

GRANTCHESTER MAINTENANCE CORPORATION

BY-LAWS

ARTICLE I

NAME AND ADDRESS

SECTION 1.01--Name. The name of this Association shall be GRANTCHESTER MAINTENANCE CORPORATION ("Corporation").

SECTION 1.02--Offices. The office of the Corporation shall be at the place designated by the Board of Directors, subject to transfer upon notice of the members of the Corporation.

ARTICLE II

APPLICABILITY

SECTION 2.01--Applicability. In accordance with the terms of the Declaration of Restrictions for GRANTCHESTER, Mill Creek Hundred, New Castle County, Delaware, (the "Declaration"), all present and future Lot Owners who shall be members of the Corporation and all tenants, residents, their guests, licensees, servants, agents, employees and any other person or persons who shall be permitted to use the Common Open Space and other property, if any, owned by the Corporation (hereinafter the "Corporation Facilities"), shall be subject to these By-Laws and

to the rules and regulations as may be adopted by the Board of Directors from time to time.

ARTICLE III

MEMBERSHIP

SECTION 3.01--Membership. Membership in the Corporation shall be limited to (i) the Owners or collective co-owners of a Lot subject to the Declaration and (ii) the Declarant or any successor Declarant.

SECTION 3.02--Membership Vote. Each Lot shall have one, and only one, membership regardless of the number of co-tenants, joint tenants or tenants by the entireties with interest in said Lot. Each membership shall be entitled to one vote on all matters on which members are entitled to vote; PROVIDED, however, Declarant shall be entitled to three (3) votes on all matters on which Members are entitled to vote for each Lot that Declarant holds title.

In cases where a Partnership or Association is, or more than one fiduciary or tenants in common, joint tenants or tenants by the entireties is the Lot Owner, such Lot Owner shall designate in writing to the Secretary one or more partners, associations, fiduciaries or tenants as those entitled to exercise the voting rights appurtenant to the Lot. That designation shall be reflected on the membership list and shall

be controlling until cancelled or superseded by such Lot Owner. Such voting rights may not be exercised at any time when such designation has not been made.

Where a Lot Owner is held in a fiduciary capacity, the fiduciary rather than the beneficiary shall be entitled to exercise the appurtenant voting rights.

SECTION 3.03--Suspension of Membership. Each member shall enjoy all the rights, benefits and privileges granted by the Declaration, Articles and these By-Laws and the Rules and the Law and by duly taken actions of the members of the Board of Directors, provided that such rights, benefits and privileges shall be suspended:

(a) Automatically, during any period when any assessment against the Member's Lot, and any interest, late charge or other related costs or expenses, remain unpaid in whole or in part beyond thirty (30) days from the due date of the assessment or of any installment thereof, whether or not the Member is personally liable therefore; and

(b) During any suspension ordered by the Board of Directors pursuant to Section 3.07, a member's duties and obligations shall not in any way be affected or reduced by the suspension of the member's rights, benefits and privileges, whether during such suspension or thereafter.

Meeting

SECTION 3.04--Suspension. The Board of Directors may, as in Section 3.03(a), suspend the member's rights, benefits and privileges for any period that terminates no later than when the failure has been fully cured. Such suspension shall require ten (10) days prior written notice to a member specifying the nature of the failure and an opportunity to be heard before the Board of Directors. However, suspension shall be immediate if the Board in its absolute discretion orders that the failure presents a clear and present safety danger. In the latter case, the Board shall give the member prompt written notice of suspension and reasons therefore and provide an opportunity to be heard before the Board of Directors within ten (10) days after the suspension.

ARTICLE IV

MEETINGS OF MEMBERS

SECTION 4.01--Place of Annual and Special Meetings.

All annual and special meetings of the Corporation shall be held at the principal office of the Corporation or at such other suitable and convenient place as may be permitted by law, and from time to time fixed by the Board of Directors and designated in the notices of such meetings.

SECTION 4.02--Date of Annual Meeting. Annual meetings of the members of the Corporation shall be held in the month of

March. At each annual meeting there shall be elected by a written, secret ballot of a majority of the members present at the meeting in person or by proxy and entitled to vote, the members of the Board of Directors of the Corporation in accordance with the provisions of Article VI of these By-Laws. The members may also transact such other business as may properly come before the meeting.

SECTION 4.03--Notice of Annual Meetings. The Secretary shall mail notices of annual meetings to each member of the Corporation directed to the last known post office address as shown on the records of the Corporation, by regular mail, postage prepaid. Such notice shall be mailed no fewer than ten (10) nor more than sixty (60) days before the date of such meeting, and shall state the date, time and place of the meeting and the purpose or purposes thereof, the items on the agenda, including the general nature of any proposed amendment to the Declaration or these By-Laws. In lieu of mailing notice as herein provided, such notice may be delivered by hand to the members, or left at their residence in their absence.

The first annual meeting of the members shall be called by the initial Board of Directors and held by the earlier of thirty (30) days after the Declarant transfers legal and equitable ownership of sixty (60) Lots or the first Monday of March, 1991.

SECTION 4.04--Special Meeting. It shall be the duty of the President to call a special meeting of the members of the Corporation (a) whenever he is directed to do so by resolution of the Board of Directors; or (b) upon presentation to the Secretary of a petition, stating the specific purpose or purposes of such meeting, signed by fifty (50%) percent of the members entitled to vote at such meeting.

SECTION 4.05--Notice of Special Meetings. The Secretary shall mail notice of such special meeting to each member of the Corporation in the manner provided in Section 4.03, except that notice of such special meeting shall be mailed not fewer than ten (10) nor more than thirty (30) days before the date fixed for such meeting. In lieu of mailing notice as herein provided, such notice may be delivered by hand to a member or left at his residence in his absence. Such notice shall state the same items required in Section 4.03 for notices of annual meetings. No business shall be transacted at any special meeting except as stated in the notice thereof, unless by consent of fifty (50%) percent of the members present, either in person or by proxy.

SECTION 4.06--Affirmative Vote. Except with respect to Directors' elections or as otherwise provided in the Declaration or herein, all decisions of the Corporation's membership require the affirmative vote of fifty-one (51%) percent of the votes of

Quorum

Members in good standing, including Declarant, entitled to vote and in attendance at a meeting having present, in person, by proxy, or by mail ballot, the quorum required in Section 4.08 hereof. For purposes of elections of Directors, each Owner shall vote for one nominee for each Director position open for election. Cumulative voting shall not be permitted.

SECTION 4.07--Membershi List. Not fewer than ten (10) days prior to the date of the annual or special meeting of the Corporation, the Secretary shall compile and maintain at the principal office of the Corporation, an updated list of members and their last known post office addresses. Such lists shall also show opposite each member's name and address the Lot owned by each member. The list shall be open for inspection by all members and other persons lawfully entitled to inspect the same during regular business hours up to the date of such annual or special meeting.

SECTION 4.08--Quorum. Except as otherwise provided in these By-Laws, the Declaration and the Articles of Incorporation, the presence in person or by proxy of thirty (30%) percent of the members of the Corporation shall constitute a quorum at the beginning of any annual or special meeting of members.

ARTICLE V

BOARD OF DIRECTORS

SECTION 5.01--Number of Directors, Initial Directors.

(a) The affairs of the Corporation shall ultimately be governed by a Board of Directors consisting of three (3) natural persons. Except for representatives nominated by Declarant, members of the Board of Directors shall be Owners of Lots, provided, however, that officers, partners, directors or employees of an Owner (including the Declarant) may serve as a Director with the written authorization of the Owner. Directors shall serve until their successors take office. With respect to directors appointed by the Declarant, the Declarant shall be permitted to appoint and reappoint such members or successors without the necessity of obtaining resignations.

(b) The Initial Board of Directors shall consist of three (3) natural persons appointed by the Declarant. At the first Annual Meeting of the members pursuant to 4.03 herein, the Members of the Corporation shall nominate and elect two (2) Directors who shall serve together with the three (3) Directors appointed by the Declarant on an Interim Board of Directors. The Declarant's power to appoint three (3) Directors to the Interim Board of Directors shall terminate at such time as Declarant owns no lots, at which point the Members shall elect

the final Director of the permanent Board of Directors. The final director shall serve a term of either 180 days from the date of his election, or until the next annual meeting, whichever is a shorter period of time.

SECTION 5.02--Terms of Members. Directors {other than those appointed by the Declarant pursuant to Section 5.01 (b) and replaced pursuant to Section 5.01 (b) above} shall serve until their successors are duly elected and qualified at an annual meeting or until their earlier removal or resignation. The first two (2) Directors elected by the members at the first annual meeting shall consist of one (1) Director with a one-year term and one (1) Director with a two-year term. All subsequent Directors shall serve for two-year terms. All terms run commencing with the annual meeting.

SECTION 5.03--Nominations to Board of Directors.

(a) Except as provided for in Section 5.01 and in Paragraph (b) below, Members of the Corporation may be nominated for election to the Board of Directors in one of the following ways:

(i) A member of the Board of Directors shall be deemed to have been nominated for re-election to that position held by his signifying his intention to seek re-election in writing addressed to the Board of Directors.

*Director's
meeting*

SECTION 5.04--Regular Board of Directors Meeting.

Regular meetings of the Board of Directors shall be held at such time and place permitted by law, as from time to time may be determined by resolution of the Board of Directors or by written consent of all Directors. Meetings may be held by means of conference telecommunication, provided notice of such meeting shall specify that such meeting is to be held by such means rather than in person. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by telegram, telephone or by United States Mail, with postage prepaid, directed to him at his last known post office address as the same appears on the records of the Corporation, at least five (5) days before the date appointed for such meeting. Such notice shall state the date, time and place of such meeting and the purpose thereof.

SECTION 5.05--Special Board of Directors Meeting.

Special meetings of the Board of Directors may be called by the President of the Corporation on three (3) days written notice to each Director given in the same manner as provided in Section 5.04. Special meetings of the Board of Directors shall be called by the President or the Secretary in like manner upon the written request of any two (2) Directors.

SECTION 5.06--Waiver of Notice. Before any meeting of the Board of Directors, whether regular or special, any director

may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. All such written waivers shall be filed with the records of the Corporation or made a part of the minutes of the meeting. Attendance by a Director at any meeting of the Board of Directors shall likewise constitute a waiver by him of such notice. If all Directors are present at any meeting of the Board of Directors, no notice of such meeting shall be required, and any business may be transacted at such meeting except as prohibited by law or these By-Laws.

SECTION 5.07--Quorum. At all duly convened meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, except as otherwise expressly provided in these By-Laws or by Law, and the acts of the majority of the Directors present at such meeting at which a quorum is present shall be the acts of the Board of Directors.

SECTION 5.08--Consent in Writing. Any action by the Board of Directors may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. Such action by ~~written~~

Records

consent shall have the same force and effect as a unanimous vote of such Directors.

SECTION 5.09--Fees and Compensations. No Director or Officer shall receive any salary for his services as such, but may be reimbursed for any expenses incurred in the performance of his duties.

SECTION 5.10--Records. The Board of Directors shall cause to be kept a complete record of all its acts and corporate affairs to present a statement thereof to the members of the Corporation at annual meetings of the members of the Corporation or at any special meeting where such statement is requested in writing by one-fourth (1/4th) of the Corporation members entitled to vote.

SECTION 5.11--Powers and Duties. The Board of Directors shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Corporation and the operation and maintenance of the Corporation Facilities and may do or cause to be done all such other lawful acts and things as are now by law, by the Articles of Incorporation of the Corporation, by the Declaration of Restrictions of GRANTCHESTER and by these By-Laws directed or required to be done by members of the Corporation. In the performance of its duties as the administering body of the Corporation, in addition to those powers and duties set forth in

SPENDING
RESERVE FUNDS

the Declaration of Restrictions of GRANTCHESTER, the Board of Directors shall have powers and duties, including, but not limited to the following:

(a) To appoint committees for all lawful purposes, as provided by Article VII of these By-Laws.

(b) The duty, consistent with law, to determine, or cause to be determined, the expenses of the Corporation in the discharging of its powers and duties (the "Common Expenses") and assess the same against the Owners in accordance with the provisions of the Declaration and these By-Laws.

(c) The duty to levy and collect, or cause to be levied and collected, Annual Assessments for Common Expenses and Special Assessments in accordance with the Declaration.

(d) (1) The duty to use and expend, or cause to be used and expended, any sums collected from such Annual and Special Assessments for the operation, maintenance, insurance, management, renewal, care, upkeep, and protection of the Common Open Space.

(2) The Board of Directors shall maintain or cause to be maintained, a reserve fund adequate for the proper maintenance, repair and replacement of the Common Open Space. The reserve fund shall be maintained out of regular Assessments for Common Expenses.

RESERVE
FUNDS

(e) The duty to pay, or cause to be paid, all taxes and assessments levied or assessed against any property that may be owned by the Corporation exclusive of any taxes or assessments levied against any Owner or otherwise properly chargeable to the Owner.

(f) The power to enter into a contract for professional management of the Property and the Corporation at such price and upon such terms as shall be determined by the Board of Directors, to perform such duties and services as the Board of Directors may lawfully delegate. However, any such contract shall not be for a term in excess of two (2) years, and shall provide for termination by either party with or without cause on sixty (60) days' written notice thereof to the other.

(g) The power to employ or retain such counsel and consultants as may be deemed necessary by the Board of Directors for any proper purposes of the Corporation and to fix their compensation for professional advice or services such as, but not limited to those hereinbefore or hereinafter referred to in these By-Laws.

(h) The duty to cause a financial review of the books and accounts of the Corporation to be made by a Director or competent, independent consultant at the end of each fiscal year. A copy of each such review or a summary thereof shall be made available to each Owner upon request.

(i) The duty to maintain accounting records in accordance with generally accepted accounting principles.

(j) The power to make, and enforce compliance with such reasonable rules and regulations relative to the operation, use and occupancy of the Property including, but not limited to penalties to be levied for violations of these By-Laws, the Declaration and any such rules and regulations as the Board of Directors shall adopt, and to amend the same from time to time as and when approved by appropriate resolutions which shall be binding on the owners and occupants of the Lots, their successors, in title, and assigns. A copy of such rules and regulations and copies of any amendments thereto shall be delivered or mailed to each Owner or occupant of a Lot promptly upon the adoption thereof.

(k) The duty to keep the Common Open Space, fixtures, equipment and personal property owned by the Corporation insured, as provided in the Declaration, for the benefit and protection of the Corporation and the Lot Owners. The Board of Directors shall have the power to name as an insured, on behalf of the Corporation, the Corporation's authorized representative, including any trustee with whom the Corporation may enter into any insurance trust agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall be given exclusive authority to negotiate

losses under any policy providing property or liability insurance. The Corporation by its Board of Directors, shall be required to receive, hold or otherwise properly dispose of any proceeds of insurance in accordance with the Declaration. The Corporation or any Insurance Trustee or Substitute Insurance Trustee designated by the Corporation shall have the power to act as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: The collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

(1) The power to borrow and repay monies giving notes, mortgages or other security, upon such term or terms as are deemed necessary, with the approval of at least sixty-seven (67%) percent of the Members of the Corporation.

(m) The power to do all things incidental and necessary to the accomplishment of the above.

The duties and powers imposed on the Board of Directors by this Section 5.11, shall not be amended so as to reduce or eliminate any such duties or powers of the Board of Directors without the affirmative vote of members entitled to vote holding at least seventy-five (75%) percent of the total votes in the Corporation.

SECTION 5.12--Vacancy on Board of Directors. Except as provided in Section 5.01 hereof, if the office of any member of the Board of Directors shall become vacant by reason of his death, resignation, retirement, disqualification, removal from office or otherwise, the remaining members at a special meeting duly called for such purpose shall choose a successor who shall hold office until the next annual meeting of the Corporation, and his re-election or election of his successor at such meeting. The nomination and election procedures outlined in these By-Laws for elections held at annual meetings shall apply to such special election. The person so elected shall serve for the unexpired term in respect to which such vacancy occurred.

SECTION 5.13--Removal of Directors. Directors, other than those representing the Declarant for Lots owned by the Declarant, may be removed with or without cause, by a majority vote of the members of the Corporation at any special meeting of the members of which notice has been properly given, as provided in the By-Laws, provided that the same notice of the said special meeting has also been given to said entire Board of Directors or any individual Director whose removal is to be considered at said special meeting.

ARTICLE VI

OFFICERS

SECTION 6.01--Officers. The officers of the

PRESIDENT

OFFICERS

Corporation shall be a President, Vice-President, Secretary and Treasurer and such other officers and assistant officers as the Board of Directors may from time to time specify and elect.

SECTION 6.02--Election. All officers of the Corporation shall be natural persons of the majority age. The President and Vice-President shall be, and the other officers and any assistant officers may but need not be, members of the Board of Directors. Any two (but not more than two) officers may be filled by the same person, except the offices of President and Vice-President. All officers and assistant officers shall serve at the pleasure of the Board of Directors and may be removed by the Board of Directors at any time, with or without cause. The Board of Directors shall promptly fill any vacancies in any of the four offices required by Section 6.01. The Board of Directors may secure the fidelity of any officer, assistant officer, employee or agent of the Corporation by bond or otherwise, the cost of which shall be a common expense.

SECTION 6.03--Election. The officers of the Corporation shall be elected annually by the Board of Directors within twenty (20) days of the annual membership meeting and shall hold office until their successors are elected or appointed by the Board of Directors. The Board of Directors may, from time to time, appoint such other officers as, in its

judgment are necessary. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Corporation. Any such resignation shall take effect as of the date of the receipt of such notice or any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6.04--Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause, shall be filled in the manner prescribed in these By-Laws for regular appointments to such office.

SECTION 6.05--President. The President shall be the chief executive officer of the Corporation and shall preside at all meetings of the members and of the Board of Directors. He shall have the general powers and duties usually vested in the office of the President of a Corporation. The President shall be an ex-officio member of all standing committees, if any. He shall execute such deeds, contracts and other instruments in the name and on behalf of the Corporation and under its corporate seal when a seal is required, except when such documents are required or permitted by law to be otherwise executed, and except when the signing and execution thereof shall be delegated by the Board of Directors to another officer or agent of the Corporation.

SECTION 6.06--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 Board of Directors shall appoint some other member of the Board of Directors to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these By-Laws.

SECTION 6.07--Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the members and record all votes and the minutes of all meetings and proceedings, including resolutions, in a Minute Book, to be kept for that purpose, and shall perform the duties for any committees, when required. He shall have charge of the Minute Book and such records and papers as the Board of Directors shall direct, and perform all duties incident to the office of Secretary, including the sending of notices of meetings to the members, the Board of Directors and committees, and such other duties as may be prescribed by these By-Laws or by the Board of Directors or the President. He shall also have custody of the corporate seal, and when authorized by the Board of Directors, affix the same to any instrument requiring it and attest the same when appropriate. The Secretary shall keep or cause to be kept at the principal office of the Corporation, a membership register showing the following: (i) the names and addresses of

all members of the Board of Directors; (ii) the names of the members and their addresses; (iii) the Lot as to which each membership relates; and (iv) the number of memberships held by each member.

SECTION 6.08--Treasurer. The Treasurer shall have responsibility for the Corporation funds and securities and shall keep full and accurate accounts of receipts and disbursement in books belonging to the Corporation and shall deposit all monies, checks and other valuable effects in the name and to the credit of the Corporation, in such depositories as may from time to time be designated by the Board of Directors. He shall disburse the funds of the Corporation as may from time to time be ordered by the Board of Directors or by the President, and shall render to the President and the Directors at the regular meetings of the Board of Directors, or whenever they or either of them shall require an account of his transactions as Treasurer and of the financial condition of the Corporation. Nothing shall prohibit functions of the Treasurer to be delegated to an agent or management representative of the Corporation provided such delegation is approved by resolution of the Board of Directors. The delegation of such duties of the Treasurer shall not relieve the Treasurer from any responsibility related to overseeing and reviewing any duties performed by such agent.

SECTION 6.09--Compensation. The officers of the Corporation shall serve without compensation except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

ARTICLE VII

COMMITTEES

SECTION 7.01--Committees. The Board of Directors may from time to time, by resolution adopted by a majority of its number, establish one or more committees to exercise such powers and authority of the Board of Directors as shall be specified in the creating resolution, except that no committee shall have any power or authority: to submit any matters to the members; to fill vacancies of Board of Directors; to adopt, annul or repeal these By-Laws or any resolution of the Board of Directors; or that as committed by the By-Laws or any resolution of the Board of Directors to another committee. Each committee member and the chairperson shall be appointed by the Board of Directors and serve at its pleasure for a term of one year or until new members are appointed. Unless otherwise herein, each committee formed by the Board of Directors shall consist of a chairman and two (2) or more members, one of whom shall be announced by publication to the Members of the Corporation.

ARTICLE VIII

ASSOCIATION BOOKS AND RECORDS

SECTION 8.01--Association Books and Records. The Board of Directors shall make available to the Owners and to the holders, insurances and guarantors of first mortgages on any of the Lots current copies of the Declaration, these By-Laws, rules and regulations and the books, records and financial statements of the Corporation. For purposes of this paragraph, "available" shall mean available for inspection, upon request, during normal business hours, at the office of the Corporation.

The Board of Directors shall make available to a Lot Owner or equitable Lot Owner by reason of an executed Agreement of Sale, at the requesting parties expense, a copy of the Declaration, By-Laws, rules, regulations, any architectural guidelines, and the current budget.

ARTICLE IX

ASSESSMENTS

SECTION 9.01--Creation of the Lien and Personal Obligation. Each owner of a Lot, who is a Member, shall pay and be liable for payment to the Corporation of all assessments, whether annual or special, as each is hereinafter defined, fixed established and collected by the Corporation from time to time during the period that the Owner is a Member, pursuant to the

terms of the Declaration or these By-Laws of the Corporation. For assessment purposes, Declarant shall be considered the Lot Owner and Member for each Lot that it holds legal title and upon which maintains a certificate of occupancy thereon. The respective Lot owned by each Member shall be subject to an in rem charge and continuing lien upon and against it for the payment of said assessments and any interest or penalties thereon and all costs of collection thereon expended by the Declarant or the Corporation.

SECTION 9.02--Purpose of Assessments. The assessments levied by the Corporation shall be used exclusively for the discharge of the powers and duties of the Corporation, including, inter alia, the preservation and maintenance of the Common Open Space as shown on the Subdivision Plan, the payment of any taxes or insurance in connection with the preservation or maintenance of the Common Open Space and the cost, labor, equipment and materials for the reservation and maintenance of the Common Open Space as shown on the Subdivision Plan including the deferral of costs and expenses of the Corporation.

SECTION 9.03--Basis of Annual Assessments. Commencing with the first membership until January 1st of the second year immediately following the year in which such first membership is established, the annual assessment (which must be fixed at a uniform rate for all Members and apportioned between successive

owners of the same Lot at settlement thereon), shall be at the annual rate established by the Board of Directors. The annual assessment may be increased or decreased, by majority vote of the Board of Directors, as hereinafter provided for the next succeeding year and, at the end of each year, for each succeeding year.

SECTION 9.04--Special Assessments. In addition to the annual assessments, the Corporation may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, expansion, unexpected repair or replacement of the Corporation's facilities including the Common Open Space as shown on the Subdivision Plan. No special assessment shall be made for the construction of any capital improvement unless the special assessment shall be approved by a vote of more than fifty (50%) percent of the Members of the Corporation, unless required by New Castle County, acting through its governing body as hereinafter provided.

SECTION 9.05--Payment of Assessment. All annual assessments shall be levied on or before January 15th each year, and shall be due and payable by each Member on or before the first day of March each year. All special assessments shall be due and payable one month from the date on which they are levied, unless the Board of Directors shall designate a later,

or installment, due date(s) in the resolution authorizing such assessment.

No annual or special assessment, or pro-rata portion thereof shall be returned upon transfer of Membership. It shall be the responsibility of the selling and buying parties to agree between themselves on the proration of any installment paid.

SECTION 9.06--Duties of the Board of Directors. The Board of Directors of the Corporation shall prepare a roster of Members and assessments applicable thereto which shall be kept in the Office of the Corporation and shall be open to inspection by any Member. Written notice of the assessment shall thereupon be sent to every Member subject thereto.

The Corporation shall, upon demand, at any time, furnish any Member, liable for said assessment, a certificate in writing signed by an officer of the Corporation, setting forth whether said assessment has been paid. Such certificate shall be prima facie evidence of payment of any assessment therein stated to have been paid.

SECTION 9.07--Effect of Non-Payment of Assessment. If any assessment is not paid on the date when due (being the date specified in Section 9.05 hereof), then such assessment shall be deemed delinquent and shall, together with such late fees as the Board shall determine by rule and regulation and interest thereon and cost of collection thereof as are hereinafter

provided continue as a lien on the Lot which shall bind such Lot in the hands of the Owner, his heirs, devisees, personal representatives, successors and assigns. An assessment delinquent for more than thirty (30) days shall bear an interest from the date of delinquency at the maximum lawful rate.

The Board of Directors may elect to accelerate the due date of the balance of any installments of an assessment against a delinquent Lot Owner. Further, any delinquent assessment, together with accrued interest and late charges, may be enforced by suit by the Corporation, in an action in assumpsit, which shall be indexed by the Prothonotary as lis pendens and/or to enforce or foreclose the aforesaid lien and charge, and the Corporation shall have any and all other remedies available at law or in equity. All the foregoing remedies shall be cumulative and may be pursued separately or together. Any failure to exercise any right or remedy shall not be deemed a waiver thereof. Additionally, the Corporation may withhold from any Grantee who is delinquent in the payment of assessments any and all services to be rendered to the Grantor by the Corporation pursuant to this Declaration or the By-Laws.

Upon any sale, conveyance or other transfer of a Lot, by gift, by operation of law or otherwise, Grantee shall be jointly and severally liable with the Grantor for all unpaid assessments which under this Declaration are a charge against

the Lot, as of the date of the sale, conveyance or transfer. However, such joint or several liability shall be without prejudice to the Grantee's right to recover from the Grantor the amount of such unpaid assessment which the Grantee may pay. Until any such assessments are paid, they shall continue to be a charge against the Lot which may be enforced in the manner herein set forth.

A Grantee under a written agreement to purchase a Lot shall be entitled to receive from the Corporation on demand a statement of assessments unpaid as of the date of settlement for such purpose. Such Grantee shall not, and his Grantor shall, be liable for any amount not shown thereon. The new Lot Owner, not the former Lot Owner, shall be liable for any assessments made after the date of transfer of title to a Lot or any installments under any prior assessment that fall due thereafter, even though the expenses for which the assessment is or was made relate in whole or in part of any period prior to that date.

SECTION 9.08--Subordination of the Lien. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages or Municipal liens now or hereafter placed upon the Lot subject to the assessment; provided however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of

foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, or from the lien of any such subsequent assessments

SECTION 9.09--Year-End Surplus.

(a) If the Board of Directors should determine that any of the retained surplus of assessment income over expenses actually paid constitutes taxable income to the Corporation for any assessment year, the Board of Directors, by majority vote, may within its discretion direct distribution of said surplus in accordance with Section (b) hereof.

(b) If at the end of any year, the Corporation shall have spent, including accrued expenses, less than the income received by it from assessments or otherwise, and if the Board of Directors shall determine, pursuant to Section (a) above that said excess should be distributed to avoid taxation thereon, the Corporation shall distribute the excess or apply the excess to the next installment or year's assessments to all Members in proportion to their actual payments of assessments to the Corporation during that year. For the purposes of this Section, monies budgeted and collected for future repair and replacement of the Corporation's facilities and Common Open Space shall be deemed to have been spent in the year collected, and shall not be distributed as surplus.

SECTION 9.10--Reassessment of Uncollectable Assessments. In all cases where all or any part of an annual or special assessment cannot be promptly collected from any Member or Members liable therefore, the Board of Directors shall reassess the same as an insufficiency pursuant to Section (3) and (4) of this Article, without prejudice to the rights of collection against such person or entity. Any Member or Members who have paid a reassessment made pursuant to this Section shall be reimbursed to the extent possible as follows:

- (a) From the monies, net the collection expenses, thereafter recovered by the Corporation in collection of the unpaid assessment; or
- (b) From the year-end surplus if any prior to distribution pursuant to Section 9.09 (b) above.

Any monies recovered net of collection expenses, subsequent to full reimbursement pursuant to (a) and/or (b) above, shall be income to the Corporation in the year recovered.

SECTION 9.11--Transfer at Sheriff's Sale. In the event that title to a Lot is transferred at Sheriff's Sale pursuant to execution upon any lien or judgment against the Lot, the Corporation shall give notice in writing to the Sheriff of any unpaid assessments which are a charge against the Lot and which have not theretofore been reduced to judgment and lien pursuant hereto. Such unpaid assessments shall be paid out of the proceeds of the sale prior to distribution of any balance to the

former Lot Owner against whom the execution issued. The purchaser at such Sheriff Sale shall not be liable for unpaid assessments which become due prior to the Sheriff's Sale of the Lot. Any such unpaid assessments which cannot be promptly collected from the former Lot Owner shall be reassessed by the Corporation as a common expense to be collected from all Lot Owners, including the purchaser who acquired title at the Sheriff's Sale, his successors and assigns.

The lien for assessment shall be prior to any mortgage placed by a Lot Owner (other than the Declarant) against any Lot. No Lot Owner may avoid liability for assessments by waiver of the right to the use of Common Open Space or any part thereof or by abandoning the Lot or otherwise whatsoever nor shall such liability be avoided or abated by any interruption in such right of use for whatever reason or cause.

ARTICLE X

AMENDMENTS TO BY-LAWS

SECTION 10.01--Amendments to the By-Laws. Except as otherwise provided herein, these By-Laws may be amended from time to time by the affirmative vote, in person or by proxy, of the members representing at least fifty-one (51%) percent of the votes of the members of the Corporation. No amendment shall be made to these By-Laws while the Declarant owns any Lot in the

Development, so as to effect or change any power granted to or reserved by the Declarant, without the written consent of the Declarant.

ARTICLE XI

TERMINATION

SECTION 11.01--Termination. In the event the Corporation is terminated in its entirety or the Declaration revoked pursuant to the provisions of the Declaration, the Corporation shall remain in existence until the distribution of assets, allocation of interest and/or all other aspects of the termination have been completed.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01--Delegation of Authority. The Board of Directors may authorize any officer or officers, to enter into any contract or execute any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances, and unless so authorized by the Board of Directors, no officer, agent, or other person shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

SECTION 12.02--Interpretation. In the event of a conflict of interpretation between the provisions set forth in these By-Laws and the Declaration, the Declaration shall govern. In the event of any conflict between these By-Laws and the Articles of Incorporation of the Corporation, the Articles of Incorporation shall control. In the event that the Internal Revenue Code is hereafter amended or changed, both the Declaration and these By-Laws shall be interpreted in such a manner as to conform to the provisions of the Internal Revenue Code with respect to non-profit entities, it being the intention to preserve the lawful status of the Corporation as a bona-fide, non-profit entity.

SECTION 12.03--Construction. Number and gender, as used in these By-Laws, shall extend to and include both singular and plural, and all genders as the context and construction require.

SECTION 12.04--Fiscal Year. Fiscal year of the Corporation shall begin on January 1.

SECTION 12.05--Seal. The seal of the Corporation shall be circular and shall have inscribed thereon the name of the Corporation, its date and the state of incorporation and the words "corporate seal".

ARTICLE XIII

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

SECTION 13.1--Indemnification. This Corporation shall indemnify any director or officer, and may indemnify any other employee or agent, who was or is a party to, or is threatened to be made a party to or who is called as a witness in connection with any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of this Corporation, by reason of the fact that he is or was a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

SECTION 13.2--Non-Exclusive Right. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, contract, vote of shareholders or disinterested directors or pursuant to

the direction, howsoever embodied, of any court of competent jurisdiction or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. It is the policy of this Corporation that indemnification of, and advancement of expenses to, directors and officers of this Corporation shall be made to the fullest extent permitted by law. To this end, the provisions of this Article XIII shall be deemed to have been amended for the benefit of directors and officers of this Corporation effective immediately upon any modification of the Non-Profit Corporation Law of the State of Delaware (the "NPCL") or the Directors' Liability Act of the State of Delaware (the "DLA") which expands or enlarges the power or obligation of Corporations organized under the NPCL or subject to the DLA to indemnify, or advance expenses to, directors and officers of this Corporation.

SECTION 13.3--Expenses. This Corporation shall pay expenses incurred by an officer or director, and may pay expenses incurred by any other employee or agent, in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by this Corporation.

SECTION 13.4--Continuation of Benefit. The

indemnification and advancement of expenses provided by, or granted pursuant to, this Article XIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 13.5--Self Insurance. This Corporation shall have the authority to create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner, its indemnification obligations, whether arising under these By-Laws or otherwise. This authority shall include, without limitation, the authority to (i) deposit funds in trust or in escrow, (ii) establish any form of self-insurance, (iii) secure its indemnity obligation by grant of a security interest, mortgage or other lien on the assets of this Corporation or (iv) establish a letter of credit, guaranty or surety arrangement for the benefit of such persons in connection with the anticipated indemnification or advancement of expenses contemplated by this Article XIII. The provisions of this Article shall not be deemed to preclude the indemnification of, or advancement of expenses to, any person who is not specified to Section 1 of this Article but whom this Corporation has the power or obligation to indemnify, or to advance expenses for, under the provisions of the NPCL or the

DLA or otherwise. The authority granted by this Section 13.05 shall be exercised by the Board of Directors of this Corporation.

SECTION 13.06--Repeal. The repeal of this Article or any amendment hereof which may impair or otherwise diminish the protection afforded hereby to the persons described herein shall be effective only with respect to acts of omissions by such person which occur after the effective date of such repeal or amendment and shall have no effect whatsoever with respect to acts or omissions occurring prior to such effective date.

ARTICLE XIV

LIMITED DIRECTORS' LIABILITY

SECTION 14.01--Fiduciary Relationship. A director of this Corporation shall stand in a fiduciary relation to this Corporation and shall perform his duties as a director, including his duties as a member of any committee of the Board of Directors upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of this Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his duties, a director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements

and other financial data, in each case prepared or presented by any of the following:

(a) One or more officers or employees of this Corporation whom the director reasonably believes to be reliable and competent in the matters presented.

(b) Counsel, public accountants or other persons as to matters which the director reasonably believes to be within the professional or expert competence of such persons.

(c) A committee of the Board of Directors upon which he does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the director reasonably believes to merit confidence. A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

SECTION 14.02--Reliance. In discharging the duties of their respective positions, the Board of Directors, committees of the Board of Directors and individual directors may, in considering the best interest of this Corporation, consider the effects of any action upon employees, upon suppliers and customers of this Corporation and upon communities in which offices or other establishments of this Corporation are located, and all other pertinent factors. The consideration of these factors shall not constitute a violation of Paragraph 1 hereof.

SECTION 14.03--Presumption. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director or any failure to take any action shall be presumed to be in the best interests of this Corporation.

SECTION 14.04--Limited Liability. A director of this Corporation shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

(a) the director has breached or failed to perform the duties of his office under Section 1; and

(b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

SECTION 14.05--Exclusion to Limited Liability. The provisions of Paragraph 4 hereof shall not apply to:

(a) the responsibility or liability of a director pursuant to any criminal statute; or

(b) the liability of a director for the payment of taxes pursuant to local, state or federal law.

BOARD OF DIRECTORS

WITNESS

BY: _____
Director

WITNESS

BY: _____
Director

WITNESS

BY: _____
Director