

Tax Parcel No.: 335-5.17-11.00
Prepared by and Return to:
Whiteford Taylor Preston LLC
The Renaissance Centre, Suite 500
405 North King Street
Wilmington, DE 19801

2015 AMENDED AND RESTATED CODE OF REGULATIONS OF PILOT POINT

This 2015 Amended and Restated Code of Regulations of Pilot Point, condominium in Lewes, Delaware (the "Condominium"), is made by the unit owners, contemporaneous with the adoption of the 2015 Amended and Restated Declaration of Pilot Point (the "Declaration").

WHEREAS, the Declaration Submitting Real Property to Provisions of Unit Property Act, 25 Del. C. § 2201, *et seq.* was duly executed on May 14, 1973 and recorded in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware (the "Recorder's Office") on June 21, 1973, in Deed Book 709, Page 640 *et seq.* (the "Original Declaration"); and

WHEREAS, the Original Declaration submitted the land and improvements to be known as Pilot Point, described in the Declaration Plan dated May 9, 1973 recorded in the Recorder's Office in Plot Book 8 at page 683 *et seq.* (the "Declaration Plan"), to the provisions of the Unit Property Act, 25 Del. C. § 2201 *et seq.*, (the "UPA") in order to create a plan of condominium ownership; and

WHEREAS, the Code of Regulations, (the "Original Code of Regulations"), also dated May 14, 1973, was recorded in the Recorder's Office on June 21, 1973 in Deed Book 709, Page 658 *et seq.*; and

WHEREAS, pursuant to Article VII the Original Code of Regulations may be amended by a vote of unit owners representing at least two-thirds of the total percentage of all the units; and

WHEREAS, there were a total of sixty (60) units in Pilot Point; and

WHEREAS, pursuant to Article III of the Original Code of Regulations, the owners of the units constitute the Association of Owners (the "Association"), which has the responsibility of administering the condominium, approving the annual budget,

establishing and collecting monthly assessments and arranging for the management of the condominium; and,

WHEREAS, at the annual meetings of unit owners held on April 28, 2012, the unit owners voting overwhelmingly to authorize the Council (hereinafter "Board") to move the association from the Unit Property Act to the Delaware Uniform Common Interest Ownership Act, Title 25, Chapter 81 (the "DUCIOA"); and

WHEREAS, Section 81 – 119 of DUCIOA provides that "[t]he declaration, bylaws, or plats and plans of any common interest community created before the effective date of this chapter, may be amended to achieve any result permitted by this chapter, regardless of what applicable law provided before this chapter was adopted"; and

WHEREAS, Section 81 – 121(a) of DUCIOA provides that "[a]ny preexisting common interest community or approved common interest community has the right to amend its declaration, code of regulations, bylaws, declaration plans, or plats or plans or other governing documents, including, but not limited to certificates or articles of incorporation, formation or otherwise to comply with any or all of the requirements of this chapter, or a preexisting common interest community or approved common interest community may select particular additional sections of this Chapter to apply to that community without adopting the entire chapter, or a preexisting common interest community may select particular additional sections of this Chapter to apply to that community without adopting the entire chapter"; and

WHEREAS, Section 81 – 217(a) of DUCIOA, although not currently applicable to Pilot Point under DUCIOA Section 81-119, provides that the Declaration, including any plats and plans, may be amended only by vote or agreement of unit owners of units to which at least 67 percent of the votes in the association are allocated"; and

WHEREAS, the unit owners of Pilot Point, while retaining the condominium ownership, seek to amend and modernize the Original Code of Regulations as well as to adopt certain sections of DUCIOA; and

NOW THEREFORE, more than 2/3 of the unit owners do hereby declare that they adopt the 2015 Amended and Restated Code of Regulations for Pilot Point (the "Code of Regulations" or "Regulations") as follows, to wit:

ARTICLE I

PLAN OF CONDOMINIUM OWNERSHIP

SECTION 1. CONDOMINIUM OWNERSHIP. The Project located in Lewes, Sussex County, Delaware, known as PILOT POINT has been, by Declaration dated the 14th day of May, A.D. 1973, and duly recorded in the Office of the Recorder of Deeds, in and for Sussex County, in Deed Book 709 at page 640, and the Declaration Plan, dated the 9th of May, A.D. 1973, and of record in the Office of the Recorder of Deeds, in and for Sussex County, in Plot Book 8 at page 683 et seq., submitted to the provisions of the Unit Property Act, 25 Del. C. Sec. 2201, et seq., as amended ("UPA"), as by reference thereto and to the Declaration Plan, as aforesaid, more fully will appear. By the 2015 Amended and Restate Declaration of Pilot Point, the Condominium, submits to the following additional provisions of the Delaware Uniform Common Interest Ownership Act, Title 25, Chapter ("DUCIOA") 81: 217(a), (b) and (j); 302(a)(9)-(10), (c) and (e); and 308A(c), (e), (f) and (g).

SECTION 2. CODE OF REGULATIONS APPLICABILITY. The provisions of these regulations are applicable to the project. (The term "project" as used herein, shall include the land as well as the improvements thereon.)

SECTION 3. PERSONAL APPLICATION. All present or future owners, lessees, tenants, future tenants, or their employees, their heirs, administrators, executors, successors or assigns, or any other person who might use the facilities of the project in any manner, are subject to the regulations set forth in the said Declaration, the Code of Regulations and rules and regulations. The mere acquisition or rental of any of the individual apartments or units (hereinafter referred to as "units") of the project or the mere act of occupancy of any of said units, will signify that these Regulations and the provisions of the Declaration are accepted, ratified, and will receive compliance.

SECTION 4. NAME. The name of the Association responsible for the governance of the Project is as follows: the Association of Owners of Pilot Point Condominium.

SECTION 5. MEMBERSHIP. Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a condominium unit within the condominium project shall be a member of the Association, provided, however, that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a member by reason only of such interest.

ARTICLE II

VOTING

SECTION 1 VOTING. Voting for all purposes shall be on a percentage basis, and the percentage of the vote to which the owner is entitled is the percentage assigned to the unit or units in the Declaration. The vote of the members representing fifty-one percent (51%) of those members present and voting in person or by proxy at any meeting where a quorum is present shall decide any question brought before such meeting unless the question is one upon which, by express provision of the DUCIOA, the Declaration or the Code of Regulations, a different vote is required, in which case such express provision shall govern and control. The vote for any membership, which is owned by more than one person, may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the members are unable to agree on the manner in which the vote for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding the question. In the event any condominium unit is owned by a corporation, then the vote for the membership appurtenant to such condominium unit shall be cast by a person designated in a certificate signed by the President or any Vice President and attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary of the Association prior to the meeting. Any such certificate shall remain valid until revoked or superseded in writing. No member shall be eligible to be elected to the Board of Directors who is or was shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association in the past calendar year. The Board of Directors may authorize unit owners to submit a vote or proxy by electronic transmission if the electronic transmission contains information that verifies that the vote or proxy is authorized by the unit owners or the unit owners' proxy.

SECTION 2. MAJORITY OF OWNERS. As used in these Regulations the term "majority of owners" shall mean those unit owners holding Fifty-one (51) percent of the votes in accordance with the percentages designated in the Declaration, as the same may be amended from time to time.

SECTION 3. QUORUM. The presence, either in person or by proxy, of members to which forty percent (40%) of the total percentage interests appertain shall be requisite for, and shall constitute a quorum for, the transaction of business at all meetings of members.

SECTION 4. PROXIES. Any vote of the members may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting. A proxy holder must be another member of the Association.

ARTICLE III
ADMINISTRATION

SECTION 1. PLACE OF MEETINGS. Meetings of the Associations shall be held at the project or such other suitable place convenient to the owners as may be designated by the Board.

SECTION 2. ANNUAL MEETINGS. The annual meeting of the Association shall be held on the last Saturday in April each year or another date to be determined by the Board. At such meeting there shall be elected by ballot of the unit owners a Board in accordance with the requirements of section 5 of Article IV of these Regulations. The unit owners may also transact such other business of the Association as may properly come before them.

SECTION 3. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the unit owners, as directed by resolution of the Board, or upon a petition signed by a majority of the unit owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting, and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice, unless, by consent of four-fifths vote of the unit owners present, either in person or by proxy.

SECTION 4. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Association or the Board, stating the purpose thereof, as well as the time and place where it is to be held, to each unit owner or owners of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing of a notice in the manner provided in this section shall be considered notice served.

SECTION 5. ADJOURNED MEETINGS. If any meeting of unit owners cannot be organized because a quorum has not attended, the unit owners who are present, either in person or by proxy, may adjourn the meeting to a time not more than thirty (30) days from the time the original meeting was called.

SECTION 6. ORDER OF BUSINESS. The order of business at all meetings shall be set by the Board. The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with the Declaration or this Code of Regulations.

ARTICLE IV

BOARD OF DIRECTORS

SECTION 1. NUMBER AND QUALIFICATION; VOTE. The affairs of the Association shall be governed by a Council, herein referred to as the Board of Directors or Board, composed of not less than three (3) nor more than nine (9) persons, all of whom must be owners of units and none of whom need be residents of this State. The number of Directors shall be decided by the Board based upon circumstances and need. Each member of the Board shall be entitled to one equal vote. No member shall be eligible to be elected to the Board of Directors who is or was shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association in the past calendar year. Any member may nominate themselves or another member for the Board. Nominations may be submitted to the Board in writing at least ninety (90) days before the election and such nominations will be provided to the unit owners with the meeting agenda. Nominations may also be made the day of the election from the floor.

SECTION 2. POWERS AND DUTIES. The Board shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all such acts and things as are not by law or by this Code or Regulations directed to be exercised and done by the unit owners or officers. In the event the Association is unable to transact business for lack of a quorum at two (2) successive called meetings, the Board may exercise any responsibility otherwise reserved to the Association. The specific powers and duties of the Board of Directors shall include, but not be limited to, the following:

- (a) the care, upkeep and surveillance of the condominium project and its general and limited common elements and services in a manner consistent with law and the provisions of the Declaration or this Code of Regulations; and
- (b) the establishment, collection, use and expenditure of assessments and/or carrying charges from the members and for the assessment and/or enforcement of liens therefore in a manner consistent with law and the provisions of the Declaration or this Code of Regulations; and
- (c) the designation, hiring and/or dismissal of the personnel necessary for the good working order of the condominium project and for the proper care of the common elements and to provide services for the project in a manner consistent with law and the Declaration or this Code of Regulations; and
- (d) the promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting

the use, occupancy and maintenance of the project, and the use of the general and limited common elements as are designated to prevent unreasonable interference with the use and occupancy of the condominium project and of the general and limited common elements by the members, all of which shall be consistent with law and the provisions of the Declaration or this Code of Regulations; subject to the right of a majority of the unit owners to change any such actions; and

(e) to open bank accounts on behalf of the Association and designate the signatories thereof; and

(f) to borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep, maintenance and replacement of the Common Elements; and

(g) to assign its right to future income, including the right to receive common expense assessments; and

(h) to enter into agreements whereby the Association acquires lease holds, memberships and/or other possessory or use interests in real or personal property in order to further its obligation to maintain, repair and replace the common elements and to declare expenses incurred in connection therewith to be common expenses of the Association; and

(i) to purchase insurance upon the condominium project in the manner provided for in the Declaration or this Code of Regulations; and

(j) to repair, restore or reconstruct all or any part of the condominium project after any casualty loss in a manner consistent with the provisions of the Declaration or this Code of Regulations and to otherwise improve the condominium project; and

(k) to lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common elements of the condominium project; and

(l) to purchase condominium units in the condominium project in furtherance of efforts to collect unpaid assessments.; and

(m) to appoint the members of the Architectural Control Committee or Common Element Committee provided for in Article XI of these Bylaws; and

(n) generally, to exercise the powers set forth in the UPA, DUCIOA, the Declaration or this Code of Regulations and Rules and Regulations, and to do every other act not inconsistent with law, which may be appropriate to promote and attain the purposes set forth in the UPA and DUCIOA, the Declaration or this Code of Regulations and Rules and Regulations; and

(o) to exercise all powers granted to a unit owners' association in DUCIOA 81-302; and

(p) to remove from the common element any object, thing or improvement placed by a unit owner or owners without the express written permission of the Board and assess such cost to the unit owner.

SECTION 3 MANAGEMENT AGENCY. The Board may employ for the Association, a management agent, at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 2 of this Article.

SECTION 4. ELECTION AND TERM OF OFFICE. The election of directors shall be by ballot, unless balloting is dispensed with by the unanimous consent of the unit owners present at any meeting, in person or by proxy. There shall be no cumulative voting. Those directors receiving the largest percentage of votes cast shall be elected. Each directors shall be elected to a term of two (2) years. Directors shall hold office until their successors have been elected and hold their first meeting.

SECTION 5. VACANCIES. Vacancies in the Board, caused by any reason other than the removal of a member of the Board by a vote of the Association, shall be filled by a vote of the majority of the remaining members of the Board, even though they may constitute less than a quorum, and each person so elected shall be a member of the Board until a successor is elected at the annual meeting of the Association and qualified.

SECTION 6. REMOVAL OF MEMBER OF BOARD. Any director may be removed in accordance with the provisions of Section § 81-323 of the DUCIOA. Should a director become delinquent on any monetary obligation owed to the Association, such director may be removed by majority vote of the remaining directors.

SECTION 7. ORGANIZATION MEETING. The first meeting of a newly constituted elected Board shall be held within thirty (30) days of election, at such place as shall be fixed by the Board at the meeting at which such members of the Board were

elected, and no notice shall be necessary to the newly elected members of the Board in order to legally constitute such meeting, providing a majority of the whole Board shall be present.

SECTION 8 REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least two such meetings shall be held during each fiscal year. Except when a schedule of meetings has been posted or distributed to unit owners that identifies the meeting in question or in cases of emergency meetings that may be held without prior notice, the Secretary shall cause notice of any regular or special board meeting to be delivered to each unit owner not fewer than 10 nor more than 60 days in advance of the meeting or by posting notice to the community website. The notice must state the time and place of the meeting and the items on the agenda, including an opportunity for unit owners to offer comments to the board regarding any matter affecting the common interest community.

SECTION 9 SPECIAL MEETINGS. Special Meetings of the Board may be called by the President on at least ten (10) days' notice to each member of the Association, given personally or by mail or by posting to the community website, which notice shall state the time, place (as herein above provided) and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner, and on like notice, on the written request of at least two (2) members of the Board.

SECTION 10. WAIVER OF NOTICE. Before, at or after any meeting of the Board, any member of the Board, may in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all members of the Board are present at any meeting of the Board, notice shall not be required and any business may be transacted at such meeting.

SECTION 11 BOARD'S QUORUM. At all meetings of the Board, the acts of a majority of the members of Board, present at a meeting at which a quorum is present, shall be the acts of the Board. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business, which might have been transacted at the meeting as originally called, may be transacted without further notice.

SECTION 12. ACTION WITHOUT MEETING. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall unanimously consent in

writing (which shall include electronic transmission) to such action. Such written consent or consents shall be filed with the minutes of the next open meeting of the Board of Directors.

SECTION 13. FIDELITY BONDS. The Board of Directors shall require that all officers and employees of the Association regularly handling or otherwise responsible for funds of the Association shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association. The purchased fidelity insurance shall provide for the indemnification of the condominium against loss resulting from acts or omissions arising from fraud, dishonesty, or criminal acts by: (i) any officer, director, managing agent, or other agent or employee charged with the operation or maintenance of the condominium who controls or disburses funds; and (ii) any management company employing a management agent or other employee charged with the operation or maintenance of the condominium who controls or disburses funds.

SECTION 14. INDEMNIFICATION OF BOARD MEMBERS. The Association shall indemnify every Officer and Director of the Association against any and all expenses, including reasonable attorney's fees, reasonably incurred by or imposed upon any Officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an Officer or Director of the Association, whether or not such person is an Officer or Director of the Association, at the time such expenses are incurred. The Officers and Directors of the Association shall not be liable to the members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct, or bad faith or as otherwise provided by law. The Officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association or the condominium project (except to the extent that such officers or directors may also be owners of the condominium units) and the Association shall indemnify and forever hold each such Officer and Director free and harmless against any and all liability to others on account of any such contract or commitment . Any right to indemnification provided for herein shall be in addition to and not exclusive of any other rights to which any Officer or Director of the Association, or former Officer or Director of the Association, may be entitled.

ARTICLE V

OFFICERS

SECTION 1. DESIGNATION. The principal officers of the Association shall be a President, Vice President, Secretary, and a Treasurer, all of whom shall be elected by and from the Board. The members of the Board may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

SECTION 2. ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board, and shall hold office at the pleasure of the Board.

SECTION 3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

SECTION 4. PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of an Association, including, but not limited to, the power to appoint committees from among the owners of the units from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

SECTION 5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board or by the President.

SECTION 6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; and he shall, in general, perform all the duties incident to the office of Secretary.

SECTION 7. TREASURER. The Treasurer shall have responsibility for the Association funds and securities, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association pursuant to the requirements of 25 Del. C. §2218. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit of, the Association, in such depositories as may from time to time be designated by the Board.

SECTION 8. COMPENSATION. No compensation shall be paid to any officers or directors for their services on the Board. No remuneration shall be paid to any officer or

director for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before such services are undertaken.

SECTION 9. VACANCIES. A vacancy occurring in any office shall be filled at any regular meeting of the Board or any special meeting called for that purpose.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

SECTION 1. ASSESSMENTS. The Board of Directors shall determine the amount of the assessment annually. The Board shall, at least annually, prepare a proposed budget, which must also include a line item for any required funding of a repair and replacement reserve. The Board may at its discretion, utilize the budget adoption procedure set forth in DUCIOA §81-324 or submit a copy of the proposed budget for adoption by the unit owners at least thirty (30) days before a regularly scheduled meeting of the unit owners Board of Directors. The omission of the Board of Directors, before the expiration of any assessment period, to fix the assessments hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any member from the obligation to pay the assessment, or any installation thereof, for that or any subsequent assessment period, but the assessment is fixed. No member may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the common elements or by abandonment of any condominium unit belonging to him.

SECTION 2. SPECIAL ASSESSMENTS. In addition to the regular assessments authorized by this Article or a special assessment adopted pursuant to DUCIOA §81-324, the Association may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the project related thereto, or for such other purposes as the Board of Directors may consider appropriate, provided that any such assessment of Three Thousand Five Hundred Dollars (\$3,500.00) per unit or more shall have the assent of the unit owners representing two-thirds (2/3) of the percentage interests. A meeting of the unit owners shall be duly called for this purpose, written notice of which shall be sent to all.

SECTION 3. RESERVE FOR REPLACEMENTS. The Association shall establish and maintain a reserve fund for replacements by the allocation and payment yearly to

such reserve fund of an amount to be designated from time to time by the Board of Directors. Such fund shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America.

SECTION 4. LIABILITY FOR AND NON-PAYMENT OF ASSESSMENT.

(a) A unit owner shall be liable for all assessments, or installments thereof, coming due while he is the owner of a unit. In a voluntary grant the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the common expenses up to the time of the voluntary grant for which a statement of lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments. Liability for assessments may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the unit for which the assessments are made.

(b) Payment of assessments, together with interest at eighteen percent per annum, late charges, costs of collection and reasonable attorney's fees may be enforced by the imposition of a lien on a unit in accordance with the provisions of Delaware law.

(c) Any assessment, or installment thereof, not paid when due shall bear interest from the date when due until paid at eighteen percent (18%). In addition there shall be a late charge of Twenty-Five Dollars (\$25.00) or one tenth (1/10) of the total amount of any delinquent assessment or installment, whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least fifteen (15) calendar days.

(d) If a unit owner fails to pay an installment when due, the Board may demand payment of the remaining annual assessment coming due within that fiscal year. A demand by the Board is not enforceable unless the Board, within fifteen (15) days of a unit owner's failure to pay an installment, notifies the unit owner that if the unit owner fails to pay the monthly installment within fifteen (15) days of the notice, full payment of the remaining annual assessment will then be due and shall constitute a lien on the unit as provided in this section.

SECTION 5. MAINTENANCE, REPAIR AND REPLACEMENT.

(a) By The Association. The Association, acting by and through its Board of Directors, shall manage, operate and maintain the condominium project, and, for the

benefit of the condominium units and the owners thereof, shall enforce the provisions hereof and shall pay out of the common expense fund herein elsewhere provided for, the following:

(1) The cost of providing utility services for the common elements, and, to the extent that same are not separately metered or billed to each condominium unit, for the condominium units.

(2) The cost of property and extended liability insurance on the condominium project and the cost of such other insurance as the Association may effect.

(3) The cost of the services of a person or firm to manage the project to the extent deemed advisable by the Association together with the services of such other personnel as the Board of Directors of the Association shall consider necessary for the operation of the condominium project.

(4) The cost of providing such legal and accounting services as may be considered necessary to the operation of the condominium project.

(5) The cost of painting, maintaining, replacing, repairing or landscaping the common elements as the Board of Directors shall have the exclusive right and duty to acquire the same; provided, however, that nothing herein contained shall require the Association to paint, repair or otherwise maintain the interior of any condominium unit or any fixtures, appliances or equipment located therein, except for damage resulting from a casualty insured as required by the Declaration.

(6) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like which the Association is required to secure or pay for by law, or otherwise, or which, in the discretion of the Board of Directors shall be necessary or proper for the operation of the common elements; provided, however, that if any of the aforementioned are provided or paid for the benefit of a particular condominium unit or units, the cost thereof shall be specially assessed to the owner or owners thereof.

(7) The cost of the maintenance, repair or replacement of any part of a condominium unit in the event such maintenance, repair or replacement is reasonably necessary in the discretion of the Board of Directors to protect the common elements or to preserve the appearance or value of the condominium

project or is otherwise in the interest of the general welfare of all owners of the condominium units. However, no such maintenance, repair or replacement related to a unit shall be undertaken without reasonable written notice to the owner of the condominium unit. After written notice, the Board of Directors shall have the right, but not the duty, to enter the condominium unit to make such maintenance, repair or replacement. The cost of such maintenance, repair or replacement shall be assessed against the condominium unit on which such maintenance, repair or replacement is performed. By way of example, a leaking unit element, like a window, causing water intrusion and damage to a common element may be repaired by the Association and costs assessed to the unit owner. Such costs shall be assessed to the unit owner and if unpaid after thirty (30) days become a lien upon the property.

(8) The cost to remove from the common element any object, thing or improvement placed by a unit owner or owners without the express written permission of the Board. Such costs shall be assessed to the unit owner and if unpaid after thirty (30) days become a lien upon the property.

(9) Any amount necessary to discharge any lien or encumbrance levied against the condominium project, or any portion thereof, including taxes, which may, in the opinion of the Board of Directors, constitute a lien against the common elements rather than the interest therein of the owner of any individual condominium unit.

(b) By the Unit Owner. Except for maintenance requirements herein imposed upon the Association, the owner of any condominium unit shall, at his own expense, maintain, repair and replace the interior and all other components of his condominium unit and the limited common elements and any and all equipment, appliances or fixtures therein situate, and its other appurtenances (including, without limitation, any deck or porch or the like appurtenant to such condominium unit and designated for the exclusive use by the owner of that particular condominium unit and including all mechanical equipment and appurtenances located outside such unit which are designed, designated or installed to serve only that unit), in good order, condition and repair, free and clear of ice and snow, and in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his condominium unit and such appurtenances. In addition to the foregoing, the owner of the condominium unit shall, at his own expense, maintain, repair, replace any plumbing and electrical fixtures, water heaters, fireplaces, plenums, heating and air-conditioning equipment, lighting fixtures, refrigerators, freezers, trash

compactors, dishwashers, clothes washers, clothes dryers, disposals, ranges, range hoods, and/or other equipment that may be in or declared to be appurtenant to such condominium unit. The owner of any condominium unit shall also, at his own expense, keep any other limited common elements, which may be appurtenant to such condominium unit and reserved for his exclusive use in a clean, orderly and sanitary condition. The Board shall be authorized to adopt supplementary rules and regulations governing the maintenance responsibilities of unit owners with respect to their individual units and the limited common elements.

(c) Specific Maintenance Obligations.

(1) Unit Owners are responsible for the maintenance, repair and replacement of: walks leading to the individual units, plumbing and waste lines extending from inside the unit to the point where the lines meet the lateral sewer line, outside steps, porches, light fixtures, decking, downspout, outside showers, handrails, exteriors of porches or enclosed patios, party walls, screens, storage room doors, glass doors, windows and skylights. The Board shall be authorized to adopt supplementary rules and regulations governing the maintenance responsibilities of unit owners with respect to these areas of responsibility.

(2) Unit Owners are responsible for the maintenance, repair and replacement of any modifications, additions or encroachments into the common element appurtenant to their condominium unit that was not part of the original construction shown on the Original Declaration Plan, dated May 9, 1973 recorded in the Recorder's Office in Plot Book 8 at page 683 *et seq.*, whether or not shown on Amended Declaration Plan. For example, this shall include, but not be limited to, the following categories of additions not part of the original construction: decks, enclosed porches, unit owner installed roofs and walls, sliding doors, windows, skylights, balcony additions, porch additions, lighting, railings, steps, screen room, outdoor showers, electrical wiring, plumbing and sand deck.

(3) Unit Owners are responsible for the maintenance, repair and replacement of the fireplace and chimney. The Board shall be authorized to adopt supplementary rules and regulations governing the maintenance responsibilities of unit owners with respect to these areas of responsibility.

(d) Manner of Repair and Replacement. All repairs and replacement shall be substantially similar to the original construction and installation. The Board shall be authorized to adopt supplementary rules and regulations governing the maintenance responsibilities of unit owners with respect to these areas of responsibility.

(e) Payment for Bills. The Association will not pay for bills submitted to it for work ordered by individual owners. The only exception may be for an emergency item that protected the unit from further immediate damage. The Board of Directors shall determine whether an emergency existed.

SECTION 6. RIGHT OF ENTRY.

(a) A unit owner or owners shall grant the right of entry to the management agent or to any other person authorized by the Board or the Association in case of any emergency originating in or threatening his unit, whether the unit owner or owners is present at the time or not.

(b) A unit owner or owners shall permit other unit owners, or their representatives, when so required to enter the unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance, and that such entry is at a time convenient to the unit owner or owners. In case of an emergency, such right of entry shall be immediate.

SECTION 7. ARCHITECTURAL CONTROL COMMITTEE

(a). In General. Except for the original construction of the condominium units and any improvements to any condominium unit or to the common elements shown on the Amended Declaration Plan, and except for purposes of proper maintenance and repair or as otherwise in these Regulations provided, it shall be prohibited for any unit owners to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, plant, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, hedges, landscaping features, walls, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, trellis, driveways, walls, dog kennel, fish pond, hot tub, pools, hunting blinds, structures, fireplace, tiki torches, off road vehicles, paver, walk stone or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the common element or exterior of any condominium unit or upon any of the common elements within the project or to combine or otherwise join two or more condominium units, or to partition the same after combination, or to remove or alter any windows or exterior doors of any condominium unit, or to make any change or alteration within any condominium unit which will alter the structural integrity of the building or otherwise affect the property, interest or welfare of any other unit owners, materially increase the cost of operating or insuring the condominium project or impair any easement, until the complete plans and specifications, showing the location, nature, shape, height, material,

color, type of construction and/or any other proposed form of change (including, without, limitation, any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the costs of maintaining and insuring the condominium project and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Association, or by an architectural control committee designated by it.

(b). Architectural Control Committee - Operation. The Architectural Control Committee, if any, shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors of the Association and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural Control Committee, then the Board of Directors shall constitute the Committee.

(c). Approvals, etc. The Architectural Control Committee shall review all proposed additions for compliance with the Declaration, including the "Standards for Addition" and this Code of Regulations. The Architectural Control Committee shall be responsible to review any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same.

(d). Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural Control Committee pursuant to the provisions of this Article shall be commenced within ninety (90) days following the date upon which the same are approved by the Architectural Control Committee (whether by affirmative action or by forbearance from action), and shall be substantially completed within six (6) months following the date of commencement, or within such longer period as the Architectural Control Committee shall specify in its approval. In the event construction is not commenced within, the period aforesaid, then approval of the plans and specifications by the Architectural Control Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Architectural Control Committee without the prior consent in writing of the Architectural Control Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural Control Committee to disapprove

such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

(e). Certificate of Compliance. Upon the completion of any construction or alteration or other improvements or structure in accordance with plans and specifications approved by the Architectural Control Committee in accordance with the provisions of this Article, the Architectural Control Committee shall, at the request of the owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Architectural Control Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of these Regulations as may be applicable.

(f). Rules and Regulations, etc. The Architectural Control Committee may, in accordance with the UPA and DUCIOA, from time to time adopt and promulgate such rules and regulations and procedures, regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and/or establish such criteria relative to the Standards for Addition, or other matters, as it may consider necessary or appropriate. The Architectural Control Committee shall not expand or grant waivers to unit owners for common element modifications that exceed or expand those changes outlined in the Standards for Addition. Notwithstanding anything stated herein, all plans and specifications proposing additions or modifications of the kind and nature set forth in the Standards for Additions must be prepared by a professional architect or engineer. Further, all additions or modifications must be compliant with the then applicable state or local building codes. The rules, regulations and procedures promulgated by the Architectural Control Committee must be ratified by the Board. No such rules, regulations, procedures, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of this Code of Regulation. The Architectural Control Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article and/or retention of engineers or architect. The decisions of the Architectural Control Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Architectural Control may appeal the decision of the Addition Control Committee to the Board of Directors of the Association and, upon the request of such member, shall be entitled to a hearing before the Board of Directors. The decision of the Board of Directors shall be final except that any member who is aggrieved may submit a petition signed by 40% of the unit owners

to schedule a special meeting of the Association at which the Board decision may be overturned by a vote of a majority of the unit owners.

SECTION 8. USE RESTRICTIONS

(a) No resident of the project shall post any advertisements, or posters of any kind in or on the project except as authorized by the Association.

(b) Residents shall exercise extreme care not to make noises or use musical instruments, radios, television and amplifiers in such volume as to disturb the residents.

(c) No unit owner or owners, resident, or lessee shall install wiring for electrical or telephone installation, television antenna, machines or air conditioning units on the exterior of the project or that protrude through the walls or the roof of the project, nor make any other change or addition that shall in any way change the exterior appearance of the project, except as authorized by the Association.

(d) No clothing shall be displayed or aired so as to be visible from any street in the City of Lewes Beach.

(e) The Board may make such rules as to the details of the use of the property, not in conflict herewith, as it may deem appropriate, subject to the right of a majority of the Association to change such rules.

(f) No unit may be used for trade, or for the carrying on of a profession purposes.

(g) A unit owner or owners shall not place or cause to be placed in the common element space between the units any furniture, packages or objects of any kind. Such areas shall not be used for any other purpose than for normal transit through them. The use of all common elements shall be only as provided by these Regulations as from time to time amended.

(h) Except for boats and boat trailer, not exceeding 25' in length, no trailers, campers, recreational vehicles or other large vehicles, including but not limited to commercial vehicles shall be parked on the property at any time. The Board of Directors may define rules and regulations defining commercial vehicle. No junk or derelict vehicles or other vehicles on which current registration plates are not displayed shall be kept upon any of the common elements. Parking and storage for any boat or boat trailers is limited to Parking Areas B or as may be designated by the Board. This is not to preclude the loading and unloading of vehicles at the units or the washing or rinsing of boats and motors. The Board of Directors shall have the authority to assign general

common element open parking spaces to unit owners, limited to one space per unit. Only the Board of Directors has the authority to have vehicles towed.

(i) No resident, owner, guest or contractor may smoke on the beach, parking lot or common elements. Residents and owners may smoke in their unit or upon the limited common element appurtenant to their unit.

(j) Walkway lighting is allowed on the street-side walkways. No resident or owner may place landscape lighting or solar lighting on the beach, dunes or beach side of units.

(k) The use of open fires, tiki torches and candles are prohibited on decks.

(l) No resident, owner, guest or contractor may place a sign on the common element.

SECTION 9. COMMON ELEMENT DECORATION AND USE.

(a). In General. The use of the common elements immediately in the front and back of a condominium unit, excluding the sides of any building, may be utilized on a limited bases for owner recreation such as the temporary storage of kayaks and bicycles, temporary placement of barbeque, and the temporary placement of outdoor seating, plants and decoration. No permanent structures, vegetation, decorations or impervious materials may be placed on the common elements without prior written approval by the Association. A unit owner seeking to utilize the common element for this purpose shall have been submitted to and approved in writing, by the Board of Directors of the Association, or by any common element committee designated by it. The Common Element Committee and the Board of Directors shall have the authority in their sole discretion, without notice to any owner, to remove any object placed in or upon the common element that was not expressly authorized by the Common Element Committee or Board of Directors.

(b) The Common Element Committee, if any, shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors of the Association and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint a Common Element Committee, then the Board of Directors shall constitute the Committee. The Board of Directors may also combine the Common Element Committee with the Architectural Control Committee such that the Architectural Control Committee shall perform both functions. The affirmative vote of a majority of the members of the Common Element Committee shall

be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Section.

(c). Approvals, etc. Upon approval of the Common Element Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same.

(d). Rules and Regulations, etc. The Common Element Committee may, in accordance with the UPA and DUCIOA, from time to time adopt and promulgate such rules and regulations and procedures, regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and/or establish such criteria relative to the temporary uses that may be made of the general common elements, or other matters, as it may consider necessary or appropriate. The rules, regulations and procedures promulgated by the Architectural Control Committee must be ratified by the Board. No such rules, regulations, procedures, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of this Code of Regulations. The decisions of the Common Element Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Common Element Committee may appeal the decision of the Common Element Committee to the Board of Directors of the Association and, upon the request of such member, shall be entitled to a hearing before the Board of Directors. The decision of the Board of Directors shall be final except that any member who is aggrieved may submit a petition signed by 40% of the unit owners to schedule a special meeting at which the Board decision may be overturned by a vote of a majority of the unit owners.

SECTION 10. HEARING PROCEDURES. Except for late payment of assessments, the Board shall not impose a fine, suspend rights, or infringe upon any other rights of a member or other occupant for violations of the Declaration, this Code of Regulations or promulgated rules and regulations, unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

(1) the alleged violation;

(2) the action required to abate the violation; and

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

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty of if the same rule is subsequently violated, the Board or its delegate shall serve the violator with written notice of a hearing to be held by the Covenants Committee, as subset of the Board consisting of at least two Board members, in execution session. The notice shall contain:

(1) the nature of the alleged violation;

(2) the time and place the hearing, which time shall not be less than ten (10) days from the giving of the notice;

(3) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and

(4) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be in executive session pursuant to this notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the Board; or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the entire Board. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

ARTICLE VII

AMENDMENTS TO CODE OF REGULATIONS

This Code of Regulations may be amended by the affirmative vote of unit owners representing at least two-thirds (2/3) percentage interest of the votes in the Association at any meeting of the unit owners duly called for such purpose in accordance with the requirements of the UPA and DUCIOA and the foregoing provisions of these Regulations. Voting shall be by percentage interest as defined in Article II, Section 1. Any amendment will be effective only upon the recordation of the same among the Land Records. Amendments may be proposed by the Board or by petitions signed by unit owners representing thirty percent (30%) of the percentage interests in the condominium project. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted on.

ARTICLE VIII

COMPLIANCE

SECTION 1. COMPLIANCE. In case these Regulations conflict with any provision of DUCIOA or the UPA, as amended, it is hereby agreed and accepted that the provisions of the statute will apply and the remaining Regulations not so in conflict shall remain in full force and effect. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

SECTION 2. Failure to comply with any of the terms of the Declaration, this Code of Regulation, and the Rules and Regulations shall be grounds for relief which may include, without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien or payment of all assessments, any other relief provided for in this Code of Regulations, or any combination thereof, and all of which relief may be sought by the Association, the Board, the managing agent, or if appropriate by an aggrieved unit owner. In any proceeding arising out of any alleged default by a unit owner, the Board, on behalf of the Association, shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees or any costs of collection.

SECTION 3. WAIVER. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

IN WITNESS WHEREOF, the Association, acting through its Board, verifies that at least 67 percent of the votes in the Association have voted in favor of this 2015 Amended and Restated Code of Regulations of Pilot Point. The Association hereby

makes and files this 2015 Amended and Restated Code of Regulation of Pilot Point, dated this _____ day of _____, 2015.

Association of Owners of Pilot Point Condominium

By: _____ (seal)
Edward Kingman, Jr., President

Attest: _____ (seal)
Mark Gantanos, Secretary

STATE OF DELAWARE :
: ss.
COUNTY OF SUSSEX :

On this _____ of _____, 2015, before me, a Notary Public for the State and County aforesaid, personally appeared Edward Kingman, Jr., President of the Association of Owners of Pilot Point party to this Amendment, known to me personally to be such, and he acknowledged this 2015 Amended and Restated Code of Regulations of Pilot Point to be his act and deed and the act and deed of such association, duly authorized by resolution.

GIVEN under my hand and seal of office, on the date aforesaid.

NOTARY PUBLIC