subdivision, public utility or other public body or authority, or to the Association, the Declarant or any other person for any purpose.

(h) No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight lines for vehicular traffic on public streets or on private streets and roadways. By way of example and not of limitation, no wire or other lawn edging, fencing or other treatment shall be placed or maintained on any Lot which would impede the Association's ability to perform its obligations as set forth in this Declaration, or which would be not conform to the aesthetics of the rest of the Project. For the purposes of the immediately preceding sentence, wire lawn edging shall be deemed not conforming.

(i) Appropriate flags are permissible. In the event of questions of appropriateness, the Board shall decide.

(j) No signs shall be erected, posted or displayed upon, in or about any Lot or structure without the prior written approval of the Covenant Committee, provided, however, that one sign not exceeding four (4) square feet in area and not illuminated may be attached to a dwelling where a professional office (as herein elsewhere in this Declaration defined) is maintained, and provided, further, that a temporary real estate sign for rental or sale no larger than four (4) square feet may be displayed and shall be removed promptly following the sale or rental of such dwelling. In addition, home security signs are permissible.

(k) No water pipe, sewer pipe, gas pipe, drainage pipe, television cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground and no wire, cable or other similar transmission line may be attached to the exterior of any structure on any Lot. Except during periods of actual use, no hose shall be stored or placed in the front or side yard of any dwelling unless screened from public view.

(l) No play equipment, including, without limitation, basketball backboard, basketball hoops and other equipment shall be attached in any manner to the exterior of any structure and no such equipment shall be erected without the prior written approval of the Covenant Committee or the Board of the Directors. Children's outdoor permanent playhouses and swinging or climbing apparatus or equipment shall not be permitted within the front or side yard of any Lot. Such apparatus or equipment may be installed within the rear yard of a Lot. Children's play and similar equipment shall not be allowed to remain overnight within any front yard of any Lot or within the Common Area.

(m) No structure, planting or other material shall be placed or permitted to remain upon any Lot which may damage or interfere with any easement for the installation or maintenance of utilities, or which may unreasonably change, obstruct or retard direction or flow of any drainage channels. Exceptions may be allowed with prior approval of the Board.

(n) No outside television aerial or radio antenna, or other aerial or antenna for either reception or transmission, shall be maintained upon the Property unless such aerials or antennae are erected and maintained in accordance with FCC regulations. An Owner shall

submit plans for such installation to the Covenant Committee, which shall have authority to impose reasonable restrictions on visibility and placement.

(o) Satellite dishes may be permitted on any Lot if and to the extent that satellite dishes are permitted to be located on the Property by the provisions of the local Zoning Ordinance and any other applicable federal, state, county or municipal law, ordinance or regulation. An Owner shall submit such plans to the Covenant Committee, which shall have authority to impose reasonable restrictions on visibility and placement.

(o) Vegetable gardens shall be maintained only within the rear or side yard of any Lot and shall be out of sight from the street.

(q) Lawn furniture shall be used and maintained in rear yards only.

(r) No equipment or machinery (including without limitation, equipment or machinery for use in connection with the maintenance of any dwelling) shall be stored or parked, except when in use, in the front, rear or side yard on any Lot.

(s) No Member shall make any private or exclusive or proprietary use of any of the Common Areas except with specific approval of the Covenant Committee and then only on a temporary basis.

(t) Bed sheets, plastic sheets, newspapers, plastic storm windows or other similar window treatments shall not be hung or placed on the exterior of any window on any structure located on any Lot.

(u) No exterior lighting emanating from a Lot, shall be directed outside the boundaries of the Lot.

(v) No garage or outbuilding properly erected on a Lot shall at any time be used for human or animal habitation, temporarily or permanently, nor shall any structure of a temporary character be used for human or animal habitation.

(w) No drying or airing of any kind, e.g., clothing or bedding, shall be permitted outdoors and within public view.

(x) Notwithstanding anything to the contrary contained in this Declaration, no garage may be altered, modified or changed in any manner which would inhibit or in any way limit its function as a parking area for vehicles without the prior written approval of the Covenant Committee or the Board of Directors.

Section 7.03. Leasing. No portion of a dwelling, other than the entire dwelling, may be leased or rented. All leases shall: (i) contain provisions advising the tenant of his or her obligation to comply with all provisions of this Declaration, the Bylaws and the Rules and Regulations of the Association; and, (ii) provide that the Association shall have the right to terminate the lease upon default or violation by the tenant in observing any of the provisions

of this Declaration, the Bylaws or Rules and Regulations of the Association, or of any other document, agreement or instrument governing the dwelling. The Owner(s) of a leased or rented dwelling shall be jointly and severally liable with his or her tenant(s) to the Association to pay any claim for injury against the Association or damage to persons or property caused by any action or omission, including, without limitation, the negligence of the tenant(s). Every lease shall be subordinate to any lien filed by the Association, whether before or after such lease was entered into. The minimum term any dwelling unit may be rented or leased shall be ninety (90) days, and in no event may a transient tenant be accommodated in any dwelling. The Board shall be notified of all such leases.

Section 7.04. Parking. On road parking within the Property Phase I shall be subject to the restrictions of the town.

Section 7.05. Declaration of Easements and Rights. The following easements and rights are hereby declared or reserved:

(a) Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Property.

(b) Each Lot within the Property is hereby declared to have and be subject to an easement, not exceeding one (1) foot in width, over all the adjoining Lots and Common Areas for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, roof overhangs, gutters, architectural or other appendages, draining of rainwater from roofs, or any other similar cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if the encroachment occurred due to the willful misconduct of said Owner or Owners.

(c) There is hereby reserved unto the Declarant and the Declarant's assigns for the benefit of the Property Phase I a blanket easement and license upon, across and under the Property Phase I (provided with the use and enjoyment of such Property), for vehicular and pedestrian ingress and egress, curb cuts, slope, or grading easements, as well as for the installation, replacement, repair and maintenance of all utilities, including, but not limited to, water, sewer, drainage, storm water detention and/or siltation, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Property from time to time. By virtue of this easement and license, it shall be expressly permissible to erect and maintain the necessary poles, pipes, lines and other equipment on the Property, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or including any improvements constructed thereon, and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress over such Property. There is further reserved unto the Declarant and the Declarant's assigns the right to grant specific easements and licenses, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property Phase I, in furtherance of the

blanket easement and license created by this Subsection (c). Further, without limiting the generality of the foregoing, the Declarant reserves the right to unilaterally execute and record such additional easements, licenses and agreements as may be necessary in order to give effect to the foregoing, easements, licenses and other rights, which additional easements, licenses and other agreements need not be consented to or joined in by any party having an interest in the Property Phase I; provided, however, that if requested by the Declarant, any party having an interest in the Property Phase I shall promptly join in and execute such confirmatory easements, licenses and other agreements.

(d) Each Lot shall be subject to a public pedestrian access easement over and upon any sidewalk (or the replacement thereof) that may be constructed on any Lot by the Declarant, which sidewalk is reasonably deemed to be for the use of the Project of which the Lot is a part.

(e) An easement is hereby reserved to Declarant and its agent to enter the Common Areas during the period of construction and sale within the Property Phase I, and to maintain such facilities and perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale or rental of residences, including, without limitation, a business office, sales/leasing office, storage area, construction yards, signs, displays and model units.

(f) Declarant reserves the right to enter the Common Areas for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Property Phase I or the improvements thereon.

(g) The rights and duties with respect to sanitary sewer and water, storm drains, downspouts, yard drains, cable television, electricity, gas and telephone lines and facilities shall be governed by the following:

(i) Whenever water, sanitary sewer and water, storm drains, downspouts, yard drains, electricity, gas, cable television or telephone connections, lines, cables or any portion thereof, are or have been installed within the Property Phase I, the Owner of any Lot, or the Association, shall have the right, and are hereby granted an easement and license to the extent necessary therefore, to enter upon or have a representative of the company responsible for such installations enter upon any portion of such Property in which said installations lie, to repair, replace and generally maintain said installations.

(ii) The right granted in the Subparagraph (i) above shall be only to the extent necessary to preserve the full and reasonable use and enjoyment of the property and provided further that anyone exercising said right shall be responsible for restoring the surface of the easement and license area so used to its condition prior to such use.

(iii) In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors, who shall decide the dispute, and the decision of the

Board of Directors shall be final and conclusive as to the parties.

(h) The Association shall have an easement to enter any portion of the Property Phase I for the performance of its duties hereunder; provided that except as otherwise provided in this Declaration, such easement shall not entitle the entry within the interior portion of any dwelling located on such Property, but (by the way of illustration only and not in limitation of the rights granted herein) shall permit the entry into fenced, or other similar areas of such Property, including Lots.

(i) A mutual right, easement and license for utility services is hereby established for the benefit of all Owners, such that no Owner shall take any action which would in any way interfere with utility services being provided to other Owners within the Project. If a Lot contains any utility pipes, ducts, conduits, wires or the like which are for the benefit, in whole or in part, of other Owners within the Project, or of the Association, then the Owner of such Lot shall promptly, at his or her expense, repair any damage to such utilities caused by the Owner, his or her guests or invitees.

(j) The Association, its agents and employees, shall have an irrevocable right, easement and license to enter the Lots for the purpose of exercising the rights and fulfilling the obligations established by this Declaration and any Supplementary Declarations recorded hereafter.

ARTICLE VIII MAINTENANCE

Section 8.01. Owners' Rights and Responsibilities. Except as otherwise specifically provided in this Declaration, each Owner shall keep each Lot owned by him or her, and all improvements therein or on it, in good order and repair and free of debris in a manner and with such frequency as is consistent with good property management and the Community-Wide Standard. In the event an Owner fails to maintain the Lot and improvements to it, the Board of Directors or its agent shall have the right in an emergency to enter upon said Lot to correct drainage and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. Whenever entry is not required in an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry. All costs related to such correction, repair or restoration shall be collectible from the Owner of such Lot in the same manner as assessments as provided in Article VI herein.

Section 8.02. Lot Maintenance. Except as otherwise specifically provided in the Declaration, each Owner shall keep each Lot owned by him, and all improvements therein or thereon, in good order and repair and free of debris, including but not limited to the seeding, watering, and mowing of all lawns, the pruning and cutting of all trees and shrubbery and the painting (or other appropriate external care) of all buildings and other improvements, all in manner and with such frequency as is consistent with good property management. In the event a Lot Owner shall fail to maintain the Lot and the improvements situated thereon, the Board or its agent shall have the right to enter upon said Lot to correct drainage and to repair,

maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. All costs related to such correction, repair, maintenance or restoration shall become a lien upon such Lot, and such lien may be enforced in the same manner as assessments as provided in Article VI herein.

Section 8.03. Additional Association Maintenance. The Association may, in the discretion of the Board of Directors, assume additional maintenance responsibilities upon all or any portion of the Property Phase I. In such event, all costs of such maintenance may, in the discretion of the Board of Directors, be assessed only against those Owners residing within the portion of such Property receiving the additional services and collected as an assessment as provided in Article VI herein. This assumption of responsibility may take place either by contract or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard of the Project. The provision of services in accordance with this Section shall not constitute discrimination within a class.

The Association shall also have the right to enter any Lot without the consent of the Owner and/or occupant thereof, to conduct any emergency repairs as are necessary for the maintenance and protection of the Common Areas or any Lot(s). The costs of such repairs shall be collectible from the Owner of such Lot in the same manner as assessments as provided in Article VI herein.

ARTICLE IX INSURANCE

Section 9.01. Individual Coverage. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Association that each individual Owner shall carry blanket all risk casualty insurance on the dwelling and all structures located upon the Lot. At a minimum, such coverage shall provide against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost (less a reasonable deductible) of any repair or reconstruction work in the event of damage or destruction from any insured hazard. Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction to the dwelling and other structures constructed on the Lot, the Owner shall proceed promptly to repair or to reconstruct the dwelling and other damaged structures in a manner consistent with the original construction. In the event that a dwelling located upon a Lot is totally destroyed and the Owner determines not to rebuild or to reconstruct, the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction of the dwelling on such Lot.

Section 9.02. Required Coverage. The Board of Directors of the Association, or its duly authorized agent, shall be required to obtain (to the extent reasonably available), maintain and pay the premiums, as a Common Expense, upon a policy of property insurance covering any and all Common Areas (except land, foundation, excavation and other items normally excluded from coverage) including fixtures and building service equipment, to the

extent that they are a part of the Common Areas of the Association, as well as common personal property and supplies.

The insurance policy shall afford, at a minimum, protection against loss or damage by fire and other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "All Risk" endorsement, where such is available. The policy shall be in an amount equal to one hundred percent (100%) of the current replacement cost of any improvements in the Common Areas (less a deductible deemed reasonable by the Board of Directors) and shall name the Association as the named insured.

Each hazard insurance policy must be written by a hazard insurance carrier. Each insurer must be specifically licensed or authorized by law to transact business within the State of Delaware. The policy contract shall provide no assessment may be made against the mortgages, and that any assessment made against others may not become a lien on the mortgaged premises superior to the first mortgage.

All policies of hazard insurance must contain (to the extent reasonably available) or have the standard mortgagee clause commonly accepted by private institutions as mortgage investors in the area in which the mortgaged premises are located. The mortgagee clause must provide that all property insurance policies must provide an Agreed Amount and Inflation Guard Endorsement, if available, and a Construction Code Endorsement if the Common Areas in the Association are subject to a construction code provision which would become operative and require changes to undamaged portions of any building(s), thereby imposing significant costs in the event of partial destruction of the Project by an insured peril.

If any portion of the Common Areas are in a special flood hazard area, as defined by the Federal Emergency Management Agency, the Board of Directors of the Association, or its duly authorized agent, shall be required to obtain (to the extent reasonably available), maintain and pay, as a Common Expense, the premiums upon a "master" or "blanket" policy of flood insurance on any Common Area buildings and any other Common Area improvements. The policy shall be in an amount deemed appropriate, but not less than the maximum coverage available under the National Flood Insurance Administration Program for all building and other insurable property within any portion of the Common Areas located within a designated flood hazard area or one hundred percent (100%) of current replacement cost of all such buildings and other insurable property.

The Association shall maintain (to the extent reasonably available) comprehensive general liability insurance coverage covering all of the Common Areas and other areas that are under its ownership. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use. However, such coverage shall be for at least One Million Dollars (\$1,000,000) for bodily injury and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation and maintenance or use of the

Common Areas, and legal liability arising out of lawsuits related to employment contracts in which the Association is a party. Such insurance policy shall contain a “severability of interest” clause or endorsement that shall preclude the insurer from denying the claim of an Owner or the Association because of negligent acts of the Association or other Owners. Such policies must provide that they may not be canceled or substantially modified, by any party, without at least ten (10) days’ prior written notice to the Association.

Blanket fidelity bonds shall be required to be maintained by the Association (to the extent reasonably available) for all Officers, Directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Association has delegated some or all of the responsibility for the handling of funds to a management agent, such management agent shall also be covered by its own fidelity bond. All fidelity bonds, including those entered into by, and/or on behalf of or for the benefit of a management agent and its personnel, should name the Association as an obligee (for bonds entered into by or on behalf of, or for the benefit of a management agent and its personnel, the Association should be named as an additional obligee). Fidelity bonds entered into by the Association shall have their premiums paid as a Common Expense of the Association. The total amount of fidelity coverage required shall be sufficient to cover the maximum funds that will be in the custody of the Association or management agent at any time, but must at least be equal to the sum of three (3) months’ assessments on all Lots within the Property, plus the Association’s reserve funds. The bonds shall provide that they cannot be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days’ prior written notice to the Association and to all Eligible Mortgage Holders.

Section 9.03. Repair and Reconstruction of Common Areas After Fire or Other Casualty. In the event of damage to or destruction of any portion of the Common Areas covered by insurance payable to the Association as a result of fire or other casualty, the Board of Directors or the Insurance Trustee shall manage reconstruction, restoration, and/or repair. Directors shall obtain reliable and detailed estimates of the cost to restore the damaged portions of the Common Areas to as good a condition as existed before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desire.

ARTICLE X PARTY FENCES AND DRIVEWAYS

The rights and duties of the Owners of Lots with respect to any party fences and driveways shall be governed by the following:

Section 10.01. General Rules of Law to Apply. Each fence or driveway which is constructed as part of the original construction on the Property and any part of which is placed on the dividing line between separate Lots, shall constitute a party fence or party driveway, as applicable, and with respect to such fence or driveway each of the adjoining

Owners shall assume the burdens, and be subject to an easement for that portion of the fence or driveway on his or her Lot, and be entitled to the benefits of these restrictive covenants and, to the extent not inconsistent herewith, the general rules of law regarding party fences and driveways and of liability for property damage due to negligence or willful acts or omissions shall apply. All fences facing adjoining property, whether boundary or not, shall be subject to the restrictions of this Article and such fences shall be finished on both sides.

Section 10.02. Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty. If any such party fence or driveway is damaged or destroyed by fire or other casualty or by some cause other than the act of one of the adjoining Owners, his agents or guests or members of his family, including ordinary wear and tear and deterioration from lapse of time, then both such adjoining Owners shall proceed forthwith to rebuild or repair the same.

Section 10.03. Repairs of Damage Caused by One Owner. If any such party fence or driveway is damaged or destroyed through the act of one adjoining Owner or any of his agents or guests or members of his family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Owner of the full use and enjoyment of such fence or driveway, then the Owner responsible for such damage shall forthwith proceed to rebuild and repair the same to as good condition as formerly, without cost to the adjoining Owner.

Section 10.04. Encroachments. If a portion of a party fence or driveway shall encroach upon any adjoining Lot, or upon the Common Areas by reason of reconstruction, settlement or shifting or otherwise, a valid easement shall vest for the encroachment and for the maintenance of the same as long as the encroachment exist.

Section 10.05. Other Changes. In addition to meeting the other requirements of these restrictive covenants, and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions or to rebuild in any manner which requires the extension or other alteration of any party fence or driveway, shall first obtain the written consent of the adjoining Owner.

Section 10.06. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 10.07. Dispute. In the event of a dispute between Owners with respect to repair or rebuilding of a party fence or driveway or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of such Board of Directors shall be final and conclusive upon the parties.

ARTICLE XI
MANAGEMENT

Section 11.01. Management Agent. The Board of Directors may employ for the Association a professional management agent or manager (the “Management Agent”) at a rate of compensation established by the Board of Directors to perform such duties and services which may include, but not be limited to, the right:

(a) To establish (with the approval of the Board of Directors of the Association) and provide for the collection of the annual maintenance assessments and any other assessments provided for in this Declaration and to provide for the enforcement of liens therefore in a manner consistent with the law and the provisions of this Declaration; and,

(b) To provide for the care, upkeep, maintenance and surveillance of the Common Areas; and,

(c) To designate, hire and dismiss such personnel as may be required for the good working order, maintenance and efficient operation of the Common Areas; and,

(d) To promulgate (with the approval of the Board of Directors of the Association) and enforce such Rules and Regulations and such restrictions or requirements, “house rules” or the like as may be deemed proper respecting the use of the Common Areas; and,

(e) To provide such other services (including legal and accounting services) for the Association as may be consistent with law and the provisions of this Declaration.

Section 11.02. Duration of Management Agreement. Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated with or without cause by either party upon thirty (30) days’ written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1) year periods.

Any Management Agreement entered into by the Board, its nominee or nominees, assigns, successor(s) or agent thereof, prior to transfer of control of the Association must be terminable, without cause, any time after transfer or control, on not less than thirty (30) nor more than ninety (90) days’ notice, and no charge or penalty may be associated with such termination.

Section 11.03. No Member shall engage or direct any employee of the Association on any private business of the Member during the hours of employment, nor shall any Member attempt to assert any control over an Association Employee.

ARTICLE XII

GENERAL PROVISIONS

Section 12.01. Common Area Responsibility. The Association, subject to the rights of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of any Common Areas and all improvements thereon (as defined in Section 1.02) and shall keep the Common Areas in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof.

Section 12.02. Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property, subject to the requirements of this Declaration.

Section 12.03. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 12.04. Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the Common Expense funds, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the Common Areas, or from any wire, pipe, drain, conduit or the like. The Association shall not be liable to any Member for loss or damage, by theft or otherwise, of articles that may be stored upon the Common Areas. No diminution or abatement of assessments, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas, or from any action taken by ordinance or by the order or directive of any municipal or other governmental authority.

Section 12.05. Enforcement. The Association, or any Owner, or any mortgagee of any Lot shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, liens, charges or other obligations or terms now or hereafter imposed by the provisions of this Declaration, or the articles of Incorporation or Bylaws of the Association or any Rule or Regulation promulgated by the Association pursuant to its authority as provided in this Declaration, the Articles of Incorporation or Bylaws. Failure by the Association or by any Owner or by any mortgagee of any Lot to enforce any covenant or restrictions herein contained or any provision of the Bylaws, Articles of Incorporation or Rules and Regulations of the Association shall in no event be deemed a waiver of the right to do so thereafter. If the Association, or any Owner or mortgagee of any Lot, successfully brings an action to extinguish a violation or otherwise enforce the provisions of this Declaration or the Articles of Incorporation or Bylaws of the Association, the costs of such action, including legal fees, shall become a binding, personal obligation of the Owner committing or responsible for such violation, and such costs shall be collectible by the Association in the same manner as other assessments as set forth in Article VI herein.

Without limiting the generality of the foregoing, and in addition to any other remedies available, the Association after reasonable notice, in writing, provided to the Owner, may enter any Lot to remedy any violation of the provisions of this Declaration, the Bylaws, Articles of Incorporation or Rules and Regulations of the Association provided, however, that the Association may not enter the interior of any dwelling except in an emergency. All costs incurred by the Association in connection with such remedial actions shall be reimbursed by the Owner responsible for such violation. If such Owner fails to reimburse the Association, the Association may collect such costs in the same manner as set forth in Article VI herein. Such entry shall not be considered a trespass.

(a) The Board of Directors, or a duly appointed committee, shall be charged with determining where there is probable cause that any of the provisions of this Declaration, the use of the dwellings, Lots, Common Areas or other Association property, are being or have been violated. In the event that the Board of Directors or the committee determines an instance of such probable cause it shall cause the Board of Directors to provide written notice to the person alleged to be in violation, and the Owner of the Lot which the person occupies or is visiting if such person is not the Owner, of the specific nature of the alleged violation and of the opportunity for a hearing before the Board of Directors upon a request made within five (5) days of the sending of the notice.

(b) If a hearing is timely requested by an Owner or alleged violator, or if the Board requests that there be a hearing, the Board of Directors shall hold the same, and shall hear any and all defenses to the charges, including any witnesses that the alleged violator, Owner or the Board of Directors or committee may produce.

(c) Subsequent to any hearing, the Board of Directors shall determine whether there is sufficient evidence of a violation or violations as provided herein. If the Board of Directors determines that there is sufficient evidence, it may levy a fine for each violation in an amount fixed by the Board of Directors.

(d) Nothing herein shall be construed as a prohibition of or limitation on the right of the Association to pursue any other means of enforcement of the provisions of this Declaration, the Bylaws, Articles of Incorporation or Rules and Regulations, including, but not limited to, legal action for damages or injunctive relief.

(e) Notwithstanding any provision to the contrary in this Section, the Board, in its sole discretion, may impose a fine for any violation, provided, however, the collection of the fine shall be held in abeyance if the Owner requests a hearing after notice of the violation.

Section 12.06. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order or any inconsistency of any of these provisions with any provision of federal, state, or local law or ordinance now in effect or as hereafter amended or enacted shall result in invalidation of that provision only, and shall in no way affect any other provisions which shall remain in full force and effect.

Section 12.07. Consents. Any other provision of this Declaration or the Bylaws or Articles of Incorporation of the Association to the contrary notwithstanding, neither the Members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions:

(a) Abandon, partition, alienate, release, hypothecate, dedicate, subdivide, encumber, sell or transfer any of the Common Areas directly or indirectly owned by the Association unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and Lot Owners representing sixty-seven percent (67%) of the votes in the Association have given their prior written approval; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Areas by Members of the Association shall not be considered a transfer within the meaning of this Section; or,

(b) Conversion of Lots into Common Areas or vice versa unless sixty-seven percent (67%) of the Eligible Mortgage Holders (based upon one vote for each first mortgage owned) and Lot Owners representing seventy-five percent (75%) of the votes of the Association have given their prior written approval.

Section 12.08. Condemnation or Eminent Domain. In the event any part of the Common Areas is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the Eligible Mortgage Holders who hold first mortgages of record on the Lots. No provision of this Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any Member to any priority over the holder of any first mortgage of record on his or her Lot with respect to the distribution to such Member of the proceeds of any condemnation or settlement relating to a taking of the Common Areas.

Section 12.09. Taxes and Assessment. Any taxes levied on the Common Areas shall be a Common Expense.

Section 12.10. Successors of Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, have been assigned and transferred (exclusively or non-exclusively) to the HOA by the Declarant by an Instrument, in writing, dated April 4, 2012.

Section 12.11. No Dedication to Public Use. Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of any Common Areas by any public or municipal agency, authority or utility. No public or municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any of the Common Areas.

Section 12.12. Incorporation by Reference on Resale. In the event any Owner sells or otherwise transfers any Lot, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements,

charges and liens set forth in this Declaration. However, the failure of such deed to contain such a provision shall not in any way affect the validity of this Declaration on any amendment thereto.

Section 12.13. Perpetuities. If any of the covenants, restrictions, or other provisions of this Declaration shall be void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 12.14. Captions and Gender. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration. Whenever the context so requires, the male shall include all genders, and the singular shall include the singular and the plural.

ARTICLE XIII DURATION, TERMINATION AND AMENDMENT OF DECLARATION

Section 13.01. Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, except where permanent right or interests are herein created, and subject to Section 13.02 below.

Section 13.02. Termination. This Declaration may be terminated during the first twenty (20) year period, after the Declarant has conveyed all the Lots it owns in Property Phase I, by the consent of not less than seventy-five percent (75%) of all Lot Owners, voting at a duly noticed and convened meeting of the Association, as well as by sixty-seven percent (67%) of Eligible Mortgage Holders and thereafter, by the consent of not less than sixty-six and two thirds percent (66 2/3%) of all Lot Owners and the same number of Eligible Mortgage Holders.

Section 13.03. Amendments. This Declaration, or any part thereof, may be amended by not less than sixty-six and two thirds percent (66 2/3%) of all Lot Owners, voting at a duly noticed and convened meeting of the Association. The notice of any meeting called at which an amendment of the Declaration may be voted shall state the purpose of the meeting and shall set forth the proposed amendment. Any amendment adopted by the Association shall be recorded in the Land Records where the Property is located. Technical or clarification changes to the Declaration shall not be deemed amendments.

IN WITNESS WHEREOF, the undersigned _____, President of Preserve on the Broadkill Homeowners Association, Inc., hereby certifies that this Amended and Restated Declaration has been approved by the consent of not less than sixty-six and two-thirds percent (66 2/3%) of all Lot Owners of Phase I, voting at a duly noticed and convened meeting of the Association.

PRESERVE ON THE BROADKILL
HOMEOWNERS ASSOCIATION,
INC.

By: _____
President

ATTEST:

Secretary

STATE OF DELAWARE :
: SS
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this _____ day of _____, 20____, personally appeared before me, a Notary Public for the State and County aforesaid, Bill Pritchett, President of PRESERVE ON THE BROADKILL HOMEOWNERS ASSOCIATION, INC., party to this Amended and Restated Declaration of Covenants, Conditions and Restrictions, being known to me personally to be such, and did acknowledge this Indenture to be his act and deed and the act and deed of the said Association; and that the signature of said President is in his own proper handwriting and that this act of signing, sealing, acknowledging and delivering this Indenture was first duly authorized by the said Committee and approved by sixty-six and two-thirds percent (66 2/3%) of all Lot Owners of Phase I, voting at a duly noticed and convened meeting of the Association.

GIVEN under my hand and seal this _____ day of _____, 20____.

Notary Public
My Commission Expires: _____