

Villas at Bay Crossing Condominium Association

Articles of Incorporation



PCAM

Premier Community Association Management

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Villas at Bay Crossing Condominium Association

Budget



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Premier Community Association Management

Villas at Bay Crossing 2025 Budget

OPERATING BUDGET				
ACCOUNT NUMBER - DESCRIPTION	2024 BUDGET	YTD ACTUALS AS OF 9/30/2024	2025 BUDGET	COMMENTS
OPERATING INCOME				
Operating Assessments	\$ 243,906	\$ 180,783	\$ 251,223	3% Increase per 6-3-2% model for 2024, 2025, 2026.
Collection Fees	\$ -	\$ 40	\$ -	
Lease Income KPG	\$ 5,000	\$ 5,000	\$ 5,000	Parking Leases
Returned Payments	\$ -	\$ 30	\$ -	
Key Fob Income	\$ -	\$ 50	\$ -	
Operating Earned Interest	\$ -	\$ 6	\$ -	
Miscellaneous Income	\$ -	\$ 228	\$ -	
OPERATING INCOME TOTAL	\$ 248,907	\$ 186,137	\$ 256,223	
OPERATING EXPENSES				
GENERAL & ADMINISTRATIVE				
Accounting (Audit, Tax Prep & Filing)	\$ 560	\$ 529	\$ 550	Base rate
Insurance (GL, Prop, D&O)	\$ 55,000	\$ 3,777	\$ 56,000	Based on premium
Legal	\$ 1,000	\$ 4,719	\$ 2,500	Increased based on pending litigation
Taxes, Permits, Fees	\$ 1,400	\$ 721	\$ 750	Reduced per 2024 surplus
Postage	\$ 200	\$ 124	\$ 150	Reduced per 2024 surplus
Office Expense	\$ 325	\$ 213	\$ 225	Reduced per 2024 surplus
Reproduction	\$ 100	\$ 6	\$ 50	
Management-Contract	\$ 18,000	\$ 13,830	\$ 18,900	Per PCAM auto-renewal (5% Increase)
Management-NonContract	\$ -	\$ 225	\$ 250	Maintenance calls
Collection Fee Expenses	\$ 50	\$ -	\$ 50	
Claims Expense	\$ 1,000	\$ -	\$ 1,500	
GENERAL & ADMIN TOTAL	\$ 77,635	\$ 24,144	\$ 80,925	
UTILITIES				
Electric-Street Lights-2947	\$ 1,746	\$ 1,826	\$ 2,484	2% increase (inflation) from 2024 Year End Projection
Electric-Cir Foun-0916	\$ 1,211	\$ 1,315	\$ 1,788	^
Electric-Cir #HSE-6026	\$ 1,390	\$ 1,004	\$ 1,366	^
Electric-34670 Villa Cir #Hse-5960	\$ 880	\$ 624	\$ 848	^
Electric-34642 Bay Crossing Blvd #Pond-2939	\$ 605	\$ 497	\$ 675	^
Electric-34646 Bay Crossing Blvd Hse-4432	\$ 227	\$ 262	\$ 357	^
Electric-34642 Bay Crossing Blvd #Hse-3558	\$ 234	\$ 193	\$ 262	^
Electric-34703 Villa Cir #Pool-2032	\$ 1,378	\$ 1,104	\$ 1,502	^
Electric-34704 Villa Cir #Hse-5416	\$ 1,327	\$ 1,163	\$ 1,582	^
Shared Electric	\$ 2,531	\$ 1,755	\$ 2,387	^
Telephone/Internet/Cable	\$ 575	\$ 527	\$ 717	^
Water/Sewer	\$ 39,028	\$ 31,045	\$ 42,221	^
UTILITIES EXPENSE TOTAL	\$ 51,133	\$ 41,316	\$ 56,190	
BUILDING				
Custodial/Cleaning Contract	\$ 20,000	\$ 10,187	\$ 20,000	Per janitorial contract
Pest Control	\$ 500	\$ 2,865	\$ 1,500	Per contract
Trash Contract	\$ 17,500	\$ 11,598	\$ 16,000	Per Casella Waste Systems contract + \$220 for bulk pickups
Building Repairs & Maintenance	\$ 15,000	\$ 32,333	\$ 15,000	Estimate
Power Washing	\$ 6,000	\$ -	\$ 7,000	Estimate
Fire/Alarm System (Inspections, Monitoring, Repairs)	\$ 17,500	\$ 15,901	\$ 18,000	Per contract
BUILDING EXPENSE TOTAL	\$ 76,500	\$ 72,884	\$ 77,500	
GROUNDS				
Landscaping-Contract	\$ 24,000	\$ 16,650	\$ 22,200	Per landscape renewal contract
Landscaping-Non Contract	\$ 2,000	\$ 1,800	\$ 2,000	Additional landscaping services/estimate
Shared Landscaping	\$ 1,200	\$ 1,252	\$ 1,300	Increase based on 2024 expense
Tree Maintenance	\$ 3,000	\$ -	\$ 10,000	Estimate/Tree trimming
Grounds Supplies	\$ 1,000	\$ 328	\$ 600	Reduced based on 2024 expense
Pond Maintenance Contract	\$ 2,400	\$ 2,283	\$ 2,400	per pond vendor renewal contract
Pond Repairs/Maint. (Non-contract)	\$ 1,500	\$ 220	\$ 750	Reduced based on 2024 expense
Pond Chemicals	\$ 1,100	\$ 876	\$ 1,000	per pond vendor renewal contract
Irrigation-Contract	\$ 1,200	\$ -	\$ 1,200	Per irrigation vendor auto-renew contract
Irrigation Repairs (Non-contrct)	\$ 1,600	\$ 1,890	\$ 1,600	Irrigation repairs/maintenance
Shared Irrigation	\$ 530	\$ 905	\$ 925	Increase based on 2024 projected deficit
TOTAL GROUNDS EXPENSE	\$ 39,530	\$ 26,203	\$ 43,975	

IMPERVIOUS SURFACES

Signs	\$	250	\$	-	\$	-	
Snow Removal	\$	2,500	\$	-	\$	-	2025 - expense to O/R per occurrence
Shared Snow Removal	\$	150	\$	-	\$	150	
IMPERVIOUS SURFACES TOTAL	\$	2,900	\$	-	\$	150	

POOL

Pool Management Contract	\$	9,500	\$	9,182	\$	9,504	Per 2025/2026 Pool contract
Pool Repairs/Maintenance	\$	2,000	\$	-	\$	500	Reduced based on 2024 expense
Pool Access System Contract	\$	825	\$	825	\$	825	Per monitoring contract
POOL TOTAL	\$	12,325	\$	10,007	\$	10,829	
OPERATING EXPENSE TOTAL	\$	260,023	\$	174,554	\$	269,569	

OPERATING NET SURPLUS/DEFICIT	\$	(11,116)	\$	11,583	\$	(13,345)	This will be pulled from the Operating Reserve to offset Expenses. 3% increase to the Operating Assessments compared to 6%.
BEGINNING BALANCE	\$	8,587	\$	8,587	\$	-	
YEAREND BALANCE	\$	(2,529)	\$	20,171	\$	(13,345)	
ALLOCATION TO OPERATING RESERVE	\$	(2,529)	\$	20,171	\$	(13,345)	
ADJUSTED ENDING BALANCE	\$	-	\$	-	\$	-	

OPERATING RESERVE (O/R) BUDGET				
ACCOUNT NUMBER - DESCRIPTION	2024 BUDGET	YTD ACTUALS AS OF 9/30/2024	2025 BUDGET	COMMENTS
OPERATING RESERVE INCOME				
O/R Interest	\$ -	\$ 108	\$ -	
Allocation from Operating Surplus / (Deficit)	\$ (2,529)	\$ 20,171	\$ (13,345)	This will be pulled from the Operating Reserve to offset Expenses. 3% increase to the Operating Assessments compared to 6%.
TOTAL OPERATING RESERVE EXPENSES	\$ (2,529)	\$ 20,279	\$ (13,345)	
OPERATING RESERVE EXPENSES				
	\$ -	\$ -	\$ -	
TOTAL OPERATING RESERVE EXPENSES	\$ -	\$ -	\$ -	
OPERATING RESERVE SURPLUS/DEFICIT	\$ (2,529)	\$ 20,279	\$ (13,345)	
YEAR BEGINNING BALANCE	\$ 60,524	\$ 60,524	\$ 54,612	
YEAR END BALANCE	\$ 57,995	\$ 80,802	\$ 41,266	

LONG TERM RESERVE (LTR) BUDGET				
ACCOUNT NUMBER - DESCRIPTION	2024 BUDGET	YTD ACTUALS AS OF 9/30/2024	2025 BUDGET	COMMENTS
LTR INCOME				
Initial Assessment	\$ -	\$ 16,467	\$ -	
LTR Fund Assessment	\$ 90,428	\$ 54,911	\$ 93,141	Per recommended contribution from Reserve Study
LTR Interest	\$ -	\$ 1,908	\$ -	
LTR INCOME TOTAL	\$ 90,428	\$ 73,286	\$ 93,141	
LTR EXPENSES				
LTR - Porch Repairs	\$ 26,640	\$ 26,640	\$ -	
LTR-Pool Furniture	\$ 2,150	\$ -	\$ -	
Fire System - Compressor Replacement	\$ -	\$ -	\$ 9,540	Reflects total costs from ARK proposals for compressor replacement in buildings 2, 7, & 8
LTR EXPENSE TOTAL	\$ 28,790	\$ 26,640	\$ -	
LONG TERM RESERVE SURPLUS/DEFICIT	\$ 61,638	\$ 46,646	\$ 93,141	
YEAR BEGINNING BALANCE	\$ 208,176	\$ 208,176	\$ 291,565	
YEAR END BALANCE	\$ 269,815	\$ 254,823	\$ 384,705	

Villas at Bay Crossing Condominium Association

Bylaws



PCAM

Premier Community Association Management

45326

BK 03024 p 100

Tax Map Parcel Number: 3-34-6.00-70.01
Prepared By: Daniel P. Johnson, Esquire
Young Conaway Stargatt & Taylor, LLP
110 W. Pine Street
P.O. Box 594
Georgetown, DE 19947

CODE OF REGULATIONS

FOR

VILLAS AT BAY CROSSING CONDOMINIUM BAY CROSSING OFFICE CONDOMINIUM

Lewes and Rehoboth Hundred
Sussex County, Delaware

ARTICLE I

PLAN OF OWNERSHIP

Section 1. Unit Ownership. The property located in Lewes and Rehoboth Hundred, Sussex County, Delaware (hereinafter called the "Property"), has been submitted to the provisions of the Unit Property Act of the State of Delaware (25 Del. C. §§ 2201-2242, as amended) (the "Act"), by the Declaration created and imposed by Beachplum Dunes, L.L.C. a Delaware limited liability company and recorded in the Office of the Recorder of Deeds, in Sussex County, Delaware, simultaneously herewith, in Deed Book 3024, Page 22, (the "Declaration") and shall hereinafter be known as "VILLAS AT BAY CROSSING " CONDOMINIUM" with respect to the Residential Property and as "BAY CROSSING OFFICE " with respect to the Office Property (hereinafter collectively called the "Condominium" and individually the "Residential Condominium" with respect to the Residential Property and "Office Condominium" with respect to the Office Property) as such terms are defined in the Declaration and as shown on the Declaration Plan recorded in the Office of the Recorder of Deeds in Sussex County, Delaware, in Plot Book 87, Page 176.

Section 2. Applicability of Code of Regulations. The provisions of this Code of Regulations are applicable to the Property of the Condominium and to the use and occupancy thereof. All present and future owners, mortgages, lessees and occupants of Units and their employees, and any other person who may use the facilities of the Property in any manner, are subject to this Code of Regulations, the Declaration and any Rules and Regulations hereinafter promulgated. This Code of Regulations is further organized and separated into two (2) separate and independent sets of governing regulations for the regulation and management of the Residential Property and the Office Property, as may be amended from time to time.

(a) The acceptance of a deed or transfer document or the entering into of a lease or the act of occupancy of a Residential Unit shall conclusively establish the acceptance and ratification of the Residential Code of Regulations, any Residential Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, by the person so acquiring, leasing, or occupying a Residential Unit and shall constitute and evidence an agreement by such person to comply with the same.

(b) The acceptance of a deed or transfer document or the entering into of a lease or the act of occupancy of a Office Unit shall conclusively establish the acceptance and ratification of the Office Code of Regulations, any Office Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, by the person so acquiring, leasing, or occupying a Office Unit and shall constitute and evidence an agreement by such person to comply with the same.

Section 3. This Code of Regulations shall consist of two (2) separate and independent Code of Regulations as contemplated and provided under the Unit Property Act and shall consist of the "Residential Code of Regulations" which shall govern and control the regulation and management of the Residential Property, including such amendments thereof as may be adopted from time to time. The Residential Code of Regulations is set forth in Schedule "A" attached hereto and made a part hereof. The "Office Code of Regulations" shall govern and control the regulation and management of the Office Property, including such amendments thereof as may be adopted from time to time. The Office Code of Regulations is set forth in Schedule "B" attached hereto and made a part hereof. Nothing contained herein shall be construed or interpreted to grant or convey any authority or right to the Residential Declarant, the Residential Council, or the Residential Unit Owners to enact, amend, modify or other wise change in any manner the Rules and Regulations of the Office Condominium. Similarly, nothing contained herein shall be construed or interpreted to grant or convey any authority or right to the Office Declarant, the Office Council, or the Office Unit Owners to enact, amend, modify or other wise change in any manner the Rules and Regulations of the Residential Condominium.

Section 4. Master Committee. The Master Committee shall be comprised of three (3) members, one (1) of which shall be a designee appointed by the Residential Developer and shall act as the chairman of the Master Committee (the "Chairman"), one (1) of which shall be a designee appointed by the Office Developer, and one (1) of which shall be a designee jointly selected by the Residential Developer and the Office Developer having at a minimum of three (3) years of condominium property management experience (individually a "Member" and collectively the "Members"). Members may be either individuals or any form of entity, including, but not limited to a corporation, limited liability company, a partnership or a trust, provided Members shall be selected or designed by both the Residential Developer and the Office Developer. The initial Member(s) of the Master Committee shall be Preston A. Schell, Timothy M. Green and

Nickolas T. Wexler. The Master Committee shall constitute a permanent committee of each Council and shall be responsible for all matters pertaining to the Shared Common Elements and the Shared Common Element Expenses in a manner consistent with the Declaration, the Declaration Plan and the Code of Regulations. The initial Members of the Master Committee shall serve until such time as any one of them shall resign and shall be replaced by a new Member designated or selected by the mutual agreement of the Residential Developer and the Office Developer. If either the Residential Council or the Office Council believes that the Master Committee's decisions and/or assessments regarding any aspect of the Shared Common Expenses are arbitrary and capricious, then either Council may, as its sole and exclusive remedy, submit any such dispute to final and binding arbitration in accordance with the provisions of the Delaware Uniform Arbitration Act (the "Act") and the rules of the American Arbitration Association applicable to such disputes, to the extent such rules are not inconsistent with such Act or the Unit Property Act. Similarly, any dispute or impasse by and between the Residential Developer and the Office Developer regarding the selection of any Member shall also be resolved by binding arbitration in accordance with this Section. The fees of such arbitrator and all reasonable costs and expenses by the Committee in defending its decision(s) shall be paid by Unit Owners as a Common Expense. In determining any question, matter, or dispute before such arbitrator, the arbitrator shall apply the provisions of this Declaration, the Code of Regulations and consider the Declaration Plan without varying there from in any respect, and shall not have the power or authority to add, modify, or otherwise change any of the provisions of this Declaration, the Code of Regulations or the Declaration Plan. The parties to any such arbitration agree to reasonably cooperate, to obtain the cooperation of their employees, agents, representatives and contractors, as applicable; to use reasonable efforts to supply as witnesses such employees, agents and contractors, as applicable; and to produce any relevant documents that may be required. The Master Committee shall meet when and as it deems reasonably necessary in order to discharge its obligations and responsibilities with respect to the Shared Common Elements and the Shared Common Element Expenses, including rendering any decisions specified in the Declaration or this Code of Regulations. Notwithstanding anything contained in this Code of Regulations to the contrary, any amendment, change or modification to the original allocation of the Shared Common Elements as established by the Developer shall require the prior written consent and approval of the Developer so long as Developer owns any Unit, which consent and approval shall not be unreasonably withheld, conditioned or delayed.

Section 5. Definitions. Unless it is plainly evident from the context that a different meaning is intended, all terms used herein shall have the same meaning as they are defined to have in the Declaration or the Unit Property Act.

Section 6. Counterparts. This Code of Regulations may be executed in one or more counterparts by the initial members of the Residential Council and the Office Council any or all of which shall constitute one and the same instrument.

AK 03024 PG 103

IN WITNESS WHEREOF, the undersigned, as the initial members of the Residential Council, have executed this instrument, under seal, this 20th day of August, 2004.

Jill Burton
WITNESS

BY: Preston A. Schell (SEAL)
Preston A. Schell

Jill Burton
WITNESS

BY: Timothy M. Green (SEAL)
Timothy M. Green

Jill Burton
WITNESS

BY: Nikolas T. Wexler (SEAL)
Nikolas T. Wexler
Nikolas

STATE OF DELAWARE :
:SS.
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this 20th day of August, 2004, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, Preston A. Schell, Timothy M. Green and Nikolas T. Wexler, as the initial members of VILLAS AT BAY CROSSING Condominium Council, and being known to me personally to be such, acknowledged this Indenture to be their acts and deeds and the act and deed of the Council.

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

Jill Burton
NOTARY PUBLIC
PRINT NAME: JILL L BURTON

03024 2104

IN WITNESS WHEREOF, the undersigned, as the initial members of the Office Council, have executed this instrument, under seal, this 20th day of August, 2004.

Jill Burton
WITNESS

Jill Burton
WITNESS

Jill Burton
WITNESS

BY: Preston A. Schell (SEAL)
Preston A. Schell

BY: Timothy M. Green (SEAL)
Timothy M. Green

BY: Nicolas T. Wexler (SEAL)
Nicolas T. Wexler
Nicolas

STATE OF DELAWARE :

:ss.

COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this 20th day of August, 2004, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, Preston A. Schell, Timothy M. Green and Nicolas T. Wexler, as the initial members of BAY CROSSING OFFICE Condominium Council, and being known to me personally to be such, acknowledged this Indenture to be their acts and deeds and the act and deed of the Council.

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

Jill Burton
NOTARY PUBLIC
PRINT NAME: JILL BURTON
COMMISSION EXPIRATION: JUNE 16, 2005

SCHEDULE "A"
RESIDENTIAL CODE OF REGULATIONS

ARTICLE I

Section 1. Definitions. Unless it is plainly evident from the context that a different meaning is intended, the following terms used herein in this Schedule "A" shall have the meanings and definitions as provided in the Declaration and as provided below:

- (a) "Association of Owners" shall mean the "Residential Association of Owners".
- (b) "Building" shall mean "Residential Building".
- (c) "Code of Regulations" shall mean "Residential Code of Regulations".
- (d) "Common Expenses" shall mean "Residential Common Expenses".
- (e) "Condominium" shall mean "Residential Condominium".
- (f) "Council" shall mean "Residential Council".
- (g) "Developer" shall mean "Residential Developer".
- (h) "Developer Control Period" shall mean "Residential Developer Control Period".
- (i) "Percentage Interest" shall mean "Residential Percentage Interest".
- (j) "Property" shall mean "Residential Property".
- (k) "Unit" shall mean "Residential Unit".
- (l) "Unit Owner" shall mean "Residential Unit Owner".

ARTICLE II
RESIDENTIAL ASSOCIATION OF OWNERS

Section 1. Composition. All of the Owners of Units contained in the Condominium, acting as a group in accordance with the Unit Property Act, the Declaration and this Code of Regulations, shall constitute the "Association of Owners," which shall be either incorporated as "VILLAS AT BAY CROSSING CONDOMINIUM ASSOCIATION, INC., a non-profit corporation of the State of Delaware or operate as an unincorporated nonprofit condominium association called "The Council of Unit Owners of VILLAS AT BAY CROSSING Condominium Association" as Developer may elect and as otherwise not contrary to or inconsistent with the Unit Property Act. The Association of Owners, acting in accordance with the Unit Property Act shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions of the Common Expenses, arranging for the management of the Condominium, and performing all of the other acts that may be required to be performed by the Association of Owners by the Unit Property Act and the Declaration. Except as to those matters which the Unit Property Act specifically requires to be performed by the vote of the Owners of the Units, the administration of the foregoing responsibilities shall be performed by the Council as more particularly set forth in Article III.

Section 2. Annual Meeting. The Developer shall give at least thirty (30) days notice of the date, time, and place of the first annual meeting of the Unit Owners, which meeting shall be held within sixty (60) days of the end of the Developer Control Period, as set forth in the Declaration. At such meeting all but one (1) of the persons designated by the Developer or their successors shall resign as members of the Council and such remaining member of the initial Council as appointed by the Developer (the "Transitional Council Member") shall continue to serve on the Council for one (1) additional year in order to promote an orderly transition of the operation and management of the Association between the initial Council selected by the Developer and the new Council elected by the Unit Owners. At the first annual meeting of the Unit Owners, all of the Unit Owners shall elect the balance of the remaining members of new Council which shall include the Transitional Council Member as provided above. Thereafter, the annual meetings of the Associations of Owners shall be held as determined by the Council of each succeeding year upon proper notice as provided herein below. At such annual meetings the Council shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 4 of Article II of this Code of Regulations. The Association of Owners may transact such other business at such meetings as may properly come before them.

Section 3. Place of Meeting. Meetings of the Association of Owners shall be held at a suitable place convenient to the Unit Owners as may be designated by the Council.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Association of Owners if so directed by Resolution of the Council or upon a petition signed and presented to the Secretary of Unit Owners owning not less than 25% of the percentage interests of all Unit Owners. 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.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Unit Owners in the manner prescribed under 25 Del. C. § 2241 as follows:

(a) No meetings of the Unit Owners may be held unless notice of the meeting, with the agenda for the meeting, has been either:

1. Posted conspicuously in each Building in an area open to all Unit Owners at least seven (7) days prior to the meeting; or
2. Sent to the mailing address provided to the Council by the Unit Owner and mailed at least fourteen (14) days prior to the date of the meeting.

(b) All meetings of the Unit Owners shall be open to all other Unit Owners governed by the same council; provided, however, that where a portion of any meeting of Unit Owners is reserved for consultations with legal counsel, or for personnel

matters relating to employees of the council, then such portion of the meeting shall be excluded from the provisions of this subsection.

(c) The Council shall maintain written minutes of all meetings of Unit Owners. The Minutes shall be made available to all Unit Owners and to any holder of a first mortgage lien upon any Unit, upon written request of such first mortgage lien holder.

Section 6. Adjournment of Meetings. If any meetings of the Association of Owners cannot be held because a quorum is not present, Unit Owners owning a majority of the percentage interests who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all annual meetings of the Association of Owners shall be as follows:

- (a) Roll Call.
- (b) Proof of Notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.
- (e) Reports of the Council.
- (f) Reports of committees.
- (g) Election of inspectors of election (when so required).
- (h) Election of member of the Council (when so required).
- (i) Unfinished business.
- (j) New business.

Section 8. Title to Units. Title to Units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation, partnership, limited liability company, other legal entity, or in the name of a fiduciary.

Section 9. Voting. Voting at all meetings of the Association of Owners shall be on a percentage basis and the percentages of the vote to which each Unit Owner is entitled shall be the percentage interest assigned to his or her Unit in the Declaration. Where the ownership of a Unit shall be in more than one person, then the person who shall be entitled to enter the vote of that Unit shall be the person named in a certificate signed by all of the owners of the Unit and filed with the Secretary. Such certificate shall be valid until revoked by a subsequent certificate. Whenever the approval or disapproval of a Unit Owner is required by the Unit Property Act, the Declaration or this Code of Regulations, such approval or disapproval shall only be made by the person who would be entitled to cast the vote for the Unit Owner at any meeting of the Association of Owners. Except where a greater number is required by the Unit Property Act, the Declaration or this Code of Regulations, a majority of the Unit Owners is required to adopt decisions at any meeting of the Association of Owners.

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

Section 11. Majority of Unit Owners. As used in this Code of Regulations, the term "majority of the Unit Owners" shall mean those Unit Owners having more than fifty-one percent (51%) of the aggregate in interest of the undivided ownership of the Common Elements.

Section 12. Quorum. Except as otherwise provided in this Code of Regulations, the presence in person or by proxy of a majority of the Unit Owners shall constitute a quorum at all meetings of the Association of Owners.

Section 13. Conduct of Meeting. The President shall preside over all meetings of the Association of Owners and the Secretary-Treasurer shall keep the minutes for the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat. Roberts Rules of Order shall govern the conduct of all meetings of the Association of Owners when not in conflict with the Declaration, this Code Regulations or the Unit Property Act. All meetings shall be open to all other Unit Owners. Owners, Council, directors and officers shall conduct themselves in a courteous, non disruptive manner to deal effectively and efficiently with the business of the Association.

Section 14. Number of Meetings. The Association shall hold no more than four (4) general meetings in any twelve (12) month period.

Section 15. Electronic Bulletin Board. The Council and/or the Association may keep and maintain a website on or through the internet or world wide web for the purpose of disseminating information with respect to newsletters, bulletins of community interest, publications, minutes, and budgets; provided, however, that no delinquencies of any Unit Owner shall be posted on such site and provided, further, that no interactive communication, chat room, bulletin board or the like shall be kept, maintained or caused to be kept or maintained.

ARTICLE III COUNCIL

Section 1. Number and Qualification. Except as otherwise hereinafter provided in Article XIV, Section 2 below, there shall be three (3) members of the Council, each of whom shall either be a resident of the State of Delaware or a Unit Owner, but need not be both.

Section 2. Powers and Duties. The affairs of the Condominium shall be governed by the Council. The Council shall have all of the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and

things as are not by the Unit Property Act or by this Code of Regulations directed to be exercised and done by the Association of Owners. The Council shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of the Condominium provided such Rules and Regulations shall not be in conflict with the Unit Property Act or the Declaration or this Code of Regulations. The Council shall delegate to one of its members the authority to act on behalf of the Council on all matters relating to the duties of the managing agent, if any, which might arise between meetings of the Council. In addition to the duties imposed by this Code of Regulations or by an resolution of the Association of Owners that may hereafter be adopted, the Council shall have the power to, and be responsible for, the following:

- (a) Preparation of an annual budget, in which there shall be established the contribution of each Unit Owner to the Common Expenses.
- (b) Making assessments against Unit Owners to defray the costs and expenses of the Condominium, establishing the means and methods of collecting such assessments from the Unit Owners, and establishing the period of the installation payment of the annual assessment for Common Expenses. Unless otherwise determined by the Council, the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.
- (c) Providing for the operation, care, upkeep, maintenance and surveillance of all of the Common Elements and services of the Condominium.
- (d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, and providing services for the Property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Unit Owners.
- (e) Collecting the assessments against the Unit Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property.
- (f) Making and amending Rules and Regulations respecting the use of the Property, including the power of levy fines for infractions or violations of this Code of Regulations and the Declaration on a uniform and non-discriminatory basis.
- (g) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefor.
- (h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the

Property in accordance with the other provisions of this Code of Regulations, after damage or destruction by fire or other casualty.

(i) Enforcing by legal means including but not limited to, the levying of fines, the provisions of the Declaration, this Code of Regulations and the Rules and Regulations for the use of the Property adopted by it, and bringing any proceedings which may be instituted on behalf of the Unit Owners.

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

(k) Paying the cost of all services rendered to the Condominium and not billed to Unit Owners of individual units.

(l) Keeping books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, and holders, insurers, and guarantors of first mortgages upon any Unit, during general business hours on working days at the times and in the manner that shall be set and announced by the Council for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with good and accepted accounting practices, and the same may be audited at least once a year by an outside auditor employed by the Council who shall not be a resident of the Condominium or an owner of a Unit therein, if authorized by the Council, and the cost of such audit shall be a Common Expense. In the event an audited statement is not available, then any holder, insurer, or guarantor of a first mortgage upon any Unit shall have the right, but not the obligation, to have an audited statement prepared at its own expense and the Council shall reasonably cooperate and assist such party and its agents and representative by providing reasonable access to and use of all necessary books, records, statements and other documents or materials needed in connection with the preparation of any such audited statement.

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

(n) Granting permits, licenses and easements over the Common Elements for utilities, roads and other purposes necessary for the proper operation of the Property, in common with others entitled thereto.

(o) To do such other things and acts not inconsistent with the Unit Property Act and with the Declaration which it may be authorized to do by a resolution of the Association of Owners.

Section 3. Managing Agent. The Council shall employ for the Condominium a professional managing agent at a compensation established by the Council, to perform such duties and services as the Council shall authorize, including, but not limited to, the duties listed in paragraphs (a), (c), (d), (e), (h), (j), (k), (l), (m), and (n) of Section 2 of this Article III. The Council may delegate to the managing agent all of the powers granted to the Council by this Code of Regulations other than the powers set forth in paragraphs (b), (f), (g), and (i) of Section 2 of this Article III. No agreement with a professional managing agent may bind the Association unless said agreement provides for the right of the Association to terminate the same without cause or penalty at any time after transfer of control of the Association from Developer to the Unit Owners, upon not more than ninety (90) days notice. Any such agreement shall be for a reasonable term.

Section 4. Election and Term of Office. At the first annual meeting of the Association of Owners, the term of office of one (1) member of the Council shall be fixed for three (3) years, the term of office for one (1) member of the Council shall be fixed at two (2) years, and the term of office of the Transitional Council Member shall be fixed at one (1) year. At the expiration of the initial term of each respective member of the Council, his or her successor shall be elected to serve for a term of two (2) years. No Unit Owner shall be permitted to serve more than two (2) consecutive terms; provided, however (and subject to the foregoing limitation) a Unit Owner, after having served two (2) consecutive terms and having been off the Council for a minimum of two (2) years, may be subsequently elected to serve up to two (2) consecutive terms thereafter. The members of the Council shall hold office until their respective successors shall have been selected by the Association of Owners; provided, however, that Developer shall have the exclusive right to select members of the Council during the Developer Control Period and to designate the Transitional Council Member.

Section 5. Removal of Members of the Council. At any regular or special meeting of the Association of Owners duly called, any one or more of the members of the Council may be removed with or without cause by a majority of the Unit Owners, and a successor may then and there be elected to fill the vacancy thus created. Any member of the Council whose removal has been proposed by the Unit Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and he shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies. Vacancies in the Council caused by any reason other than the removal of a member by a vote of the Association of Owners shall be filled by a vote of a majority of the remaining members of the Council at a special meeting of the Council held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Council for the remainder of the term of the member so removed and until a successor shall be elected at the next meeting of the Association of Owners.

Section 7. Organization Meeting. The first meeting of the members of the Council following the annual meeting of the Association of Owners shall be held within

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ten (10) days thereafter at such time and place as shall be fixed by the Association of Owners at the meeting which such Council shall have been elected. Notice of any such meeting shall be provided in the manner set forth below.

Section 8. Regular Meetings. Regular meetings of the Council may be held at such time and place as shall be determined from time to time by a majority of the members, but at least one (1) but no more than four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Council shall be given in the manner set forth below.

Section 9. Special Meetings. Special meetings of the Council may be called by the President and notice of any special meeting shall be given in the manner set forth below. Special meetings of the Council shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least one third (1/3) of the Unit Owners.

Section 10. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each regular and special meeting of the Council in the manner prescribed under 25 Del. C. § 2241 as follows:

(a) No meetings of the Council may be held unless notice of the meeting, with the agenda for the meeting, has been either:

1. Posted conspicuously in each Building in an area open to all Unit Owners at least seven (7) days prior to the meeting; or
2. Sent to the mailing address provided to the Council by the Unit Owner and mailed at least fourteen (14) days prior to the date of the meeting.

(b) All meetings of the Council shall be open to all other Unit Owners governed by the Council; provided, however, that where a portion of any meeting of the Council is reserved for consultations with legal counsel, or for personnel matters relating to employees of the Council, then such portion of the meeting shall be excluded from the provisions of this subsection.

(c) The Council shall maintain written minutes of all meetings of the Council. The Minutes shall be made available to all Unit Owners and to any holder of a first mortgage lien upon any Unit, upon the written request of such first mortgage lien holder.

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

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business may be transacted at such meeting, not otherwise inconsistent with the provisions of 25 Del. C. § 2241.

Section 11. Quorum of Council. At all meetings of the Council, a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at any meeting at which a quorum is present shall constitute the decisions of the Council.

Section 12. Compensation. No member shall receive any compensation from the Condominium for acting as such.

Section 13. Conduct of Meeting. The President shall preside over all meetings of the Council and the Secretary-Treasurer shall keep a minute book of the Council recording therein all resolutions adopted by the Council and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order shall govern the conduct of the meetings of the Council when not in conflict with the Declaration, this Code of Regulations or the Unit Property Act.

Section 14. Liability of the Members of the Council. The members of the Council shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members from and against all contractual liability to others arising out of contracts made by the Council on behalf of the Unit Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of this Code of Regulations. It is intended that the members of the council shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Council or out of the aforesaid indemnity in favor of the members of the Council shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the percentage interests of all of the Unit Owners. Every agreement made by the Council or by the managing agent on behalf of the Owners shall, if obtainable, provide that the members of the Council, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the percentage interests of all Unit Owners. The Unit Owners shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a member of the Council, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believes to be in or not opposed to the best interests of the Unit Owners.

Section 15. Inspection of and Access to Books and Records. The books and accounts of the Association of Owners, vouchers accrediting the entries made thereupon and all other records maintained by the Association of Owners, as well as current copies

of the Declaration, Code of Regulations, Declaration Plan and the Rules and Regulations shall be available for examination by the Unit Owners and their duly authorized agents or attorneys, and to the holders, insurers, and guarantors of any first mortgage on any Unit and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interest and after reasonable notice.

Section 16. Offices. The office of the Condominium and of the Council shall be located at the Condominium or at such other place as may be designated from time to time by the Council.

ARTICLE IV OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President, the Vice-President, and the Secretary-Treasurer, all of whom shall be elected by the Council. The Council may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President shall be a member of the Council. Any other officers may be, but shall not be required to be, members of the Council.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the council at the organization meeting of each new Council and shall hold office at the pleasure of the Council. Any vacancy in an office shall be filled by the Council at a regular meeting or special meeting called for such purpose.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Council, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Council or at any special meeting of the Council called for such purpose. In addition, any Officer who has outstanding and/or unpaid and delinquent assessments (general or special) which are more than thirty (30) days past due shall be notified in writing by the Council of any such delinquent assessment(s) and shall be automatically removed by the Council if all such delinquent assessments are not paid in full within three (3) days of such notification.

Section 4. President. The President shall be the chief executive of the Condominium. He shall preside at all meetings of the Association of Owners and of the Council. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the General Corporation Law of the State of Delaware including but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Council shall appoint

some other members of the Council to act in the place of the President, on an interim basis. The Vice President shall also perform such duties as shall from time to time be imposed upon him by the Council or by the President.

Section 6. Secretary-Treasurer. The Secretary-Treasurer shall keep the minutes of all meetings of the Association of Owners and of the Council; he shall have charge of such books and papers as the council may direct; he shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; he shall be responsible for the deposit of all monies and other valuable effects in the name of the Council, or the managing agent, in such depositories as may from time to time be designated by the Council, and he shall, in general, perform all the duties incident to the office of secretary and treasurer of a stock corporation organized under the General Corporation law of the State of Delaware.

Section 7. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of over \$1,000.00, shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Council. All such instruments for expenditures or obligations of less than \$1,000.00, may be executed by any one officer of the Association or by such other person as may be designated by the Council.

Section 8. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

ARTICLE V OPERATION OF THE PROPERTY

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

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

(b) Preparation and Approval of Budget. Each year on or before December 15th, the Council shall adopt a budget for the Condominium containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Council to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Unit Property Act, this Code of Regulations or a resolution of the Association of Owners, and which will be required during the ensuing fiscal year of the administration, operation, maintenance and

repair of the property and the rendering of the Unit Owners of all related services. Such budget shall also include such reasonable amounts as the Council considers necessary to provide working capital for the Condominium, a general operating reserve, and reserves for contingencies and replacements. The Council shall, upon an Unit Owner's written request, send a summary of the budget, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Unit Owner, on or before November 15, preceding the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium.

(c) Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the property set forth in the budget for the fiscal year adopted by the Council shall be assessed against each Unit Owner in proportion to his respective percentage interest, and shall be a lien against each Unit Owner's unit as of the first day of the fiscal year to which such budget applies. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Council or the managing agent (as determined by the Council), one-twelfth (1/12) of the assessment for such fiscal year made pursuant to the foregoing provisions; provided, however, if the Council so determines, assessments may be collected quarterly in which event each Unit Owner shall be obligated to pay to the Council or the managing agent (as determined by the Council) one-fourth (1/4) of the assessment for such fiscal year on the first day of each fiscal year, and one-fourth (1/4) on the first day of the fourth, seventh and tenth months of each fiscal year. Within sixty (60) days after the end of each fiscal year, the Council shall, at a Unit Owner's written request, supply to such Unit Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Council for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Council deems it advisable, be credited according to each Unit Owner's percentage interest to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted, and any net shortage shall, if the Council deems it advisable, be added according to each Unit Owner's percentage interest to the installments due to the succeeding six (6) months after the rendering of the accounting.

(d) Reserves. The Council shall build up and maintain reasonable reserves for working capital, operations, insurance deductibles, contingencies and replacements. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Council deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Council may at any time levy a further assessment, which shall be assessed against the Unit Owners

according to their respective percentage interests, and which may be payable in a lump sum or in installments as the Council may determine. The Council shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly (or quarterly, if payments are required by the Council to be made quarterly) payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly (or quarterly) amount or, if the additional assessment is not payable in installments, the amount of such assessment.

(e) Initial Assessment. An initial payment (in addition to all other assessments) equal to two (2) times the estimated monthly assessment for the Condominium, to be utilized by the Council pursuant to and for the purposes herein set forth herein initially in the amount of Two Hundred Fifty and 00/100 Dollars (\$250.00) at such time as the Property is submitted to the provisions of the Unit Property Act as provided under the Declaration, is hereby levied to provide the initial working capital of the Condominium and is payable by each Unit Owner upon the purchase of his Unit from the Developer. The initial assessment is also levied upon and payable by the purchaser of any such Unit upon any voluntary subsequent resale or other transfer of the Unit (with the sole exception of a mortgage he acquires title to such Unit by a foreclosure or a deed in lieu of foreclosure transaction) in the amount of two (2) times the then current monthly assessment for the Condominium as determined and assessed from time to time by the Council. When the first Council appointed by the Developer and under this Code of Regulations takes office, it shall determine the budget, as defined in this Section, for the period commencing upon the sale of the first Unit by the Developer and ending on December 31 of the fiscal year in which such first sale occurs. Assessments shall be assessed and levied against the Unit Owners during said period as provided in paragraph (c) of this Section but in no event later than sixty (60) days after the first Unit is conveyed by the Developer. All such initial working capital funds shall be maintained by the Developer in a segregated account and shall not be used by the Developer for any purposes during the Developer Control Period, including, but not limited to working capital funds, to defray any of the Developer's expenses, for reserve contributions or construction costs associated with the Property, or to make up any budget deficits during the Development Control Period.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Council to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until the monthly payment which is due more than ten (10) days after such new annual or adjusted budget shall have been mailed or delivered.

(g) Accounts. Except as otherwise expressly provided above, all sums collected by the Council with respect to assessments against the Unit Owners may be co-mingled into a single fund.

(h) Declarant Control Period. During the Declarant Control Period, Declarant may pay the actual Common Expenses and shall be reimbursed for the same by the assessments paid by the Unit Owners; provided, however, that Declarant shall not be required at any time prior to the termination of the Declarant Control Period to assess its unsold Units for the payment of Common Expenses until sixty (60) days after the submission of said Unit to the Unit Property Act.

(i) Increase of Assessments.

(1) During the Declarant Control Period, the Declarant may adjust the annual Assessment to defray the actual costs of the Common Expenses without limitation.

(2) Upon the expiration of the Declarant Control Period, or in the year Declarant relinquishes control of the Council, which ever occurs first, and thereafter the Council may increase the annual Assessment, without the prior consent of the Unit Owners, provided the annual Assessment amount does not to exceed fifteen percent (15%) of the annual Assessment for the preceding fiscal year (including any ad valorem real estate taxes and insurance premiums payable by the Association). In the event the Council proposes an increase of the annual Assessment which will exceed fifteen percent (15%) of the annual Assessment for the preceding fiscal year (including any ad valorem real estate taxes and insurance premiums payable by the Association), then any such increase above fifteen percent (15%) shall require the written approval of sixty-seven percent (67%) of the Unit Owners, voting in person or by proxy at a meeting duly called for this purpose.

(3) Written notice of any meeting called for the purpose of taking any action authorized under this Section shall be sent to all Unit Owners not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

(4) The Council may from time to time fix the annual Assessment at an amount not in excess of the maximum established in subsection (2) above.

(j) Exceptions to the Assessments. Notwithstanding anything contained in this Code of Regulations to the contrary, during the Declarant Control Period, all Units owned by the Declarant and any successor to the Declarant, and not sold or leased by the Declarant or its successor to third persons shall be exempt from the Assessments, charges and liens created herein. Upon the expiration of the Declarant Control Period, said Units will be subject to the assessments of the Association applicable to such Units. During the Declarant Control Period, the Declarant may, but shall not be required to, fund the deficit of the Association on an annual basis.

Section 2. Payment of Common Expenses. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Council pursuant to the provisions of Section 1 of this Article V. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use of enjoyment of any of the Common Elements or by abandonment of his Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the conveyance, without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement from the Council or managing agent setting forth the amount of the unpaid assessments against the selling Unit Owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that if a mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of a first mortgage, or through the other remedies provided for in the first mortgage, such purchaser, its successors and assigns, shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale, or through the other remedies provided for in the first mortgage. Any such unpaid share of the Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to a voluntary sale (but excluding an acquisition of title to a Unit pursuant to a foreclosure sale) for which a statement was provided to such purchaser by the Council pursuant to 25 Del. C. § 2237, shall be collectible from all Unit Owners, including the purchaser of such Unit, in proportion to their respective percentage interests in the Common Elements.

Section 3. Collection of Assessments. The Council shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. In the event of the failure of any Unit Owner to timely pay its assessment for Common Expenses when due, then the Council shall have all rights and remedies to collect such unpaid Common Expenses as provided below under Article X, captioned "Compliance and Default" and as otherwise permitted under this Code of Regulations and all other applicable laws, including, but not limited to the Unit Property Act.

Section 4. Statement of Common Expenses. The Council shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner.

Section 5. Maintenance and Repair.

(a) By the Council. The Council shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner) of the following, the cost of which shall be charged to all Unit Owners as a Common Expense:

(1) All of the Common Elements, including Limited Common Elements, including fences and mailbox location, specifically excepting electronic fences, the glass, sashes, mullions and/or screening on any or all of the windows and doors as well as any owner-installed fan/light for the screened porch, whether located inside or outside of the Units. Landscaping and mowing of area designated as Limited Common Elements shall be the responsibility of the Association. In performing these maintenance, repair and replacement responsibilities, the following specific responsibilities shall be performed by, or on behalf of, the Council in order to prevent or limit potential water penetration and water leakage into the Buildings and the Units and damages or other conditions, including mold growth, as required in the Declaration that may result therefrom:

(A) An inspection of the Common Element exterior grading to ensure that the grade slopes away from the Buildings and Units at least annually and at such other times as conditions may warrant.

(2) Limited Common Elements if, when and as covered by the master insurance policy described in Article VI below.

(3) All exterior walls, roofs and exterior surfaces (including the painting of the exterior surfaces) of the Buildings, including, but not limited to, the exterior boundary walls of the Units and exterior fixtures that are not part of the Unit; all party walls and all other portions of the Units which contribute to the support of any Building, including, but not limited to, the floor joists between the Units. In performing these maintenance, repair and replacement responsibilities, the following specific responsibilities shall be performed by, or on behalf of the Council in order to prevent or limit potential water penetration and water leakage into the Buildings and the Units and damages or other conditions, including mold growth, as required in the Declaration, that may result therefrom:

(A) Inspection, maintenance and repair, as needed, of the roofs, the roof flashing components and the flashing of all roof penetrations at least annually and at such other times as the conditions may warrant; and

(B) Inspection, maintenance and repair, as needed, of the exterior siding and related components and the caulking of exterior siding components, at least annually and at such other times as the conditions may warrant;

(4) All incidental damage caused to any Unit or Limited Common Elements for which Unit Owner is responsible for maintenance, repair, replacement, and/or insurance by such work as may be done or caused to be done by the Council in accordance therewith.

(5) All water and plumbing facilities and systems that are declared Common Elements, including all conduits, ducts, plumbing, wiring and other

facilities for the furnishing of such utility services into two or more Units, but excluding therefrom all plumbing, fixtures, systems located outside the specific boundaries of any Unit; and including all catch basins located outside the specific boundaries of any Unit; the roof and all roof drainage pipes, gutters and leaders. In performing these maintenance, repair and replacement responsibilities, the following specific responsibilities shall be performed by, or on behalf of, the Council in order to prevent and limit potential water penetration and water leakage into the Buildings and Units damages or other conditions, including mold growth, that may result therefrom and as disclosed in the Mold Disclosure Notice and Acknowledgment Statement attached to the Declaration as Schedule H:

(A) Inspection and cleaning of all Common Element condensation lines and systems at least annually and at such times as conditions may warrant; and

(B) Inspection and cleaning of all gutters and downspouts at least two (2) times a year (late Fall and Spring) and at such other times as conditions may warrant in order to prevent and limit potential water penetration and water leakage into the Buildings and Units damages or other conditions, including mold growth, that may result therefrom.

(6) The sprinkler system, including the heads, Limited Common Elements, located inside the Units.

(7) The fire alarm system.

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

(9) The Council shall also be responsible for taking prompt action to address all water penetration and water leakage incidents where the penetration or leakage is or is believed to be resulting from a Common Element; and, when applicable, for providing timely notification to the Developer of all water penetration and water leakage claims pursuant to the Limited Warranty applicable to the Common Elements (Schedule G of the Declaration) in accordance with the requirements set forth under Article IV of the Declaration.

(b) By the Unit Owner.

(1) Except for any portions of his Unit and/or Limited Common Elements required to be maintained, repaired and replaced by the Council, and, except if repair or replacement is caused by a catastrophic loss covered by the Condominium master insurance policy, each Unit Owner shall be responsible for the maintenance, repair and replacement, at his own expense of his Unit, except for the portions of his Unit required to be maintained, repaired and replaced by the Council, each

Unit Owner shall be responsible for the maintenance, repair and replacement at his own expense, of the following, as applicable with respect to the type of Building and Unit: (1) the non-structural walls and framing constituting the entrance of each Unit; (2) the electric panel for each Unit; (3) the hot water heater; (4) all windows and screens; (5) interior nonload-bearing walls or partitions; (6) all electrical outlets and lights serving the Unit (whether within or without the Unit); (7) all stoves, refrigerators, microwave and garbage disposal, heat and air conditioning units, ceiling fans, washer-dryers, sinks, baths, or other plumbing or heating or cooling facilities located within or without the Unit but solely serving the Unit, including the air conditioner-heat pump; (8) the plumbing and water lines serving each Unit commencing at the collector from the main lines serving each Unit; (9) all interior stairs, stair wells, and stair carriages solely serving a Unit; (10) any storage areas solely serving a Unit; (11) all screens and storm window inserts pertinent to the windows and doors servicing such Unit Owner's Unit as well as awnings, shutters and other exterior window appurtenances pertinent to such windows and doors, as the case may be; and (12) the lamp post, mail box and other betterments appurtenant to such Unit Owner's Unit, located with the yard immediately adjacent to such Unit and installed initially by the Developer and as otherwise defined in Section 9 of the Declaration, and the Limited Common Elements appurtenant thereto as defined in Section 10 of the Declaration, including but not limited to the walkways, driveway, parking area, or garage floor; (13) deck, insulation, drywall, interior nonstructural walls and partitions, as well as framing constituting the entrance of a Unit; (14) interior and exterior doors and screens (including screen doors or storm doors; (15) all glass, sashes, mullions and screening in doors and windows and all porches.

(2) Each Unit Owner shall keep the interior of his Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit, inclusive (by way of example and not limitation) of installing and maintaining window treatment in all windows and assuring that the same, to the extent visible from the exterior of the Unit, is white in color. In addition, each Unit Owner shall be responsible for all damages to any and all other Units or to the Common Elements resulting from his failure to make any of the repairs required to be made by him by this Section. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Council or the managing agent any defect or need for repairs for which the Council is responsible.

(3) No Unit Owner shall do or permit any act which would jeopardize the soundness or safety of the Property or impair any easement or hereditament without the unanimous consent of all the Unit Owners.

(4) Each Unit Owner shall, in a timely manner, or as otherwise may be provided in rules promulgated from time to time by the Association, furnish, perform and be responsible for, at his own cost and expense, all of the maintenance, repairs and replacements within his own Unit, and the Limited Common Elements appurtenant thereto as defined in Section 10 of the Declaration, captioned "Residential

Common Elements" including but not limited to the walkways, driveway, parking area, and garage floor.

(5) If, due to the gross negligence or willful misconduct of a Unit Owner, or any member of his family, guest, occupant or visitor of a member (whether authorized or unauthorized by the Unit Owner), damage shall be caused to the Common Elements or Limited Common Elements, or to Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such unit Owner shall pay for such damage and be liable for any damages, liabilities, costs and expenses, including attorneys' fees and court costs, if any, caused by or arising out of such circumstances and such maintenance, repairs and replacements to the Common Elements including Limited Common Elements of the Unit(s) shall be subject to the rules and regulations of the Association.

(6) Each Unit Owner shall be responsible for all damages to any and all other Units or to the Common Elements resulting from his failure to make any of the repairs required to be made by him by this section, and to repair all damages to other Units or to the Common Elements caused by that Unit Owner and/or his tenants, guests, family members, employees, agents, business invitees or licensees, to the extent not covered by insurance on the Common Elements, or if such damage is so caused and the loss is covered by insurance on the Common Elements, the Unit Owner shall be responsible for any increase in insurance premiums directly attributable to said insured loss. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners. Each Unit Owner shall have the affirmative obligation and duty to promptly report to the Council or the managing agent any defect or need for repairs for which the Council is responsible for that comes to the Unit Owner's attention in connection with his or her operation or use of their respective Units and failure to do so shall entitle the Council and any affected Unit Owner(s) to exercise any or all of their respective rights and remedies under this Code of Regulations, including, but not limited to the provisions set forth below under Article X, captioned "Compliance and Default".

(7) All repairs and replacements shall be substantially similar to the original construction and installation and be of a quality equivalent to the original construction. The method of approving payment vouchers for all Common Elements and improvements, repairs and replacements shall be determined by the Council.

(8) Each Unit Owner shall also be responsible for performing the following maintenance and repair responsibilities intended to prevent or reduce water leakage incidents and excessive humidification in the Unit as well as to prevent and limit potential water penetration and water leakage into the Buildings and Units damages or other conditions, including mold growth, that may result therefrom and as disclosed in the Mold Disclosure Notice and Acknowledgment Statement attached to the Declaration as Schedule H:

(A) The Unit Owner shall be responsible for cleaning and changing the filter in the heating, ventilation and air conditioning (the "HVAC") system which serves only such Unit Owner's Unit four (4) times per year (every three (3) months); and

(B) The Unit Owner shall enter into a maintenance contract with a licensed and bonded HVAC service contractor for regular maintenance and service of the HVAC system which serves only such Unit Owner's Unit; and

(C) The Unit Owner shall maintain heat in the Unit at all times during the cold weather months of not less than 60 degrees Fahrenheit and shall use every reasonable effort to maintain the indoor humidity level within the Unit at a reasonable level and to the extent possible, below 60 percent; and

(D) The Unit Owner shall also be responsible for taking prompt action to address all water leakage and water penetration incidents where the penetration is or is believed to be resulting from a Unit component; and for providing timely notification (within 24 hours of notice of such condition) to the Council of all water penetration and/or water leakage incidents believed to be resulting from the Common Elements. Additionally, when applicable, the Unit Owner shall also be responsible for providing prompt and timely notification to the Developer of all water penetration and water leakage claims pursuant to the Limited Warranty applicable to the Units (Schedule F of the Declaration) in accordance with the requirements of this Section and the Declaration.

(c) Manner of Repair and Replacement. All repairs and replacement shall be substantially similar to the original construction and installation. The method of approving payment vouchers for all repairs and replacement shall be determined by the Council.

Section 6. Additions, Alterations or Improvements by the Council. Whenever in the judgment of the Council the Common Elements shall require additions, alterations, or improvements costing in excess of FOUR THOUSAND DOLLARS (\$4,000.00) during any twelve (12) consecutive months, and the making of such additions, alterations or improvement shall have been approved by a majority of the Unit Owners, the Council shall proceed with such additions, cost thereof as a Common Expense. Any additions, alterations or improvements costing FOUR THOUSAND DOLLARS (\$4,000.00) or less during any period of twelve (12) consecutive months may be made by the Council without the approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses.

Section 7. Additions, Alterations or Improvements By Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit without the prior written consent thereto of the Council. The Council shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's unit within sixty (60) days after

such request, and its failure to do so within the stipulated time shall constitute a consent by the Council to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Unit may be executed by the Council without however, incurring any liability on the part of the Council or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

Section 8. Restrictions on Use of Units. Each Unit and the Common Elements shall be occupied and used in accordance with the provisions of the Declaration.

Section 9. Right to Access. A Unit Owner shall grant a right of access to his Unit to the Council or the managing agent, or any other person authorized by the Council or the managing agent, or any group of the foregoing, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services of the Common Elements in his Unit or elsewhere in the property, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not. The Unit Owner shall, at all times, cause a key to its unit to be in the possession of the Council or the Management Agent.

Section 10. Rules and Regulations. Rules and regulations concerning the operation and use of the Common Elements may be promulgated and amended by the Council, provided that such rules and regulations are not contrary to or inconsistent with the Unit Property Act, the Declaration or this Code of Regulations. Copies of the rules and regulations shall be furnished by the Council to each Unit Owner prior to the time when the same shall become effective.

Section 11. Electricity. Electricity shall be supplied by the public utility company serving the Units directly to each Unit through separate meters and each Unit Owner shall be required to pay the bills for electricity consumed or used in his Unit. The electricity serving the Common Elements shall be separately metered, and the Council shall pay all bills for electricity consumed in such portions of the Common Elements as a Common Expense.

Section 12. Sewer Service. Sewer service shall be supplied to each Unit by Sussex County. The cost for all maintenance, repair and replacement of the sewer lines to each Unit, (but not within the Unit) shall be a Common Expense. Each Unit Owner shall be responsible for the sewer fees for his or her Unit.

Section 13. Water Service. Water service shall be supplied by Tidewater Utilities (or such other utility provider as determined by the Developer) directly to each

Building and the user fees for which shall be billed directly to the individual Unit Owners.

Section 14. Parking Spaces. Those parking areas designated and identified on the Declaration Plan recorded simultaneously with the Declaration of this Code of Regulations (excluding those parking areas within the individual Units designated as a garage or carport) shall be Common Elements and shall be available for use on a non-exclusive basis by the Unit Owners and their respective guests and invitees on a "first-come, first-serve" basis and shall be subject to such reasonable rules and regulations that may be promulgated from time to time by the Council. The cost of any maintenance, repairs and replacement of all such parking areas shall be a Common Expense.

Section 15. Roads. The roads shall be Common Elements. A non-exclusive easement over and across said roads for ingress, egress, and regress is retained by the Developer, its successors and assigns, for its use in the development of the Condominium and in the event that it annexes and develops additional Buildings and Units and additional improvements into the Condominium. Maintenance, repairs and replacements of the roads shall be a Common Expense.

Section 16. Unit Decks and Balconies. The cost of the maintenance, repairs and replacement of the decks and balconies appurtenant to each of the Units and designated as a Limited Common Element shall be a Common Expense.

Section 17. Legal Proceedings. Due to the potential adverse financial impact to the Association and the Unit Owners of defending or pursuing any administrative, legal or equitable proceeding or action in connection with any dispute, claim, cause of action or proceeding arising out of or under or in connection with the Declaration, the Code of Regulations or the Declaration Plan (collectively the "Legal Proceedings"), the decision to initiate any Legal Proceedings (except for the recovery of dues and assessments from Unit Owners) and for those matters or causes of actions that would arise under Article X below or as otherwise provided under 25 Del. C. § 2210, must be made by a resolution duly adopted at a properly noticed regular or special meeting of the Association held for such purpose. Such resolution shall require the affirmative vote of the Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners and at least fifty-one percent (51%) of the holders of the first mortgagees upon the Units. If the Association shall incur or potentially be obligated as a result of such resolution to incur attorney's fees, expert fees or other costs or expenses associated with such Legal Proceedings, totaling in excess of \$25,000.00 or if the amount recoverable by an attorney for the Association pursuant to a contingency fee agreement shall exceed \$50,000.00, then such resolution shall require the affirmative vote of the Unit Owners representing not less than seventy-five percent (75%) percent of the Unit Owners and their mortgagees. Neither the Council, the Association nor the Unit Owners shall borrow on behalf of the Association nor use any funds from reserves of the Association to pay such legal costs, but the same shall be paid from and limited to the amounts provided in the annual budget for such expenditures for the fiscal year and shall be raised by special assessment levied against the Unit Owners for such purpose. If such Legal Proceedings

are not concluded within one (1) year of the date of such resolution, the continued prosecution of such Legal Proceedings beyond such period must be reaffirmed annually at a special meeting held for such purpose by the percentage vote of the Association as was required to adopt the original resolution. If the continued prosecution of such Legal Proceedings is not reaffirmed, the action shall be discontinued and the Council shall have no further authority to act as the attorney-in-fact for the Association in the further prosecution or defense of such Legal Proceedings but may, with the affirmative vote of a majority of the vote in the Association, act as its attorney-in-fact with respect to any settlement or compromise of such Legal Proceedings; provided the same is completed within six (6) months thereafter. If the Association, by resolution approved in accordance with this section, authorizes the Council to initiate Legal Proceedings, then the decisions relating to the conduct of the Legal Proceedings shall be made by the Council for such purposes. Any action regarding the conduct of the Legal Proceedings shall be approved by a percentage vote of not less than sixty-seven percent (67%) or more of the Unit Owners. Decisions regarding the conduct of any Legal Proceedings are nondelegable. Notwithstanding anything contained herein or in the Declaration to the contrary, the provisions of this Section shall not be modified or amended without Developer's written consent so long as Developer owns any property within the Condominium; thereafter this Section shall not be modified or amended except by a written instrument, executed by the Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners and at least fifty-one percent (51%) of the holders of the first mortgagees upon the Units, and be recorded among the land records of Sussex County.

Section 18. Trash Removal. Trash removal service related to trash facilities provided within the Common Elements shall be arranged for and paid by the Council as a Common Expense.

ARTICLE VI INSURANCE

Section 1. Authority to Purchase. Except as otherwise provided in Section 3 of this Article VI, all insurance policies relating to the Property shall be purchased by the Council as trustee for the Unit Owners and their respective mortgagees, as their interests may appear, which insurance shall be to the extent available, at least the following:

(a) Casualty or physical damage insurance in an amount equal the full replacement value (i.e., 100% of ONE THOUSAND DOLLARS (\$1,000.00) per loss per occurrence (with a maximum deductible amount which shall be the lesser of \$10,000.00 or 1% of the policy face amount) of the Condominium project with an "agreed amount" endorsement, "Condominium replacement cost" endorsement, an "Inflation Guard" endorsement if available, "Building Ordinance" or "Law Endorsement" endorsement, if applicable, "Steam Builder and Maximum Coverage" endorsement and a "Special Condominium" endorsement and such other endorsements that may be required from time to time under Part XII, Project Standards, Chapter 7: Insurance Requirements of the Federal National Mortgage Association Selling Guide, (the "FNMA Guidelines"), without deduction or allowance for depreciation, (said amount to be redetermined

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annually by the Council with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

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

(2) Such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm, water damage, machinery explosion or damage, and such other insurance as the Council may from time to time determine.

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

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

(d) Flood insurance in the maximum amount available under the Federal Flood Insurance Program up to the lesser of (i) 100% of the replacement cost of the insurable value of the Common Elements within the Buildings and, if applicable, a "Condominium Building Association" policy or (ii) the maximum coverage available under the appropriate National Flood Insurance Program to the extent the Property is within the Flood plain and deemed necessary by the Council or as may be required under the FMNA Guidelines. The maximum deductible amounts for flood insurance coverage required above shall be the lesser of \$5,000.00 or 1% of the policy's face amount.

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

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

(i) fixtures, improvements and alternations which are part of the buildings,

(ii) refrigerators, air conditioners, cooking ranges, dishwashers, clothes washers and dryers.

(g) Fidelity Insurance. The Council shall require adequate fidelity insurance for all officers and employees of the Association and from any management

agent handling or responsible for Association funds in such amounts and coverage as may reasonably be determined by the Council or as may be required under the FNMA Guidelines. The premium for any such insurance obtained by the Council shall constitute a Common Expense.

(h) The Council shall be required to make every effort to obtain a single master policy covering physical damage for the entire Property under which the insurance company will issue to each Owner a certificate or sub-policy specifying the portion of the master policy allocated to each Owner's Unit and his Percentage Interest in the Common Elements. The master policy shall also provide, if possible, that each Owner shall have the right to request an increase in the coverage allocated to his Unit by reason of improvements made solely to his Unit, but any additional premium resulting from such additional coverage shall be billed by the insurance company directly to, and shall be paid by such Owner.

Section 2: Limitations. Any insurance obtained pursuant to the requirements of this Article, shall be subject to the following provisions:

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

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

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

(d) All policies shall provide that such policies may not be canceled or substantially modified without at least ten (10) days' prior written notice to any and all insureds named thereon, including any and all mortgagees of the Units and shall further provide that the coverage thereof shall not be terminated for non-payment of premiums without ten (10) days' notice to all of the insureds, including all mortgagees of the Units. Duplicated originals of the insurance policies and all endorsements thereto, together with proof of payment of premiums, shall be delivered to all Unit Owners at their request and shall be delivered to all mortgagees of Units at the times such policies are issued and at least ten (10) days prior to the expiration of the then current policies.

(e) That the net proceeds of such policies, if less than FIVE THOUSAND DOLLARS (\$5,000.00) shall be payable to the Council, and if more than

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FIVE THOUSAND DOLLARS (\$5,000.00) shall be payable to the Insurance Trustee designated in Section 4 of this Article.

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

(g) All policies shall contain the standard mortgage clause in favor of each mortgagee of a Unit to the extent of the portion of the coverage of the master policy allocated to such Unit, which shall provide that the loss, if any, thereunder shall be payable to such mortgagee and the Owner as their interests may appear, subject, however, to the loss payment and adjustment provisions in favor of the Council and the Insurance Trustee contained in this Article. In the event a mortgagee endorsement has been issued as to a Unit, the proceeds payable shall be held in trust for the mortgagee and the Unit Owner as their interests may appear.

Section 3. Separate Insurance For Unit Owners. Each Unit Owner shall be required at its sole cost and expense to obtain and maintain insurance coverage with respect to his own personal property and improvements within his Unit that is not otherwise covered by the Council's policy on the Property, in general, as well as for his personal liability (including property damage) in such types and coverage amounts as reasonably determined by the Council based on generally acceptable industry standards or practices in the Sussex County region, as applicable from time to time; provided that no Unit Owner shall be entitled to exercise his right to acquire or maintain such additional insurance coverage so as to decrease the amount which the Council, on behalf of all Unit Owners, may realize under any insurance policy which it may have in force on the Property at any particular time or to cause any insurance coverage maintained by the Council to be brought into contribution with such additional insurance coverage obtained by the Unit Owner, and provided further that all such additional policies shall contain waiver of subrogation.

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

(b) Each Unit shall be required to file a copy of such individual policy or policies with the Council at the time of the Unit Owner's purchase of his unit.

Section 4. Insurance Trustee.

(a) The Council, in addition to electing to act as the Insurance Trustee, shall have the right (but not the obligation) to designate any bank, trust company, savings and loan association, insurance company, or any institutional lender as the Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies of any proceeds thereof will be held in accordance with the terms of the Code of Regulations.

(b) The Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or contents of the policies, the correctness of any amounts received by it on account of the proceeds of any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in this Code of Regulations for the benefit of the Unit Owners and their respective mortgagees.

Section 5. Council as Agent. The Council is hereby irrevocably appointed the agent for each Unit Owner and for each mortgagee of a Unit and for each Unit Owner of any other interest in the property to adjust all claims arising under insurance policies purchased by the Council and to execute and deliver releases upon the payment of claims.

Section 6. Premiums. Premiums for all insurance policies purchased by the Council shall be deemed to be a Common Expense.

ARTICLE VII

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 1. When Repair and Reconstruction are Required. In the event of damage to or destruction of all or any of the buildings as a result of fire, or other casualty (unless there is substantially total destruction of one or more of the buildings or if seventy-five percent (75%) of the Unit owners, and seventy-five (75%) of the holders of first mortgages on the Units, with each first mortgage holder to be entitled to one vote, affected by such destruction or damage duly resolve in writing, at a meeting called within ninety (90) days after the occurrence of the casualty, not to proceed with repair or restoration), the Council shall arrange for and supervise the prompt repair and restoration of the buildings (including any damaged Units, and any floor coverings or any kitchen or bathroom fixtures initially installed therein by the Owner, and replacements thereof installed by the Units Owners, but not including any other furniture, furnishings, fixtures or equipment installed by the Unit Owners in the Units).

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any building, the Council shall obtain reliable and detailed estimates of the

cost of repairing and restoring the building (including any damaged Units, and any floor coverings and kitchen and bathroom fixtures initially installed by the Owner, but not including any other furniture, furnishings, fixtures or equipment installed by the Unit Owner in the Unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Council determines to be necessary.

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

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

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

Section 3. Disbursements of Construction Funds.

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

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

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

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

(e) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary of the Condominium certifying (1) whether the damaged property is required to be reconstructed and repaired; (2) the name of the payee and the amount to be paid with respect to disbursements from any construction fund held by it or whether surplus funds to be distributed are less than the assessments paid by the Unit Owners; and (3) all other matters concerning the holding and disbursing of any construction fund held by it. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

(f) When Reconstruction is Not Required. If there is substantially total destruction of one or more of the Buildings or if seventy-five percent (75%) of the Unit Owners directly affected by the damage or destruction duly resolve at a meeting called within ninety (90) days after the occurrence of the casualty, not to proceed with repair or reconstruction, then, and in that event, the salvage value of the property or of the substantially destroyed Building or Buildings, shall be subject to a suit for partition at the suit of any Unit Owner directly affected by such destruction or damage, in which event the net proceeds of the sale, together with the proceeds of insurance policies held by the Council, shall be considered as one fund and shall be divided among the Unit Owners directly affected by such destruction or damage in proportion with their percentage interests after discharging, out of the respective shares of such Unit Owners to the extent sufficient for the purpose, all liens against the Units of such Unit Owners, and as provided under 25 Del. C. § 2239.

ARTICLE VIII

SALES, LEASES AND ALIENATION OF UNITS

Section 1. No Severance of Ownership. No Unit Owner shall execute any deed, lease, mortgage, or other instrument conveying or mortgaging the title to his Unit without including therein the undivided interest of such Unit in the Common Elements, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or

interests, so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the interests in the Common Elements of any Unit may be sold, leased, transferred, given, devised, or otherwise disposed of, except as part of the Unit to which such interests are appurtenant, or as part of a sale, lease, transfer, gift, devise or other disposition of such part of the interests in the Common Elements of all Units.

Section 2. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, hypothecate, sell, lease, give, or devise his Unit unless and until he (or his personal representative) shall have paid in full to the Council all unpaid Common Expenses theretofore assessed by the Council against his Unit and payable prior to the date of conveyance, except permitted mortgages.

Section 3. Registration of Leases and Rental Agreements. Every Unit Owner, within ten (10) days of entering into a lease or any other agreement for the occupancy of use of his Unit (including, but not limited to any rental agreement that may be excluded under the Delaware Landlord Tenant Code under 25 Del. C. § 5102) shall supply a copy of any such lease or other agreement to the Council together the payment of a reasonable administrative fee to process such registration of each lease or other agreement as may be determined by the Council. Any such rental agreement shall also expressly provide that such rental agreement is subject to the provisions of the Act, the Declaration, the Code of Regulations and the Rules and Regulations and that any failure of the lessee to comply with such provisions shall constitute a default under the rental agreement.

ARTICLE IX MORTGAGES

Section 1. Notice to the Council. A Unit Owner who mortgages his Unit shall notify the Council of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Council.

Section 2. Notice of Unpaid Assessments for Common Expenses. The Council, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid assessments for Common Expenses due for more than 60 days from, or any other default not cured within 60 days by the Unit Owner of the mortgaged Unit.

Section 3. Notice of Default. The Council, when giving notice to a Unit Owner of a default in paying the assessment for Common Expenses or any other default, shall send a copy of such notice to each holder of a mortgage covering such Unit Owner's unit whose name and address have theretofore been furnished to the Council.

Section 4. Notice of Condemnation or Casualty Loss. Upon written request, Council shall provide a mortgagee with notice of condemnation or casualty loss affecting a material portion of the project or the unit securing the mortgage.

Section 5. Assessments and Taxes. Each Unit and its proportionate undivided interest in the Common Elements shall be assessed and taxed for all purposes as a separate parcel of real estate in accordance with 25 Del. C., § 2232.

ARTICLE X COMPLIANCE AND DEFAULT

Section 1. Relief. Each Unit Owner shall be governed by and shall comply with all of the terms of the Declaration, this Code of Regulations, and any amendments of the same. A default by a Unit Owner shall entitle the Association of Owners, acting through its council or through the managing agent, to the following relief:

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

(b) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness of any member of his family or his employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Council. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver of any insurance company of its rights of subrogation.

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

(d) No Waiver of Rights. The failure of the Association of Owners, the Council, or of a Unit Owner to enforce any right, provision, covenant, or condition which may be granted by the Declaration, this Code of Regulations or the Rules and Regulations shall not constitute a waiver of the right of the Association of Owners, the Council or the Unit Owner to enforce such rights, provisions, covenant, or condition in the future. All rights, remedies and privileges granted to the Association of Owners, the Council, or any Unit Owner pursuant to any terms, provision, covenant or condition of the Declaration, this Code of Regulations, or the Rules and Regulations shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Declaration, this Code of Regulations or the Rules and Regulations, or at law or in equity.

(e) Interest. In the event of a default by any Unit Owner in paying any Common Expenses or other sum assessed against him which continues for a period in excess of thirty (30) days from the due date, then such Unit Owner shall be obligated to pay interest on the amounts due at a rate of eighteen percent (18%) per annum from the thirtieth (30th) day from the due date thereof as provided under 25 Del.C. § 2233.

(f) Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Council, or the breach of any provision of the Declaration, shall give the Council the right, in addition to any other rights pursuant to law or set forth in this Code of Regulations: (a) to enter the Unit, by appropriate legal proceedings, either at law or in equity, in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Council shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 2. Lien for Contributions.

(a) The total annual contribution of each Unit Owner for the Common Expenses pursuant to Article V, Section 1 of this Code of Regulations is hereby declared to be a lien levied against the unit of such Unit Owner, which lien shall be effective as of the first day of each fiscal year of the Condominium. The council, or the managing agent, may file or record such other or further notice of lien, or such other or further document as may be required by the then laws of the State of Delaware to confirm the establishment of such lien.

(b) In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the payment of any single installment, which continues for thirty (30) days after written notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installation of such assessments may be accelerated, at the option of the Council and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Council or the managing agent.

(c) The lien for contribution may be foreclosed in the manner provided by the laws of the State of Delaware by suit brought in the name of the council, or the managing agent, acting on behalf of the Association of Owners. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental of the unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the then laws of the State of Delaware.

(d) Suit to recover a money judgment for unpaid contributions shall be maintainable without foreclosing or waiving the lien securing the same, and foreclosure

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shall be maintainable notwithstanding the pendency of any suit to recover a money judgment.

(e) The liens for contributions shall be subordinate to liens of the first mortgagees or the lien of any landlord's lien by Unit Owner or its successors or assigns.

ARTICLE XI **MISCELLANEOUS**

Section 1. Notices. All notices, demands, bills, statements, or other communications under this Code of Regulations shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid; (1) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the unit of such Unit Owner, or (2) if to the Association of Owners, the Council or the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section.

Section 2. Invalidity. The invalidity of any part of this Code of Regulations shall not impair or affect in any manner the validity, enforceability or effect of the balance of this Code of Regulations.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Code of Regulations, or the intent of any provisions thereof.

Section 4. Gender. The use of the masculine gender in this Code of Regulations shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 5. Conflicts. To the extent that provisions herein might conflict with or be inconsistent with the Declaration, the Declaration shall prevail, except as otherwise provided under the Act.

Section 6. Defined Terms. Any terms or words not otherwise defined in this Code of Regulations shall have the definition and meaning as provided in the Declaration or under the Act.

ARTICLE XII **AMENDMENTS TO CODE OF REGULATIONS**

Section 1. Amendments. Except as otherwise provided hereinabove or herein below and subject to the provisions of Section 4 below, this Code of Regulations may be modified and amended either (1) by a vote of sixty-seven percent (67%) of the Unit Owners at any regular or special meeting, provided that notice of the proposed

amendment shall have been given to each Unit Owner in the manner prescribed for such notices, or (2) pursuant to a written instrument duly executed by sixty-seven percent (67%) of the Unit Owners. In addition, any proposed amendment that would alter, enlarge, reduce, change, or otherwise modify any provision relating to or governing the Shared Common Elements or the Master Committee or the administration or governance thereof shall require the approval and consent, in writing, of a majority of the Master Committee.

Section 2. Recording. A modification or amendment of this Code of Regulations shall become effective only if such modification or amendment is recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware.

Section 3. Conflicts. No modification or amendments of this Code of Regulations may be adopted which shall be inconsistent with the provisions of the Unit Property Act. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official Code of Regulations of the Condominium, and all Unit Owners shall be bound to abide by such modification or amendment.

Section 4. Approval of Mortgagees. This Code of Regulations contains provisions concerning various rights, priorities, remedies, and interests of the mortgagees of Units. Such provisions herein are to be construed as covenants for the protection of the mortgagees on which they may rely in making loans secured by mortgages on the Units. Accordingly, no amendment or modification of this Code of Regulations of a material nature impairing or affecting such rights, priorities, remedies or interests of a mortgagee shall be adopted without the prior written consent of at least fifty-one percent (51%) of the mortgagees holding a first lien upon the Units. If there is more than one mortgagee holding first mortgages on the Units, it shall be sufficient to obtain the written consent of the mortgagee(s) holding, in the aggregate, first lien mortgages with respect to at least fifty-one percent (51%) of the Units encumbered by mortgages. The rights, priorities, remedies or interests of a mortgagee for the purposes of this Section shall include, but shall not be limited to, the following:

- (a) Voting rights.
- (b) Increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens or subordination of such liens.
- (c) Reductions in reserves for maintenance, repair and replacement of Common Elements.
- (d) Insurance or fidelity bonds.
- (e) Expansion or contraction of the project or addition, annexation or withdrawal of property to or from the project.
- (f) Decision by Association of Owners to establish self-management when professional management had been required previously by an eligible mortgage holder.

- (g) Restoration or repair of project (after hazard damage or partial condemnation) in a manner other than that specified in the documents.
- (h) Responsibility for maintenance and repairs.
- (i) Boundaries of any Unit.
- (j) Reallocation of interests in general or limited Common Elements or rights to their use.
- (k) Convertibility of Units into Common Elements or vice versa.
- (l) Imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit or any restrictions on the leasing of Units.
- (m) Any action to terminate the legal status of the project after substantial destruction or condemnation occurs.
- (n) Any provisions for express benefit of mortgage holders, insurers or guarantors.

ARTICLE XIII **EMINENT DOMAIN OR CONDEMNATION**

Section 1. Partial Taking Without Direct Affect on Units. If part of the property shall be taken or damaged through the exercise of eminent domain or condemnation power or through the exercise of any right or any obligation on the part of any public authority to purchase the same or as a result of any agreement between the Council, the Unit Owners and said public authority made in lieu of condemnation or eminent domain proceedings such that no Unit nor any part thereof is taken, then all compensation and damages for and on account of such taking, exclusive of compensation for consequential damages to certain affected Units shall be payable to the Council as Trustee for all Unit Owners and mortgagees according to the loss or damages to their respective interests in such Common Elements. The Council shall have the right to act on behalf of the Unit Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Elements without limitation on the right of the Unit Owners or any mortgagees of any one or more Units to represent their own interest. Such proceeds shall, subject to the prior rights of such mortgagees, be used in the same manner as insurance proceeds as heretofore set forth. Nothing herein is to prevent a Unit Owner whose unit is specifically affected by the condemnation or eminent domain proceedings from joining in such proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Unit or personal improvements therein, exclusive of damages relating to Common Elements. In the event that any award resulting from such action does not allocate consequential damages to specific Unit Owners but by its terms includes an award for reduction in value of Units without such allocation, the award shall be divided between affected Unit Owners subject to the rights of mortgagees of such Units by the Council as Trustee, as aforesaid, as their interests may appear.

Section 2. Partial or Total Taking Directly Affecting Units. If the property or any part thereof shall be taken or damaged through the exercise of eminent domain or condemnation power, or through the exercise of any right or any obligation on

the part of any public authority to purchase the same, or as a result of any agreement between the Council, Unit Owners and said public authority made in lieu of condemnation or eminent domain proceedings, such that any Unit or a part thereof is taken, the Council shall act on behalf of the Unit Owners with respect to Common Elements as in Section 1 above without limitation on the right of any mortgagees of any one or more Units to represent their own interests, and the proceeds shall be payable as outlined in Section 1 above. The Unit Owners directly affected by such taking and their respective mortgagees shall represent and negotiate for themselves with respect to the damages affecting their respective Units, the award so made shall, subject to the prior rights of mortgagees, be used and distributed by the Council, as Trustee, first to restore the Units and Common Elements on the remaining property in the same manner as provided for to the extent possible, attempting to rebuild buildings containing new Units of the same number, size and basic plan and the Units taken, with any excess award distributed among Unit Owners and mortgagees as their interests may appear. In the event that the Council determines that such a taking so removes land and buildings containing Units that they cannot effectively be restored or replaced and unless seventy-five percent (75%) of the Unit Owners and holders of first mortgages encumbering seventy-five (75%) percent of the undivided interest in the Common Elements subject to mortgages vote to accept an alternative plan, then the salvaged value of the property or of the building so taken if any, shall be subject to partition at the suit of any Unit Owner directly affected thereby, in which event the net proceeds of sale, together with any award held by the Council, shall be considered as one fund and divided among the Unit Owners directly affected thereby in proportion to the respective undivided ownership of the Common Elements after discharging out of the respective shares of the Unit Owners directly affected thereto to the extent sufficient for the purpose all liens against the units of such Unit Owners.

ARTICLE XIV **ABANDONMENT**

Section 1. Except as otherwise expressly provided for elsewhere in this Code of Regulations, in the event of condemnation of, or substantially total destruction to, the Units and/or Common Elements, and subject to all the provisions of applicable law, the Council may not, unless all of the Units Owners and all of the holders of first mortgages and judgments and liens on the Units, with each holder of a first mortgage, judgment or other lien being entitled to one vote, give their prior written consent, do the following:

- (1) By either act or omission seek to abandon and terminate the Condominium;
- (2) Change the Unit Owner's pro rata interest in the Common Elements unless necessary to do so in the event of an expansion of the Condominium;
- (3) Partition or subdivide any Unit;

(4) Abandon, partition, subdivide, encumber, sell, assign or transfer the Common Elements by either act or omission; and

(5) Use the hazard insurance proceeds for losses for the Units and/or Common Elements for anything other than the repair, replacement and/or reconstruction of the Units and/or Common Elements.

Section 2. In the event all of the Unit Owners and the holders of mortgages, judgments or other liens affecting all of the Units and the Common Elements elect to terminate the Condominium pursuant to 25 Del. C. § 2229, as a result of a condemnation or substantially total destruction of the Units and the Common Elements, then any funds held by the Council as provided herein shall be considered as one fund and divided among the Unit Owners directly affected thereby in proportion to their respective undivided ownership of the Common Elements after discharging out of the respective shares of the Unit Owners directly affected thereto, to the extent sufficient for the purpose, all liens against the Units of such Unit Owners.

ARTICLE XV **PROVISIONS APPLICABLE TO DEVELOPER**

The foregoing terms of this Code of Regulations to the contrary notwithstanding, until the earlier of (i) four (4) months after the date on which Units to which seventy-five (75%) percent or more of the proposed Units together with the Common Element percentages appurtenant thereto have been conveyed to Unit Owners other than the Developer or (ii) five (5) years after the date on which the first Unit has been conveyed to a Unit Owner other than the Developer (the period thereby determined being hereinafter referred to as the "Development Period"), the following provisions shall apply (and, in the event of a conflict between the other terms of this Code of Regulations and the terms of this Article XV, the terms of this Article XV shall govern):

Section 1. Amendment. During the Development Period, the terms of this Code of Regulations, as well as the Declaration or the Declaration Plan, and any amendments thereto may be amended, as provided below, without the consent of any then existing mortgagee(s) as hereinafter provided or the Unit Owners; provided, however, that if any such amendment shall be determined to be necessary in the judgment of the Developer to cure any ambiguity or to correct or supplement any provision of this Code of Regulations, the Declaration or the Declaration Plan which is incorrect, defective or inconsistent with any other provision hereof or thereof or with the Act, or to change, correct or supplement anything appearing or failing to appear in this Code of Regulations which is incorrect, defective, or similarly inconsistent, or as may be required by FMNA, FHA, VA, FHLMC, GNMA or by any governmental agency, then the Developer may effect an appropriate corrective amendment without the approval of the Unit Owners or any mortgagees upon Developer's receipt of favorable opinion of counsel recommending and approving the proposed amendment; provided, however, that all mortgagees then holding mortgages with respect to any portion of the Property and all Unit Owners shall

things as are not by the Unit Property Act or by this Code of Regulations directed to be exercised and done by the Association of Owners. The Council shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of the Condominium provided such Rules and Regulations shall not be in conflict with the Unit Property Act or the Declaration or this Code of Regulations. The Council shall delegate to one of its members the authority to act on behalf of the Council on all matters relating to the duties of the managing agent, if any, which might arise between meetings of the Council. In addition to the duties imposed by this Code of Regulations or by an resolution of the Association of Owners that may hereafter be adopted, the Council shall have the power to, and be responsible for, the following:

- (a) Preparation of an annual budget, in which there shall be established the contribution of each Unit Owner to the Common Expenses.
- (b) Making assessments against Unit Owners to defray the costs and expenses of the Condominium, establishing the means and methods of collecting such assessments from the Unit Owners, and establishing the period of the installation payment of the annual assessment for Common Expenses Unless otherwise determined by the Council, the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.
- (c) Providing for the operation, care, upkeep, maintenance and surveillance of all of the Common Elements and services of the Condominium.
- (d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, and providing services for the Property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Unit Owners.
- (e) Collecting the assessments against the Unit Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property.
- (f) Making and amending Rules and Regulations respecting the use of the Property, including the power of levy fines for infractions or violations of this Code of Regulations and the Declaration on a uniform and non-discriminatory basis.
- (g) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefor.
- (h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the

Property in accordance with the other provisions of this Code of Regulations, after damage or destruction by fire or other casualty.

(i) Enforcing by legal means including but not limited to, the levying of fines, the provisions of the Declaration, this Code of Regulations and the Rules and Regulations for the use of the Property adopted by it, and bringing any proceedings which may be instituted on behalf of the Unit Owners.

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

(k) Paying the cost of all services rendered to the Condominium and not billed to Unit Owners of individual units.

(l) Keeping books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, and holders, insurers, and guarantors of first mortgages upon any Unit, during general business hours on working days at the times and in the manner that shall be set and announced by the Council for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with good and accepted accounting practices, and the same may be audited at least once a year by an outside auditor employed by the Council who shall not be a resident of the Condominium or an owner of a Unit therein, if authorized by the Council, and the cost of such audit shall be a Common Expense. In the event an audited statement is not available, then any holder, insurer, or guarantor of a first mortgage upon any Unit shall have the right, but not the obligation, to have an audited statement prepared at its own expense and the Council shall reasonably cooperate and assist such party and its agents and representative by providing reasonable access to and use of all necessary books, records, statements and other documents or materials needed in connection with the preparation of any such audited statement.

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

(n) Granting permits, licenses and easements over the Common Elements for utilities, roads and other purposes necessary for the proper operation of the Property, in common with others entitled thereto.

(o) To do such other things and acts not inconsistent with the Unit Property Act and with the Declaration which it may be authorized to do by a resolution of the Association of Owners.

Section 3. Managing Agent. The Council shall employ for the Condominium a professional managing agent at a compensation established by the Council, to perform such duties and services as the Council shall authorize, including, but not limited to, the duties listed in paragraphs (a), (c), (d), (e), (h), (j), (k), (l), (m), and (n) of Section 2 of this Article III. The Council may delegate to the managing agent all of the powers granted to the Council by this Code of Regulations other than the powers set forth in paragraphs (b), (f), (g), and (i) of Section 2 of this Article III. No agreement with a professional managing agent may bind the Association unless said agreement provides for the right of the Association to terminate the same without cause or penalty at any time after transfer of control of the Association from Developer to the Unit Owners, upon not more than ninety (90) days notice. Any such agreement shall be for a reasonable term.

Section 4. Election and Term of Office. At the first annual meeting of the Association of Owners, the term of office of one (1) member of the Council shall be fixed for three (3) years, the term of office for one (1) member of the Council shall be fixed at two (2) years, and the term of office of the Transitional Council Member shall be fixed at one (1) year. At the expiration of the initial term of each respective member of the Council, his or her successor shall be elected to serve for a term of two (2) years. No Unit Owner shall be permitted to serve more than two (2) consecutive terms; provided, however (and subject to the foregoing limitation) a Unit Owner, after having served two (2) consecutive terms and having been off the Council for a minimum of two (2) years, may be subsequently elected to serve up to two (2) consecutive terms thereafter. The members of the Council shall hold office until their respective successors shall have been selected by the Association of Owners; provided, however, that Developer shall have the exclusive right to select members of the Council during the Developer Control Period and to designate the Transitional Council Member.

Section 5. Removal of Members of the Council. At any regular or special meeting of the Association of Owners duly called, any one or more of the members of the Council may be removed with or without cause by a majority of the Unit Owners, and a successor may then and there be elected to fill the vacancy thus created. Any member of the Council whose removal has been proposed by the Unit Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and he shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies. Vacancies in the Council caused by any reason other than the removal of a member by a vote of the Association of Owners shall be filled by a vote of a majority of the remaining members of the Council at a special meeting of the Council held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Council for the remainder of the term of the member so removed and until a successor shall be elected at the next meeting of the Association of Owners.

Section 7. Organization Meeting. The first meeting of the members of the Council following the annual meeting of the Association of Owners shall be held within

ten (10) days thereafter at such time and place as shall be fixed by the Association of Owners at the meeting which such Council shall have been elected. Notice of any such meeting shall be provided in the manner set forth below.

Section 8. Regular Meetings. Regular meetings of the Council may be held at such time and place as shall be determined from time to time by a majority of the members, but at least one (1) but no more than four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Council shall be given in the manner set forth below.

Section 9. Special Meetings. Special meetings of the Council may be called by the President and notice of any special meeting shall be given in the manner set forth below. Special meetings of the Council shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least one third (1/3) of the Unit Owners.

Section 10. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each regular and special meeting of the Council in the manner prescribed under 25 Del. C. § 2241 as follows:

(a) No meetings of the Council may be held unless notice of the meeting, with the agenda for the meeting, has been either:

1. Posted conspicuously in each Building in an area open to all Unit Owners at least seven (7) days prior to the meeting; or

2. Sent to the mailing address provided to the Council by the Unit Owner and mailed at least fourteen (14) days prior to the date of the meeting.

(b) All meetings of the Council shall be open to all other Unit Owners governed by the Council; provided, however, that where a portion of any meeting of the Council is reserved for consultations with legal counsel, or for personnel matters relating to employees of the Council, then such portion of the meeting shall be excluded from the provisions of this subsection.

(c) The Council shall maintain written minutes of all meetings of the Council. The Minutes shall be made available to all Unit Owners and to any holder of a first mortgage lien upon any Unit, upon the written request of such first mortgage lien holder.

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

business may be transacted at such meeting, not otherwise inconsistent with the provisions of 25 Del. C. § 2241.

Section 11. Quorum of Council. At all meetings of the Council, a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at any meeting at which a quorum is present shall constitute the decisions of the Council.

Section 12. Compensation. No member shall receive any compensation from the Condominium for acting as such.

Section 13. Conduct of Meeting. The President shall preside over all meetings of the Council and the Secretary-Treasurer shall keep a minute book of the Council recording therein all resolutions adopted by the Council and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order shall govern the conduct of the meetings of the Council when not in conflict with the Declaration, this Code of Regulations or the Unit Property Act.

Section 14. Liability of the Members of the Council. The members of the Council shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members from and against all contractual liability to others arising out of contracts made by the Council on behalf of the Unit Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of this Code of Regulations. It is intended that the members of the council shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Council or out of the aforesaid indemnity in favor of the members of the Council shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the percentage interests of all of the Unit Owners. Every agreement made by the Council or by the managing agent on behalf of the Owners shall, if obtainable, provide that the members of the Council, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the percentage interests of all Unit Owners. The Unit Owners shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a member of the Council, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believes to be in or not opposed to the best interests of the Unit Owners.

Section 15. Inspection of and Access to Books and Records. The books and accounts of the Association of Owners, vouchers accrediting the entries made thereupon and all other records maintained by the Association of Owners, as well as current copies

of the Declaration, Code of Regulations, Declaration Plan and the Rules and Regulations shall be available for examination by the Unit Owners and their duly authorized agents or attorneys, and to the holders, insurers, and guarantors of any first mortgage on any Unit and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interest and after reasonable notice.

Section 16. Offices. The office of the Condominium and of the Council shall be located at the Condominium or at such other place as may be designated from time to time by the Council.

ARTICLE IV OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President, the Vice-President, and the Secretary-Treasurer, all of whom shall be elected by the Council. The Council may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President shall be a member of the Council. Any other officers may be, but shall not be required to be, members of the Council.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the council at the organization meeting of each new Council and shall hold office at the pleasure of the Council. Any vacancy in an office shall be filled by the Council at a regular meeting or special meeting called for such purpose.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Council, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the council or at any special meeting of the Council called for such purpose. In addition, any Officer who has outstanding and/or unpaid and delinquent assessments (general or special) which are more than thirty (30) days past due shall be notified in writing by the Council of any such delinquent assessment(s) and shall be automatically removed by the Council if all such delinquent assessments are not paid in full within three (3) days of such notification.

Section 4. President. The President shall be the chief executive of the Condominium. He shall preside at all meetings of the Association of Owners and of the Council. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the General Corporation Law of the State of Delaware including but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Council shall appoint

some other members of the Council to act in the place of the President, on an interim basis. The Vice President shall also perform such duties as shall from time to time be imposed upon him by the Council or by the President.

Section 6. Secretary-Treasurer. The Secretary-Treasurer shall keep the minutes of all meetings of the Association of Owners and of the Council; he shall have charge of such books and papers as the council may direct; he shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; he shall be responsible for the deposit of all monies and other valuable effects in the name of the Council, or the managing agent, in such depositories as may from time to time be designated by the Council, and he shall, in general, perform all the duties incident to the office of secretary and treasurer of a stock corporation organized under the General Corporation law of the State of Delaware.

Section 7. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of over \$1,000.00, shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Council. All such instruments for expenditures or obligations of less than \$1,000.00, may be executed by any one officer of the Association or by such other person as may be designated by the Council.

Section 8. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

ARTICLE V **OPERATION OF THE PROPERTY**

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

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

(b) Preparation and Approval of Budget. Each year on or before December 15th, the council shall adopt a budget for the Condominium containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Council to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Unit Property Act, this Code of Regulations or a resolution of the Association of Owners, and which will be required during the ensuing fiscal year of the administration, operation, maintenance and

repair of the property and the rendering of the Unit Owners of all related services. Such budget shall also include such reasonable amounts as the Council considers necessary to provide working capital for the Condominium, a general operating reserve, and reserves for contingencies and replacements. The Council shall, upon an Unit Owner's written request, send a summary of the budget, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Unit Owner, on or before November 15, preceding the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium.

(c) Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the property set forth in the budget for the fiscal year adopted by the Council shall be assessed against each Unit Owner in proportion to his respective percentage interest, and shall be a lien against each Unit Owner's unit as of the first day of the fiscal year to which such budget applies. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Council or the managing agent (as determined by the Council), one-twelfth (1/12) of the assessment for such fiscal year made pursuant to the foregoing provisions; provided, however, if the Council so determines, assessments may be collected quarterly in which event each Unit Owner shall be obligated to pay to the Council or the managing agent (as determined by the Council) one-fourth (1/4) of the assessment for such fiscal year on the first day of each fiscal year, and one-fourth (1/4) on the first day of the fourth, seventh and tenth months of each fiscal year. Within sixty (60) days after the end of each fiscal year, the Council shall, at a Unit Owner's written request, supply to such Unit Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Council for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Council deems it advisable, be credited according to each Unit Owner's percentage interest to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted, and any net shortage shall, if the Council deems it advisable, be added according to each Unit Owner's percentage interest to the installments due to the succeeding six (6) months after the rendering of the accounting.

(d) Reserves. The Council shall build up and maintain reasonable reserves for working capital, operations, insurance deductibles, contingencies and replacements. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Council deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Council may at any time levy a further assessment, which shall be assessed against the Unit Owners

according to their respective percentage interests, and which may be payable in a lump sum or in installments as the Council may determine. The Council shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly (or quarterly, if payments are required by the Council to be made quarterly) payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly (or quarterly) amount or, if the additional assessment is not payable in installments, the amount of such assessment.

(e) Initial Assessment. An initial payment (in addition to all other assessments) equal to two (2) times the estimated monthly assessment for the Condominium, to be utilized by the Council pursuant to and for the purposes herein set forth initially in the amount to be determined by the Developer and set forth in this Code of Regulations at such time as the Property is submitted to the provisions of the Unit Property Act as provided under the Declaration, is hereby levied to provide the initial working capital of the Condominium and is payable by each Unit Owner upon the purchase of his Unit from the Developer. The initial assessment is also levied upon and payable by the purchaser of any such Unit upon any voluntary subsequent resale or other transfer of the Unit (with the sole exception of a mortgage he acquires title to such Unit by a foreclosure or a deed in lieu of foreclosure transaction) in the amount of two (2) times the then current monthly assessment for the Condominium as determined and assessed from time to time by the Council. The Council shall, from time to time, establish the then current initial assessment and provide to and collect from the closing agent conducting the settlement and/or closing upon any such Unit the required initial assessment. When the first Council appointed by the Developer and under this Code of Regulations takes office, it shall determine the budget, as defined in this Section, for the period commencing upon the sale of the first Unit by the Developer and ending on December 31 of the fiscal year in which such first sale occurs. Assessments shall be assessed and levied against the Unit Owners during said period as provided in paragraph (c) of this Section but in no event later than sixty (60) days after the first Unit is conveyed by the Developer. All such initial working capital funds shall be maintained by the Developer in a segregated account and shall not be used by the Developer for any purposes during the Developer Control Period, including, but not limited to working capital funds, to defray any of the Developer's expenses, for reserve contributions or construction costs associated with the Property, or to make up any budget deficits during the Development Control Period.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Council to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until the monthly payment which is due more than ten (10) days after such new annual or adjusted budget shall have been mailed or delivered.

(g) Accounts. Except as otherwise expressly provided above, all sums collected by the Council with respect to assessments against the Unit Owners may be commingled into a single fund.

(h) Increase of Assessments. Any increase in assessments that would increase the annual assessments more than twenty-five percent (25%) from the previous year (excluding ad valorem real estate taxes and insurance premiums payable by the Association) shall require the affirmative approval of sixty-seven percent (67%) of the Percentage Interests entitled to vote and such other approvals as otherwise provided under Article XII.

Section 2. Payment of Common Expenses. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Council pursuant to the provisions of Section 1 of this Article V. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the conveyance, without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement from the Council or managing agent setting forth the amount of the unpaid assessments against the selling Unit Owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that if a mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of a first mortgage, or through the other remedies provided for in the first mortgage, such purchaser, its successors and assigns, shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale, or through the other remedies provided for in the first mortgage. Any such unpaid share of the Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to a voluntary sale (but excluding an acquisition of title to a Unit pursuant to a foreclosure sale) for which a statement was provided to such purchaser by the Council pursuant to 25 Del. C. § 2237, shall be collectible from all Unit Owners, including the purchaser of such Unit, in proportion to their respective percentage interests in the Common Elements.

Section 3. Collection of Assessments. The Council shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. In the event of the failure of any Unit Owner to timely pay its assessment for Common Expenses when due, then the Council shall have all rights and remedies to collect such unpaid Common Expenses as provided below under Article X, captioned "Compliance and Default" and as otherwise permitted under this Code of Regulations and all other applicable laws, including, but not limited to the Unit Property Act.

Section 4. Statement of Common Expenses. The Council shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner.

Section 5. Maintenance and Repair.

(a) By the Council. The Council shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner) of the following, the cost of which shall be charged to all Unit Owners as a Common Expense:

(1) All of the Common Elements, including Limited Common Elements, including fences and mailbox location, specifically excepting electronic fences, the glass, sashes, mullions and/or screening on any or all of the windows and doors as well as any owner-installed fan/or light for the screened porch, whether located inside or outside of the Units. Landscaping and mowing of area designated as Limited Common Elements shall be the responsibility of the Association. In performing these maintenance, repair and replacement responsibilities, the following specific responsibilities shall be performed by, or on behalf of, the Council in order to prevent or limit potential water penetration and water leakage into the Buildings and the Units and damages or other conditions, including mold growth, as required in the Declaration that may result therefrom:

(A) An inspection of the Common Element exterior grading to ensure that the grade slopes away from the Buildings and Units at least annually and at such other times as conditions may warrant.

(2) Limited Common Elements if, when and as covered by the master insurance policy described in Article VI below.

(3) All exterior walls, roofs and exterior surfaces (including the painting of the exterior surfaces) of the Buildings, including, but not limited to, the exterior boundary walls of the Units and exterior fixtures that are not part of the Unit; all party walls and all other portions of the Units which contribute to the support of any Building, including, but not limited to, the floor joists between the Units. In performing these maintenance, repair and replacement responsibilities, the following specific responsibilities shall be performed by, or on behalf of the Council in order to prevent or limit potential water penetration and water leakage into the Buildings and the Units and damages or other conditions, including mold growth, as required in the Declaration, that may result therefrom:

(A) Inspection, maintenance and repair, as needed, of the roofs, the roof flashing components and the flashing of all roof penetrations at least annually and at such other times as the conditions may warrant; and

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be notified of such amendment. Each such amendment shall be effective upon recording in the Recorder's Office of an appropriate instrument setting forth the amendment.

Section 2. Composition of Council. Until expiration of the Development Period (or such earlier date as Developer determines), the Council shall consist of three (3) persons, such individuals to be designated from time to time by Developer.

[end of Schedule "A"]

SCHEDULE "B"
OFFICE CODE OF REGULATIONS

ARTICLE I

Section 1. Definitions. Unless it is plainly evident from the context that a different meaning is intended, the following terms used herein in this Schedule "A" shall have the meanings and definitions as provided below:

- (a) "Association of Owners" shall mean the "Office Association of Owners".
- (b) "Building" shall mean "Office Building".
- (c) "Code of Regulations" shall mean "Office Code of Regulations".
- (d) "Common Expenses" shall mean "Office Common Expenses".
- (e) "Condominium" shall mean "Office Condominium".
- (f) "Council" shall mean "Office Council".
- (g) "Developer" shall mean "Office Developer".
- (h) "Developer Control Period" shall mean "Office Developer Control Period".
- (i) "Percentage Interest" shall mean "Office Percentage Interest".
- (j) "Property" shall mean "Office Property".
- (j) "Unit" shall mean "Office Unit".
- (k) "Unit Owner" shall mean "Office Unit Owner".

ARTICLE II
OFFICE ASSOCIATION OF OWNERS

Section 1. Composition. All of the Owners of Units contained in the Condominium, acting as a group in accordance with the Unit Property Act, the Declaration and this Code of Regulations, shall either be incorporated as "BAY CROSSING OFFICE CONDOMINIUM ASSOCIATION, INC., a non-profit corporation of the State of Delaware or operate as an unincorporated nonprofit condominium association called "The Council of Unit Owners of BAY CROSSING OFFICE Condominium Association" as Developer may elect and as otherwise not contrary to or inconsistent with the Unit Property Act. The Association of Owners acting in accordance with the Unit Property Act shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions of the Common Expenses, arranging for the management of the Condominium, and performing all of the other acts that may be required to be performed by the Association of Owners by the Unit Property Act and the Declaration. Except as to those matters which the Unit Property Act specifically requires to be performed by the vote of the Owners of the Units, the administration of the foregoing responsibilities shall be performed by the Council as more particularly set forth in Article III.

Section 2. Annual Meeting. The Developer shall give at least thirty (30) days notice of the date, time, and place of the first annual meeting of the Unit Owners, which

meeting shall be held within sixty (60) days of the end of the Developer Control Period, as set forth in the Declaration. The Developer shall give at least thirty (30) days notice of the date, time, and place of the first annual meeting of the Unit Owners, which meeting shall be held within sixty (60) days of the end of the Developer Control Period, as set forth in the Declaration. At such meeting all but one (1) of the persons designated by the Developer or their successors shall resign as members of the Council and such remaining member of the initial Council as appointed by the Developer (the "Transitional Council Member") shall continue to serve on the Council for one (1) additional year in order to promote an orderly transition of the operation and management of the Association between the initial Council selected by the Developer and the new Council elected by the Unit Owners. At the first annual meeting of the Unit Owners, all of the Unit Owners shall elect the balance of the remaining members of new Council which shall include the Transitional Council Member as provided above. Thereafter, the annual meetings of the Associations of Owners shall be held as determined by the Council of each succeeding year upon proper notice as provided herein below. At such annual meetings the Council shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 4 of Article II of this Code of Regulations. The Association of Owners may transact such other business at such meetings as may properly come before them.

Section 3. Place of Meeting. Meetings of the Association of Owners shall be held at a suitable place convenient to the Unit Owners as may be designated by the Council.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Association of Owners if so directed by Resolution of the Council or upon a petition signed and presented to the Secretary of Unit Owners owning not less than 25% of the percentage interests of all Unit Owners. 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.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Unit Owners in the manner prescribed under 25 Del. C. § 2241 as follows:

(a) No meetings of the Unit Owners may be held unless notice of the meeting, with the agenda for the meeting, has been either:

1. Posted conspicuously in each Building in an area open to all Unit Owners at least seven (7) days prior to the meeting; or
2. Sent to the mailing address provided to the Council by the Unit Owner and mailed at least fourteen (14) days prior to the date of the meeting.

(b) All meetings of the Unit Owners shall be open to all other Unit Owners governed by the same council; provided, however, that where a portion of any meeting of Unit Owners is reserved for consultations with legal counsel, or for personnel

matters relating to employees of the council, then such portion of the meeting shall be excluded from the provisions of this subsection.

(c) The Council shall maintain written minutes of all meetings of Unit Owners. The Minutes shall be made available to all Unit Owners and to any holder of a first mortgage lien upon any Unit, upon written request of such first mortgage lien holder.

Section 6. Adjournment of Meetings. If any meetings of the Association of Owners cannot be held because a quorum is not present, Unit Owners owning a majority of the percentage interests who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all annual meetings of the Association of Owners shall be as follows:

- (a) Roll Call.
- (b) Proof of Notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.
- (e) Reports of the Council.
- (f) Reports of committees.
- (g) Election of inspectors of election (when so required).
- (h) Election of member of the Council (when so required).
- (i) Unfinished business.
- (j) New business.

Section 8. Title to Units. Title to Units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation, partnership, limited liability company, other legal entity, or in the name of a fiduciary.

Section 9. Voting. Voting at all meetings of the Association of Owners shall be on a percentage basis and the percentages of the vote to which each Unit Owner is entitled shall be the percentage interest assigned to his or her Unit in the Declaration. Where the ownership of a Unit shall be in more than one person, then the person who shall be entitled to enter the vote of that Unit shall be the person named in a certificate signed by all of the owners of the Unit and filed with the Secretary. Such certificate shall be valid until revoked by a subsequent certificate. Whenever the approval or disapproval of a Unit Owner is required by the Unit Property Act, the Declaration or this Code of Regulations, such approval or disapproval shall only be made by the person who would be entitled to cast the vote for the Unit Owner at any meeting of the Association of Owners. Except where a greater number is required by the Unit Property Act, the Declaration or this Code of Regulations, a majority of the Unit Owners is required to adopt decisions at any meeting of the Association of Owners.

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

Section 11. Majority of Unit Owners. As used in this Code of Regulations, the term "majority of the Unit Owners" shall mean those Unit Owners having more than fifty percent (50%) in the aggregate in interest of the undivided ownership of the Common Elements.

Section 12. Quorum. Except as otherwise provided in this Code of Regulations, the presence in person or by proxy of a majority of the Unit Owners shall constitute a quorum at all meetings of the Association of Owners.

Section 13. Conduct of Meeting. The President shall preside over all meetings of the Association of Owners and the Secretary-Treasurer shall keep the minutes for the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat. Roberts Rules of Order shall govern the conduct of all meetings of the Association of Owners when not in conflict with the Declaration, this Code Regulations or the Unit Property Act. All meetings shall be open to all other Unit Owners. Owners, Council, directors and officers shall conduct themselves in a courteous, non disruptive manner to deal effectively and efficiently with the business of the Association.

Section 14. Number of Meetings. The Association shall hold no more than four (4) general meetings in any twelve (12) month period.

Section 15. Electronic Bulletin Board. The Council and/or the Association may keep and maintain a website on or through the internet or world wide web for the purpose of disseminating information with respect to newsletters, bulletins of community interest, publications, minutes, and budgets; provided, however, that no delinquencies of any Unit Owner shall be posted on such site and provided, further, that no interactive communication, chat room, bulletin board or the like shall be kept, maintained or caused to be kept or maintained.

ARTICLE III COUNCIL

Section 1. Number and Qualification. Except as otherwise hereinafter provided in Article XIV, Section 2 below, there shall be three (3) members of the Council, each of whom shall either be a resident of the State of Delaware or a Unit Owner, but need not be both.

Section 2. Powers and Duties. The affairs of the Condominium shall be governed by the Council. The Council shall have all of the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and

things as are not by the Unit Property Act or by this Code of Regulations directed to be exercised and done by the Association of Owners. The Council shall have the power from time to time to adopt any rules and regulations deemed necessary for the enjoyment of the Condominium provided such Rules and Regulations shall not be in conflict with the Unit Property Act or the Declaration or this Code of Regulations. The Council shall delegate to one of its members the authority to act on behalf of the Council on all matters relating to the duties of the managing agent, if any, which might arise between meetings of the Council. In addition to the duties imposed by this Code of Regulations or by an resolution of the Association of Owners that may hereafter be adopted, the Council shall have the power to, and be responsible for, the following:

- (a) Preparation of an annual budget, in which there shall be established the contribution of each Unit Owner to the Common Expenses.
- (b) Making assessments against Unit Owners to defray the costs and expenses of the Condominium, establishing the means and methods of collecting such assessments from the Unit Owners, and establishing the period of the installation payment of the annual assessment for Common Expenses Unless otherwise determined by the Council, the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.
- (c) Providing for the operation, care, upkeep, maintenance and surveillance of all of the Common Elements and services of the Condominium.
- (d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, and providing services for the Property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Unit Owners.
- (e) Collecting the assessments against the Unit Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property.
- (f) Making and amending Rules and Regulations respecting the use of the Property, including the power of levy fines for infractions or violations of this Code of Regulations and the Declaration on a uniform and non-discriminatory basis.
- (g) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefor.
- (h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the

Property in accordance with the other provisions of this Code of Regulations, after damage or destruction by fire or other casualty.

(i) Enforcing by legal means including but not limited to, the levying of fines, the provisions of the Declaration, this Code of Regulations and the Rules and Regulations for the use of the Property adopted by it, and bringing any proceedings which may be instituted on behalf of the Unit Owners.

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

(k) Paying the cost of all services rendered to the Condominium and not billed to Unit Owners of individual units.

(l) Keeping books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, and holders, insurers, and guarantors of first mortgages upon any Unit, during general business hours on working days at the times and in the manner that shall be set and announced by the Council for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with good and accepted accounting practices, and the same may be audited at least once a year by an outside auditor employed by the Council who shall not be a resident of the Condominium or an owner of a Unit therein, if authorized by the Council, and the cost of such audit shall be a Common Expense. In the event an audited statement is not available, then any holder, insurer, or guarantor of a first mortgage upon any Unit shall have the right, but not the obligation, to have an audited statement prepared at its own expense and the Council shall reasonably cooperate and assist such party and its agents and representative by providing reasonable access to and use of all necessary books, records, statements and other documents or materials needed in connection with the preparation of any such audited statement.

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

(n) Granting permits, licenses and easements over the Common Elements for utilities, roads and other purposes necessary for the proper operation of the Property, in common with others entitled thereto.

(o) To do such other things and acts not inconsistent with the Unit Property Act and with the Declaration which it may be authorized to do by a resolution of the Association of Owners.

Section 3. Managing Agent. The Council shall employ for the Condominium a professional managing agent at a compensation established by the Council, to perform such duties and services as the Council shall authorize, including, but not limited to, the duties listed in paragraphs (a), (c), (d), (e), (h), (j), (k), (l), (m), and (n) of Section 2 of this Article III. The Council may delegate to the managing agent all of the powers granted to the Council by this Code of Regulations other than the powers set forth in paragraphs (b), (f), (g), and (i) of Section 2 of this Article III. No agreement with a professional managing agent may bind the Association unless said agreement provides for the right of the Association to terminate the same without cause or penalty at any time after transfer of control of the Association from Developer to the Unit Owners, upon not more than ninety (90) days notice. Any such agreement shall be for a reasonable term.

Section 4. Election and Term of Office. At the first annual meeting of the Association of Owners, the term of office of one (1) member of the Council shall be fixed for three (3) years, the term of office for one (1) member of the Council shall be fixed at two (2) years, and the term of office of the Transitional Council Member shall be fixed at one (1) year. At the expiration of the initial term of each respective member of the Council, his or her successor shall be elected to serve for a term of two (2) years. No Unit Owner shall be permitted to serve more than two (2) consecutive terms; provided, however (and subject to the foregoing limitation) a Unit Owner, after having served two (2) consecutive terms and having been off the Council for a minimum of two (2) years, may be subsequently elected to serve up to two (2) consecutive terms thereafter. The members of the Council shall hold office until their respective successors shall have been selected by the Association of Owners; provided, however, that Developer shall have the exclusive right to select members of the Council during the Developer Control Period and to designate the Transitional Council Member.

Section 5. Removal of Members of the Council. At any regular or special meeting of the Association of Owners duly called, any one or more of the members of the Council may be removed with or without cause by a majority of the Unit Owners, and a successor may then and there be elected to fill the vacancy thus created. Any member of the Council whose removal has been proposed by the Unit Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and he shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies. Vacancies in the Council caused by any reason other than the removal of a member by a vote of the Association of Owners shall be filled by a vote of a majority of the remaining members of the Council at a special meeting of the Council held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Council for the remainder of the term of the member so removed and until a successor shall be elected at the next meeting of the Association of Owners.

Section 7. Organization Meeting. The first meeting of the members of the Council following the annual meeting of the Association of Owners shall be held within

ten (10) days thereafter at such time and place as shall be fixed by the Association of Owners at the meeting which such Council shall have been elected. Notice of any such meeting shall be provided in the manner set forth below.

Section 8. Regular Meetings. Regular meetings of the Council may be held at such time and place as shall be determined from time to time by a majority of the members, but at least one (1) but no more than four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Council shall be given in the manner set forth below.

Section 9. Special Meetings. Special meetings of the Council may be called by the President and notice of any special meeting shall be given in the manner set forth below. Special meetings of the Council shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least one third (1/3) of the Unit Owners.

Section 10. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each regular and special meeting of the Council in the manner prescribed under 25 Del. C. § 2241 as follows:

(a) No meetings of the Council may be held unless notice of the meeting, with the agenda for the meeting, has been either:

1. Posted conspicuously in each Building in an area open to all Unit Owners at least seven (7) days prior to the meeting; or

2. Sent to the mailing address provided to the Council by the Unit Owner and mailed at least fourteen (14) days prior to the date of the meeting.

(b) All meetings of the Council shall be open to all other Unit Owners governed by the Council; provided, however, that where a portion of any meeting of the Council is reserved for consultations with legal counsel, or for personnel matters relating to employees of the Council, then such portion of the meeting shall be excluded from the provisions of this subsection.

(c) The Council shall maintain written minutes of all meetings of the Council. The Minutes shall be made available to all Unit Owners and to any holder of a first mortgage lien upon any Unit, upon the written request of such first mortgage lien holder.

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

business may be transacted at such meeting, not otherwise inconsistent with the provisions of 25 Del. C. § 2241.

Section 11. Quorum of Council. At all meetings of the Council, a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at any meeting at which a quorum is present shall constitute the decisions of the Council.

Section 12. Compensation. No member shall receive any compensation from the Condominium for acting as such.

Section 13. Conduct of Meeting. The President shall preside over all meetings of the Council and the Secretary-Treasurer shall keep a minute book of the Council recording therein all resolutions adopted by the Council and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order shall govern the conduct of the meetings of the Council when not in conflict with the Declaration, this Code of Regulations or the Unit Property Act.

Section 14. Liability of the Members of the Council. The members of the Council shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members from and against all contractual liability to others arising out of contracts made by the Council on behalf of the Unit Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of this Code of Regulations. It is intended that the members of the council shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Council or out of the aforesaid indemnity in favor of the members of the Council shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the percentage interests of all of the Unit Owners. Every agreement made by the Council or by the managing agent on behalf of the Owners shall, if obtainable, provide that the members of the Council, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage interest bears to the percentage interests of all Unit Owners. The Unit Owners shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a member of the Council, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believes to be in or not opposed to the best interests of the Unit Owners.

Section 15. Inspection of and Access to Books and Records. The books and accounts of the Association of Owners, vouchers accrediting the entries made thereupon and all other records maintained by the Association of Owners, as well as current copies

of the Declaration, Code of Regulations, Declaration Plan and the Rules and Regulations shall be available for examination by the Unit Owners and their duly authorized agents or attorneys, and to the holders, insurers, and guarantors of any first mortgage on any Unit and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interest and after reasonable notice.

Section 16. Offices. The office of the Condominium and of the Council shall be located at the Condominium or at such other place as may be designated from time to time by the Council.

ARTICLE IV OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President, the Vice-President, and the Secretary-Treasurer, all of whom shall be elected by the Council. The Council may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President shall be a member of the Council. Any other officers may be, but shall not be required to be, members of the Council.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the council at the organization meeting of each new Council and shall hold office at the pleasure of the Council. Any vacancy in an office shall be filled by the Council at a regular meeting or special meeting called for such purpose.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Council, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the council or at any special meeting of the Council called for such purpose. In addition, any Officer who has outstanding and/or unpaid and delinquent assessments (general or special) which are more than thirty (30) days past due shall be notified in writing by the Council of any such delinquent assessment(s) and shall be automatically removed by the Council if all such delinquent assessments are not paid in full within three (3) days of such notification.

Section 4. President. The President shall be the chief executive of the Condominium. He shall preside at all meetings of the Association of Owners and of the Council. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the General Corporation Law of the State of Delaware including but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Council shall appoint

some other members of the Council to act in the place of the President, on an interim basis. The Vice President shall also perform such duties as shall from time to time be imposed upon him by the Council or by the President.

Section 6. Secretary-Treasurer. The Secretary-Treasurer shall keep the minutes of all meetings of the Association of Owners and of the Council; he shall have charge of such books and papers as the council may direct; he shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; he shall be responsible for the deposit of all monies and other valuable effects in the name of the Council, or the managing agent, in such depositories as may from time to time be designated by the Council, and he shall, in general, perform all the duties incident to the office of secretary and treasurer of a stock corporation organized under the General Corporation law of the State of Delaware.

Section 7. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of over \$1,000.00, shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Council. All such instruments for expenditures or obligations of less than \$1,000.00, may be executed by any one officer of the Association or by such other person as may be designated by the Council.

Section 8. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

ARTICLE V **OPERATION OF THE PROPERTY**

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

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

(b) Preparation and Approval of Budget. Each year on or before December 15th, the council shall adopt a budget for the Condominium containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Council to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Unit Property Act, this Code of Regulations or a resolution of the Association of Owners, and which will be required during the ensuing fiscal year of the administration, operation, maintenance and

repair of the property and the rendering of the Unit Owners of all related services. Such budget shall also include such reasonable amounts as the Council considers necessary to provide working capital for the Condominium, a general operating reserve, and reserves for contingencies and replacements. The Council shall, upon an Unit Owner's written request, send a summary of the budget, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Unit Owner, on or before November 15, preceding the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium.

(c) Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the property set forth in the budget for the fiscal year adopted by the Council shall be assessed against each Unit Owner in proportion to his respective percentage interest, and shall be a lien against each Unit Owner's unit as of the first day of the fiscal year to which such budget applies. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Council or the managing agent (as determined by the Council), one-twelfth (1/12) of the assessment for such fiscal year made pursuant to the foregoing provisions; provided, however, if the Council so determines, assessments may be collected quarterly in which event each Unit Owner shall be obligated to pay to the Council or the managing agent (as determined by the Council) one-fourth (1/4) of the assessment for such fiscal year on the first day of each fiscal year, and one-fourth (1/4) on the first day of the fourth, seventh and tenth months of each fiscal year. Within sixty (60) days after the end of each fiscal year, the Council shall, at a Unit Owner's written request, supply to such Unit Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Council for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Council deems it advisable, be credited according to each Unit Owner's percentage interest to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted, and any net shortage shall, if the Council deems it advisable, be added according to each Unit Owner's percentage interest to the installments due to the succeeding six (6) months after the rendering of the accounting.

(d) Reserves. The Council shall build up and maintain reasonable reserves for working capital, operations, insurance deductibles, contingencies and replacements. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Council deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Council may at any time levy a further assessment, which shall be assessed against the Unit Owners

according to their respective percentage interests, and which may be payable in a lump sum or in installments as the Council may determine. The Council shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly (or quarterly, if payments are required by the Council to be made quarterly) payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly (or quarterly) amount or, if the additional assessment is not payable in installments, the amount of such assessment.

(e) Initial Assessment. An initial payment (in addition to all other assessments) equal to two (2) times the estimated monthly assessment for the Condominium, to be utilized by the Council pursuant to and for the purposes herein set forth initially in the amount to be determined by the Developer and set forth in this Code of Regulations at such time as the Property is submitted to the provisions of the Unit Property Act as provided under the Declaration, is hereby levied to provide the initial working capital of the Condominium and is payable by each Unit Owner upon the purchase of his Unit from the Developer. The initial assessment is also levied upon and payable by the purchaser of any such Unit upon any voluntary subsequent resale or other transfer of the Unit (with the sole exception of a mortgage he acquires title to such Unit by a foreclosure or a deed in lieu of foreclosure transaction) in the amount of two (2) times the then current monthly assessment for the Condominium as determined and assessed from time to time by the Council. The Council shall, from time to time, establish the then current initial assessment and provide to and collect from the closing agent conducting the settlement and/or closing upon any such Unit the required initial assessment. When the first Council appointed by the Developer and under this Code of Regulations takes office, it shall determine the budget, as defined in this Section, for the period commencing upon the sale of the first Unit by the Developer and ending on December 31 of the fiscal year in which such first sale occurs. Assessments shall be assessed and levied against the Unit Owners during said period as provided in paragraph (c) of this Section but in no event later than sixty (60) days after the first Unit is conveyed by the Developer. All such initial working capital funds shall be maintained by the Developer in a segregated account and shall not be used by the Developer for any purposes during the Developer Control Period, including, but not limited to working capital funds, to defray any of the Developer's expenses, for reserve contributions or construction costs associated with the Property, or to make up any budget deficits during the Development Control Period.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Council to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until the monthly payment which is due more than ten (10) days after such new annual or adjusted budget shall have been mailed or delivered.

(g) Accounts. Except as otherwise expressly provided above, all sums collected by the Council with respect to assessments against the Unit Owners may be commingled into a single fund.

(h) Increase of Assessments. Any increase in assessments that would increase the annual assessments more than twenty-five percent (25%) from the previous year (excluding ad valorem real estate taxes and insurance premiums payable by the Association) shall require the affirmative approval of sixty-seven percent (67%) of the Percentage Interests entitled to vote and such other approvals as otherwise provided under Article XII.

Section 2. Payment of Common Expenses. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Council pursuant to the provisions of Section 1 of this Article V. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the conveyance, without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement from the Council or managing agent setting forth the amount of the unpaid assessments against the selling Unit Owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that if a mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of a first mortgage, or through the other remedies provided for in the first mortgage, such purchaser, its successors and assigns, shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale, or through the other remedies provided for in the first mortgage. Any such unpaid share of the Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to a voluntary sale (but excluding an acquisition of title to a Unit pursuant to a foreclosure sale) for which a statement was provided to such purchaser by the Council pursuant to 25 Del. C. § 2237, shall be collectible from all Unit Owners, including the purchaser of such Unit, in proportion to their respective percentage interests in the Common Elements.

Section 3. Collection of Assessments. The Council shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. In the event of the failure of any Unit Owner to timely pay its assessment for Common Expenses when due, then the Council shall have all rights and remedies to collect such unpaid Common Expenses as provided below under Article X, captioned "Compliance and Default" and as otherwise permitted under this Code of Regulations and all other applicable laws, including, but not limited to the Unit Property Act.

Section 4. Statement of Common Expenses. The Council shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner.

Section 5. Maintenance and Repair.

(a) By the Council. The Council shall be responsible for the maintenance, repair and replacement (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner) of the following, the cost of which shall be charged to all Unit Owners as a Common Expense:

(1) All of the Common Elements, including Limited Common Elements, including fences and mailbox location, specifically excepting electronic fences, the glass, sashes, mullions and/or screening on any or all of the windows and doors as well as any owner-installed fan/or light for the screened porch, whether located inside or outside of the Units. Landscaping and mowing of area designated as Limited Common Elements shall be the responsibility of the Association. In performing these maintenance, repair and replacement responsibilities, the following specific responsibilities shall be performed by, or on behalf of, the Council in order to prevent or limit potential water penetration and water leakage into the Buildings and the Units and damages or other conditions, including mold growth, as required in the Declaration that may result therefrom:

(A) An inspection of the Common Element exterior grading to ensure that the grade slopes away from the Buildings and Units at least annually and at such other times as conditions may warrant.

(2) Limited Common Elements if, when and as covered by the master insurance policy described in Article VI below.

(3) All exterior walls, roofs and exterior surfaces (including the painting of the exterior surfaces) of the Buildings, including, but not limited to, the exterior boundary walls of the Units and exterior fixtures that are not part of the Unit; all party walls and all other portions of the Units which contribute to the support of any Building, including, but not limited to, the floor joists between the Units. In performing these maintenance, repair and replacement responsibilities, the following specific responsibilities shall be performed by, or on behalf of the Council in order to prevent or limit potential water penetration and water leakage into the Buildings and the Units and damages or other conditions, including mold growth, as required in the Declaration, that may result therefrom:

(A) Inspection, maintenance and repair, as needed, of the roofs, the roof flashing components and the flashing of all roof penetrations at least annually and at such other times as the conditions may warrant; and

(B) Inspection, maintenance and repair, as needed, of the exterior siding and related components and the caulking of exterior siding components, at least annually and at such other times as the conditions may warrant;

(4) All incidental damage caused to any Unit or Limited Common Elements for which Unit Owner is responsible for maintenance, repair, replacement, and/or insurance by such work as may be done or caused to be done by the Council in accordance therewith.

(5) All water and plumbing facilities and systems that are declared Common Elements, including all conduits, ducts, plumbing, wiring and other facilities for the furnishing of such utility services into two or more Units, but excluding therefrom all plumbing, fixtures, systems located outside the specific boundaries of any Unit; and including all catch basins located outside the specific boundaries of any Unit; the roof and all roof drainage pipes, gutters and leaders. In performing these maintenance, repair and replacement responsibilities, the following specific responsibilities shall be performed by, or on behalf of, the Council in order to prevent and limit potential water penetration and water leakage into the Buildings and Units damages or other conditions, including mold growth, that may result therefrom and as disclosed in the Mold Disclosure Notice and Acknowledgment Statement attached to the Declaration as Schedule H:

(A) Inspection and cleaning of all Common Element condensation lines and systems at least annually and at such times as conditions may warrant; and

(B) Inspection and cleaning of all gutters and downspouts at least two (2) times a year (late Fall and Spring) and at such other times as conditions may warrant in order to prevent and limit potential water penetration and water leakage into the Buildings and Units damages or other conditions, including mold growth, that may result therefrom.

(6) The sprinkler system, including the heads, Limited Common Elements, located inside the Units.

(7) The fire alarm system.

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

(9) The Council shall also be responsible for taking prompt action to address all water penetration and water leakage incidents where the penetration or leakage is or is believed to be resulting from a Common Element; and, when applicable, for providing timely notification to the Developer of all water penetration and water leakage claims pursuant to the Limited Warranty applicable to the Common

Elements (Schedule G of the Declaration) in accordance with the requirements set forth under Article IV of the Declaration.

(b) By the Unit Owner.

(1) Except for any portions of his Unit and/or Limited Common Elements required to be maintained, repaired and replaced by the Council, and, except if repair or replacement is caused by a catastrophic loss covered by the Condominium master insurance policy, each Unit Owner shall be responsible for the maintenance, repair and replacement, at his own expense of his Unit, Except for the portions of his Unit required to be maintained, repaired and replaced by the Council, each Unit Owner shall be responsible for the maintenance, repair and replacement at his own expense, of the following: (1) the non-structural walls and framing constituting the entrance of each unit; (2) the electric panel for each unit; (3) the hot water heater; (4) all windows and screens; (5) interior nonload-bearing walls or partitions; (6) all electrical outlets and lights serving the unit (whether within or without the unit); (7) all stoves, refrigerators, microwave and garbage disposal, heat and air conditioning units, ceiling fans, washer-dryers, sinks, baths, or other plumbing or heating or cooling facilities located within or without the Unit but solely serving the Unit, including the air conditioner-heat pump; (8) the plumbing and water lines serving each Unit commencing at the collector from the main lines serving each Unit; (9) all interior stairs, stair wells, and stair carriages solely serving a Unit; (10) any storage areas solely serving a Unit; (11) all screens and storm window inserts pertinent to the windows and doors servicing such Unit Owner's Unit as well as awnings, shutters and other exterior window appurtenances pertinent to such windows and doors, as the case may be; and (12) the lamp post, mail box and other betterments appurtenant to such Unit Owner's Unit, located with the yard immediately adjacent to such Unit and installed initially by the Developer and as otherwise defined in Section 25 of the Declaration, and the Limited Common Elements appurtenant thereto as defined in Section 26 of the Declaration, including but not limited to the walkways, driveway, parking area, garage floor, and that portion of the Limited Common Elements devoted to lawn and/or landscaping permission for which has been granted to the Unit Owner by the Declarant and/or Association.

(2) Each Unit Owner shall keep the interior of his Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit, inclusive (by way of example and not limitation) of installing and maintaining window treatment in all windows and assuring that the same, to the extent visible from the exterior of the Unit, is white in color. In addition, each Unit Owner shall be responsible for all damages to any and all other Units or to the Common Elements resulting from his failure to make any of the repairs required to be made by him by this Section. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Council or the managing agent any defect or need for repairs for which the Council is responsible.

(3) No Unit Owner shall do or permit any act which would jeopardize the soundness or safety of the Property or impair any easement or hereditament without the unanimous consent of all the Unit Owners.

(4) Each Unit Owner shall, in a timely manner, or as otherwise may be provided in rules promulgated from time to time by the Association, furnish, perform and be responsible for, at his own cost and expense, all of the maintenance, repairs and replacements within his own Unit, and the Limited Common Elements appurtenant thereto as defined in Section 26 of the Declaration, including but not limited to the walkways, driveway, parking area, and garage floor.

(5) If, due to the gross negligence or willful misconduct of a Unit Owner, or any member of his family, guest, occupant or visitor of a member (whether authorized or unauthorized by the Unit Owner), damage shall be caused to the Common Elements or Limited Common Elements, or to Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such unit Owner shall pay for such damage and be liable for any damages, liabilities, costs and expenses, including attorneys' fees and court costs, if any, caused by or arising out of such circumstances and such maintenance, repairs and replacements to the Common Elements including Limited Common Elements of the Unit(s) shall be subject to the rules and regulations of the Association.

(6) Each Unit Owner shall be responsible for all damages to any and all other Units or to the Common Elements resulting from his failure to make any of the repairs required to be made by him by this section, and to repair all damages to other Units or to the Common Elements caused by that Unit Owner and/or his tenants, guests, family members, employees, agents, business invitees or licensees, to the extent not covered by insurance on the Common Elements, or if such damage is so caused and the loss is covered by insurance on the Common Elements, the Unit Owner shall be responsible for any increase in insurance premiums directly attributable to said insured loss. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners. Each Unit Owner shall have the affirmative obligation and duty to promptly report to the Council or the managing agent any defect or need for repairs for which the Council is responsible for that comes to the Unit Owner's attention in connection with his or her operation or use of their respective Units and failure to do so shall entitle the Council and any affected Unit Owner(s) to exercise any or all of their respective rights and remedies under this Code of Regulations, including, but not limited to the provisions set forth below under Article X, captioned "Compliance and Default".

(7) All repairs and replacements shall be substantially similar to the original construction and installation and be of a quality equivalent to the original construction. The method of approving payment vouchers for all Common Elements and improvements, repairs and replacements shall be determined by the Council.

(8) Each Unit Owner shall also be responsible for performing the following maintenance and repair responsibilities intended to prevent or reduce water leakage incidents and excessive humidification in the Unit as well as to prevent and limit potential water penetration and water leakage into the Buildings and Units damages or other conditions, including mold growth, that may result therefrom and as disclosed in the Mold Disclosure Notice and Acknowledgment Statement attached to the Declaration as Schedule H:

(A) The Unit Owner shall be responsible for cleaning and changing the filter in the heating, ventilation and air conditioning (the "HVAC") system serving the Unit four (4) times per year (every three (3) months); and

(B) The Unit Owner shall enter into a maintenance contract with a licensed and bonded HVAC service contractor for regular maintenance and service of the HVAC system serving the Unit; and

(C) The Unit Owner shall maintain heat in the Unit at all times during the cold weather months of not less than 60 degrees Fahrenheit and shall use every reasonable effort to maintain the indoor humidity level within the Unit at a reasonable level and to the extent possible, below 60 percent; and

(D) The Unit Owner shall also be responsible for taking prompt action to address all water leakage and water penetration incidents where the penetration is or is believed to be resulting from a Unit component; and for providing timely notification (within 24 hours of notice of such condition) to the Council of all water penetration and/or water leakage incidents believed to be resulting from the Common Elements. Additionally, when applicable, the Unit Owner shall also be responsible for providing prompt and timely notification to the Developer of all water penetration and water leakage claims pursuant to the Limited Warranty applicable to the Units (Schedule F of the Declaration) in accordance with the requirements of this Section and the Declaration.

(c) Manner of Repair and Replacement. All repairs and replacement shall be substantially similar to the original construction and installation. The method of approving payment vouchers for all repairs and replacement shall be determined by the Council.

Section 6. Additions, Alterations or Improvements by the Council. Whenever in the judgment of the Council the Common Elements shall require additions, alterations, or improvements costing in excess of FOUR THOUSAND DOLLARS (\$4,000.00) during any twelve (12) consecutive months, and the making of such additions, alterations or improvement shall have been approved by a majority of the Unit Owners, the Council shall proceed with such additions, cost thereof as a Common Expense. Any additions, alterations or improvements costing FOUR THOUSAND DOLLARS (\$4,000.00) or less during any period of twelve (12) consecutive months may be made by the Council

without the approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses.

Section 7. Additions, Alterations or Improvements By Unit Owners. Except as otherwise expressly authorized hereunder, no Unit Owner shall make any structural addition, alteration or improvement in or to his Unit without the prior written consent thereto of the Council. The Council shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's unit within sixty (60) days after such request, and its failure to do so within the stipulated time shall constitute a consent by the Council to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Unit may be executed by the Council without however, incurring any liability on the part of the Council or any of them to any contractor, subcontractor or materialmen on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

Section 8. Restrictions on Use of Units. Each Unit and the Common Elements shall be occupied and used in accordance with the provisions of the Declaration.

Section 9. Right to Access. A Unit Owner shall grant a right of access to his Unit to the Council or the managing agent, or any other person authorized by the Council or the managing agent, or any group of the foregoing, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services of the Common Elements in his Unit or elsewhere in the property, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not. The Unit Owner shall, at all times, cause a key to its unit to be in the possession of the Council or the Management Agent.

Section 10. Rules and Regulations. Rules and regulations concerning the operation and use of the Common Elements may be promulgated and amended by the Council, provided that such rules and regulations are not contrary to or inconsistent with the Unit Property Act, the Declaration or this Code of Regulations. Copies of the rules and regulations shall be furnished by the Council to each Unit Owner prior to the time when the same shall become effective.

Section 11. Electricity. Electricity shall be supplied by the public utility company serving the Units directly to each Unit through separate meters and each Unit Owner shall be required to pay the bills for electricity consumed or used in his Unit. The electricity serving the Common Elements shall be separately metered, and the Council shall pay all bills for electricity consumed in such portions of the Common Elements as a Common Expense.

Section 12. Sewer Service. Sewer service shall be supplied to each Unit by Sussex County. The cost for all maintenance, repair and replacement of the sewer lines to each Unit, (but not within the Unit) shall be a Common Expense. Each Unit Owner shall be responsible for the sewer fees for his or her Unit.

Section 13. Water Service. Water service shall be supplied by Tidewater Utilities directly to each Building and the user fees for which shall be billed directly to the individual Unit Owners.

Section 14. Parking Spaces. Those parking areas designated and identified on the Declaration Plan recorded simultaneously with the Declaration of this Code of Regulations shall be Common Elements and shall be available for use on a non-exclusive basis by the Unit Owners and their respective guests and invitees on a "first-come, first-serve" basis and shall be subject to such reasonable rules and regulations that may be promulgated from time to time by the Council. The cost of any maintenance, repairs and replacement of all such parking areas shall be a Common Expense.

Section 15. Roads. The roads shall be Common Elements. A non-exclusive easement over and across said roads for ingress, egress, and regress is retained by the Developer, its successors and assigns, for its use in the development of the Condominium and in the event that it annexes and develops additional Buildings and Units and additional improvements into the Condominium. Maintenance, repairs and replacements of the roads shall be a Common Expense.

Section 16. Unit Decks and Balconies. [intentionally omitted]

Section 17. Legal Proceedings. Due to the potential adverse financial impact to the Association and the Unit Owners of defending or pursuing any administrative, legal or equitable proceeding or action in connection with any dispute, claim, cause of action or proceeding arising out of or under or in connection with the Declaration, the Code of Regulations or the Declaration Plan (collectively the "Legal Proceedings"), the decision to initiate any Legal Proceedings (except for the recovery of dues and assessments from Unit Owners) and for those matters or causes of actions that would arise under Article X below or as otherwise provided under 25 Del. C. § 2210, must be made by a resolution duly adopted at a properly noticed regular or special meeting of the Association held for such purpose. Such resolution shall require the affirmative vote of the Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners and at least fifty-one percent (51%) of the holders of the first mortgagees upon the Units. If the Association shall incur or potentially be obligated as a result of such resolution to incur attorney's fees, expert fees or other costs or expenses associates with such Legal Proceedings, totaling in excess of \$25,000.00 or if the amount recoverable by an attorney for the Association pursuant to a contingency fee agreement shall exceed \$50,000.00, then such resolution shall require the affirmative vote of the Unit Owners representing not less than seventy-five percent (75%) percent of the Unit Owners and their mortgagees. Neither the Council, the Association nor the Unit Owners shall borrow on

behalf of the Association nor use any funds from reserves of the Association to pay such legal costs, but the same shall be paid from and limited to the amounts provided in the annual budget for such expenditures for the fiscal year and shall be raised by special assessment levied against the Unit Owners for such purpose. If such Legal Proceedings are not concluded within one (1) year of the date of such resolution, the continued prosecution of such Legal Proceedings beyond such period must be reaffirmed annually at a special meeting held for such purpose by the percentage vote of the Association as was required to adopt the original resolution. If the continued prosecution of such Legal Proceedings is not reaffirmed, the action shall be discontinued and the Council shall have no further authority to act as the attorney-in-fact for the Association in the further prosecution or defense of such Legal Proceedings but may, with the affirmative vote of a majority of the vote in the Association, act as its attorney-in-fact with respect to any settlement or compromise of such Legal Proceedings; provided the same is completed within six (6) months thereafter. If the Association, by resolution approved in accordance with this section, authorizes the Council to initiate Legal Proceedings, then the decisions relating to the conduct of the Legal Proceedings shall be made by the Council for such purposes. Any action regarding the conduct of the Legal Proceedings shall be approved by a percentage vote of not less than sixty-seven percent (67%) or more of the Unit Owners. Decisions regarding the conduct of any Legal Proceedings are nondelegable. Notwithstanding anything contained herein or in the Declaration to the contrary, the provisions of this Section shall not be modified or amended without Developer's written consent so long as Developer owns any property within the Condominium; thereafter this Section shall not be modified or amended except by a written instrument, executed by the Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners and at least fifty-one percent (51%) of the holders of the first mortgagees upon the Units, and be recorded among the land records of Sussex County.

Section 18. Trash Removal. Trash removal service related to trash facilities provided within the Common Elements shall be arranged for and paid by the Council as a Common Expense.

ARTICLE VI INSURANCE

Section 1. Authority to Purchase. Except as otherwise provided in Section 3 of this Article VI, all insurance policies relating to the Property shall be purchased by the Council as trustee for the Unit Owners and their respective mortgagees, as their interests may appear, which insurance shall be to the extent available, at least the following:

(a) Casualty or physical damage insurance in an amount equal the full replacement value (i.e., 100% of ONE THOUSAND DOLLARS (\$1,000.00) per loss per occurrence (with a maximum deductible amount which shall be the lesser of \$10,000.00 or 1% of the policy face amount) of the Condominium project with an "agreed amount" endorsement, "Condominium replacement cost" endorsement, an "Inflation Guard" endorsement if available, "Building Ordinance" or "Law Endorsement" endorsement, if

applicable, "Steam Builder and Maximum Coverage" endorsement and a "Special Condominium" endorsement, without deduction or allowance for depreciation, (said amount to be redetermined annually by the Council with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

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

(2) Such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm, water damage, machinery explosion or damage, and such other insurance as the Council may from time to time determine.

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

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

(d) Flood insurance in the maximum amount available under the Federal Flood Insurance Program up to the lesser of (i) 100% of the replacement cost of the insurable value of the Common Elements within the Buildings and, if applicable, a "Condominium Building Association" policy or (ii) the maximum coverage available under the appropriate National Flood Insurance Program to the extent the Property is within the Flood plain and deemed necessary by the Council. The maximum deductible amounts for flood insurance coverage required above shall be the lesser of \$5,000.00 or 1% of the policy's face amount.

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

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

(i) fixtures, improvements and alternations which are part of the Building.

(g) Fidelity Insurance. The Council shall require adequate fidelity insurance for all officers and employees of the Association and from any management

agent handling or responsible for Association funds in such amounts and coverage as may reasonably be determined by the Council. The premium for any such insurance obtained by the Council shall constitute a Common Expense.

(h) The Council shall be required to make every effort to obtain a single master policy covering physical damage for the entire Property under which the insurance company will issue to each Owner a certificate or sub-policy specifying the portion of the master policy allocated to each Owner's Unit and his Percentage Interest in the Common Elements. The master policy shall also provide, if possible, that each Owner shall have the right to request an increase in the coverage allocated to his Unit by reason of improvements made solely to his Unit, but any additional premium resulting from such additional coverage shall be billed by the insurance company directly to, and shall be paid by such Owner.

Section 2: Limitations. Any insurance obtained pursuant to the requirements of this Article, shall be subject to the following provisions:

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

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

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

(d) All policies shall provide that such policies may not be canceled or substantially modified without at least ten (10) days' prior written notice to any and all insureds named thereon, including any and all mortgagees of the Units and shall further provide that the coverage thereof shall not be terminated for non-payment of premiums without ten (10) days' notice to all of the insureds, including all mortgagees of the Units. Duplicated originals of the insurance policies and all endorsements thereto, together with proof of payment of premiums, shall be delivered to all Unit Owners at their request and shall be delivered to all mortgagees of Units at the times such policies are issued and at least ten (10) days prior to the expiration of the then current policies.

(e) That the net proceeds of such policies, if less than FIVE THOUSAND DOLLARS (\$5,000.00) shall be payable to the Council, and if more than

FIVE THOUSAND DOLLARS (\$5,000.00) shall be payable to the Insurance Trustee designated in Section 4 of this Article.

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

(g) All policies shall contain the standard mortgage clause in favor of each mortgagee of a Unit to the extent of the portion of the coverage of the master policy allocated to such Unit, which shall provide that the loss, if any, thereunder shall be payable to such mortgagee and the Owner as their interests may appear, subject, however, to the loss payment and adjustment provisions in favor of the Council and the Insurance Trustee contained in this Article. In the event a mortgagee endorsement has been issued as to a Unit, the proceeds payable shall be held in trust for the mortgagee and the Unit Owner as their interests may appear.

Section 3. Separate Insurance For Unit Owners. Each Unit Owner shall be required at its sole cost and expense to obtain and maintain insurance coverage with respect to his own personal property and improvements within his Unit that is not otherwise covered by the Council's policy on the Property, in general, as well as for his personal liability (including property damage) in such types and coverage amounts as reasonably determined by the Council based on generally acceptable industry standards or practices in the Sussex County region, as applicable from time to time; provided that no Unit Owner shall be entitled to exercise his right to acquire or maintain such additional insurance coverage so as to decrease the amount which the Council, on behalf of all Unit Owners, may realize under any insurance policy which it may have in force on the Property at any particular time or to cause any insurance coverage maintained by the Council to be brought into contribution with such additional insurance coverage obtained by the Unit Owner, and provided further that all such additional policies shall contain waiver of subrogation.

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

(b) Each Unit shall be required to file a copy of such individual policy or policies with the Council at the time of the Unit Owner's purchase of his unit.

Section 4. Insurance Trustee.

(a) The Council, in addition to electing to act as the Insurance Trustee, shall have the right (but not the obligation) to designate any bank, trust company, savings and loan association, insurance company, or any institutional lender as the Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies of any proceeds thereof will be held in accordance with the terms of the Code of Regulations.

(b) The Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or contents of the policies, the correctness of any amounts received by it on account of the proceeds of any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in this Code of Regulations for the benefit of the Unit Owners and their respective mortgagees.

Section 5. Council as Agent. The Council is hereby irrevocably appointed the agent for each Unit Owner and for each mortgagee of a Unit and for each Unit Owner of any other interest in the property to adjust all claims arising under insurance policies purchased by the Council and to execute and deliver releases upon the payment of claims.

Section 6. Premiums. Premiums for all insurance policies purchased by the Council shall be deemed to be a Common Expense.

ARTICLE VII

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 1. When Repair and Reconstruction are Required. In the event of damage to or destruction of all or any of the buildings as a result of fire, or other casualty (unless there is substantially total destruction of one or more of the buildings or if seventy-five percent (75%) of the Unit owners and seventy-five (75%) of the holders of first mortgages on the Units, with each first mortgage holder to be entitled to one vote, affected by such destruction or damage duly resolve in writing, at a meeting called within ninety (90) days after the occurrence of the casualty, not to proceed with repair or restoration), the Council shall arrange for and supervise the prompt repair and restoration of the buildings (including any damaged Units, and any floor coverings or any kitchen or bathroom fixtures initially installed therein by the Owner, and replacements thereof installed by the Units Owners, but not including any other furniture, furnishings, fixtures or equipment installed by the Unit Owners in the Units).

Section 2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any building, the Council shall obtain reliable and detailed estimates of the cost of repairing and restoring the building (including any damaged Units, and any floor coverings and kitchen and bathroom fixtures initially installed by the Owner, but not

including any other furniture, furnishings, fixtures or equipment installed by the Unit Owner in the Unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Council determines to be necessary.

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

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

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

Section 3. Disbursements of Construction Funds.

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

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

(c) Surplus. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds; and if there is a balance in the construction fund after the payment of all the costs of the

reconstruction and repair for which the fund is established, such balance shall be distributed jointly to the Unit Owners and their mortgagees who are the beneficial owners of the fund; provided, however, that the part of the distribution to a beneficial Unit Owner which is not in excess of assessments paid by the Unit Owner into the construction fund shall not be made payable to any mortgagee.

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

(e) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary of the Condominium certifying (1) whether the damaged property is required to be reconstructed and repaired; (2) the name of the payee and the amount to be paid with respect to disbursements from any construction fund held by it or whether surplus funds to be distributed are less than the assessments paid by the Unit Owners; and (3) all other matters concerning the holding and disbursing of any construction fund held by it. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

(f) When Reconstruction is Not Required. If there is substantially total destruction of one or more of the Buildings or if seventy-five percent (75%) of the Unit Owners directly affected by the damage or destruction duly resolve at a meeting called within ninety (90) days after the occurrence of the casualty, not to proceed with repair or reconstruction, then, and in that event, the salvage value of the property or of the substantially destroyed Building or Buildings, shall be subject to a suit for partition at the suit of any Unit Owner directly affected by such destruction or damage, in which event the net proceeds of the sale, together with the proceeds of insurance policies held by the Council, shall be considered as one fund and shall be divided among the Unit Owners directly affected by such destruction or damage in proportion with their percentage interests after discharging, out of the respective shares of such Unit Owners to the extent sufficient for the purpose, all liens against the Units of such Unit Owners, and as provided under 25 Del. C. § 2239.

ARTICLE VIII SALES, LEASES AND ALIENATION OF UNITS

Section 1. No Severance of Ownership. No Unit Owner shall execute any deed, lease, mortgage, or other instrument conveying or mortgaging the title to his Unit without including therein the undivided interest of such Unit in the Common Elements, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests, so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the interests in the Common Elements of any Unit may be sold, leased, transferred, given, devised, or otherwise disposed of, except as part of the Unit to

which such interests are appurtenant, or as part of a sale, lease, transfer, gift, devise or other disposition of such part of the interests in the Common Elements of all Units.

Section 2. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, hypothecate, sell, lease, give, or devise his Unit unless and until he (or his personal representative) shall have paid in full to the Council all unpaid Common Expenses theretofore assessed by the Council against his Unit and payable prior to the date of conveyance, except permitted mortgages.

Section 3. Registration of Leases and Rental Agreements. Every Unit Owner, within ten (10) days of entering into a lease or any other agreement for the occupancy of use of his Unit shall supply a copy of any such lease or other agreement to the Council together the payment of a reasonable administrative fee to process such registration of each lease or other agreement as may be determined by the Council. Any such rental agreement shall also expressly provide that such rental agreement is subject to the provisions of the Act, the Declaration, the Code of Regulations and the Rules and Regulations and that any failure of the lessee to comply with such provisions shall constitute a default under the rental agreement.

ARTICLE IX MORTGAGES

Section 1. Notice to the Council. A Unit Owner who mortgages his Unit shall notify the Council of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Council.

Section 2. Notice of Unpaid Assessments for Common Expenses. The Council, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid assessments for Common Expenses due for more than 60 days from, or any other default not cured within 60 days by, the Unit Owner of the mortgaged Unit.

Section 3. Notice of Default. The Council, when giving notice to a Unit Owner of a default in paying the assessment for Common Expenses or any other default, shall send a copy of such notice to each holder of a mortgage covering such Unit Owner's unit whose name and address have theretofore been furnished to the Council.

Section 4. Notice of Condemnation or Casualty Loss. Upon written request, Council shall provide a mortgagee with notice of condemnation or casualty loss affecting a material portion of the project or the unit securing the mortgage.

Section 5. Assessments and Taxes. Each Unit and its proportionate undivided interest in the Common Elements shall be assessed and taxed for all purposes as a separate parcel of real estate in accordance with 25 Del. C., § 2232.

ARTICLE X
COMPLIANCE AND DEFAULT

Section 1. Relief. Each Unit Owner shall be governed by and shall comply with all of the terms of the Declaration, this Code of Regulations, and any amendments of the same. A default by a Unit Owner shall entitle the Association of Owners, acting through its council or through the managing agent, to the following relief:

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

(b) Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness of any member of his family or his employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Council. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver of any insurance company of its rights of subrogation.

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

(d) No Waiver of Rights. The failure of the Association of Owners, the Council, or of a Unit Owner to enforce any right, provision, covenant, or condition which may be granted by the Declaration, this Code of Regulations or the Rules and Regulations shall not constitute a waiver of the right of the Association of Owners, the Council or the Unit Owner to enforce such rights, provisions, covenant, or condition in the future. All rights, remedies and privileges granted to the Association of Owners, the Council, or any Unit Owner pursuant to any terms, provision, covenant or condition of the Declaration, this Code of Regulations, or the Rules and Regulations shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by the Declaration, this Code of Regulations or the Rules and Regulations, or at law or in equity.

(e) Interest. In the event of a default by any Unit Owner in paying any Common Expenses or other sum assessed against him which continues for a period in excess of thirty (30) days such Unit Owner shall be obligated to pay interest on the

amounts due at a rate of eighteen percent (18%) per annum from the thirtieth (30th) day from the due date thereof as provided under 25 Del C. § 2233.

(i) Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Council, or the breach of any provision of the Declaration, shall give the Council the right, in addition to any other rights pursuant to law or set forth in this Code of Regulations: (a) to enter the Unit, by appropriate legal proceedings, either at law or in equity, in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Council shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 2. Lien for Contributions.

(a) The total annual contribution of each Unit Owner for the Common Expenses pursuant to Article V, Section 1 of this Code of Regulations is hereby declared to be a lien levied against the unit of such Unit Owner, which lien shall be effective as of the first day of each fiscal year of the Condominium. The council, or the managing agent, may file or record such other or further notice of lien, or such other or further document as may be required by the then laws of the State of Delaware to confirm the establishment of such lien.

(b) In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the payment of any single installment, which continues for thirty (30) days after written notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installation of such assessments may be accelerated, at the option of the Council and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Council or the managing agent.

(c) The lien for contribution may be foreclosed in the manner provided by the laws of the State of Delaware by suit brought in the name of the council, or the managing agent, acting on behalf of the Association of Owners. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental of the unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the then laws of the State of Delaware.

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

(e) The liens for contributions shall be subordinate to liens of the first mortgagees or the lien of any landlord's lien by Unit Owner or its successors or assigns.

ARTICLE XI MISCELLANEOUS

Section 1. Notices. All notices, demands, bills, statements, or other communications under this Code of Regulations shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid; (1) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the unit of such Unit Owner, or (2) if to the Association of Owners, the Council or the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section.

Section 2. Invalidity. The invalidity of any part of this Code of Regulations shall not impair or affect in any manner the validity, enforceability or effect of the balance of this Code of Regulations.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Code of Regulations, or the intent of any provisions thereof.

Section 4. Gender. The use of the masculine gender in this Code of Regulations shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 5. Conflicts. To the extent that provisions herein might conflict with or be inconsistent with the Declaration, the Declaration shall prevail, except as otherwise provided under the Act.

Section 6. Defined Terms. Any terms or words not otherwise defined in this Code of Regulations shall have the definition and meaning as provided in the Declaration or under the Act.

ARTICLE XII AMENDMENTS TO CODE OF REGULATIONS

Section 1. Amendments. Except as otherwise provided hereinabove or herein below and subject to the provisions of Section 4 below, this Code of Regulations may be modified and amended either (1) by a vote of sixty-seven percent (67%) of the Unit Owners at any regular or special meeting, provided that notice of the proposed amendment shall have been given to each Unit Owner in the manner prescribed for such notices, or (2) pursuant to a written instrument duly executed by sixty-seven percent (67%) of the Unit Owners. In addition, any proposed amendment that would alter,

enlarge, reduce, change, or otherwise modify any provision relating to or governing the Shared Common Elements or the Master Committee or the administration or governance thereof shall require the approval and consent, in writing, of a majority of the Master Committee.

Section 2. Recording. A modification or amendment of this Code of Regulations shall become effective only if such modification or amendment is recorded in the Office of the Recorder of Deeds in and for Sussex County, Delaware.

Section 3. Conflicts. No modification or amendments of this Code of Regulations may be adopted which shall be inconsistent with the provisions of the Unit Property Act. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official Code of Regulations of the Condominium, and all Unit Owners shall be bound to abide by such modification or amendment.

Section 4. Approval of Mortgagees. This Code of Regulations contains provisions concerning various rights, priorities, remedies, and interests of the mortgagees of Units. Such provisions herein are to be construed as covenants for the protection of the mortgagees on which they may rely in making loans secured by mortgages on the Units. Accordingly, no amendment or modification of this Code of Regulations of a material nature impairing or affecting such rights, priorities, remedies or interests of a mortgagee shall be adopted without the prior written consent of at least fifty-one percent (51%) of the mortgagees holding a first lien upon the Units. If there is more than one mortgagee holding first mortgages on the Units, it shall be sufficient to obtain the written consent of the mortgagee(s) holding, in the aggregate, first lien mortgages with respect to at least fifty-one percent (51%) of the Units encumbered by first mortgages.

ARTICLE XIII **EMINENT DOMAIN OR CONDEMNATION**

Section 1. Partial Taking Without Direct Affect on Units. If part of the property shall be taken or damaged through the exercise of eminent domain or condemnation power or through the exercise of any right or any obligation on the part of any public authority to purchase the same or as a result of any agreement between the Council, the Unit Owners and said public authority made in lieu of condemnation or eminent domain proceedings such that no Unit nor any part thereof is taken, then all compensation and damages for and on account of such taking, exclusive of compensation for consequential damages to certain affected Units shall be payable to the Council as Trustee for all Unit Owners and mortgagees according to the loss or damages to their respective interests in such Common Elements. The Council shall have the right to act on behalf of the Unit Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Elements without limitation on the right of the Unit Owners or any mortgagees of any one or more Units to represent their own interest. Such proceeds shall, subject to the prior rights of such mortgagees, be used in the same manner as insurance proceeds as heretofore set forth. Nothing herein is to prevent a Unit Owner whose unit is specifically affected by the

condemnation or eminent domain proceedings from joining in such proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Unit or personal improvements therein, exclusive of damages relating to Common Elements. In the event that any award resulting from such action does not allocate consequential damages to specific Unit Owners but by its terms includes an award for reduction in value of Units without such allocation, the award shall be divided between affected Unit Owners subject to the rights of mortgagees of such Units by the Council as Trustee, as aforesaid, as their interests may appear.

Section 2. Partial or Total Taking Directly Affecting Units. If the property or any part thereof shall be taken or damaged through the exercise of eminent domain or condemnation power, or through the exercise of any right or any obligation on the part of any public authority to purchase the same, or as a result of any agreement between the Council, Unit Owners and said public authority made in lieu of condemnation or eminent domain proceedings, such that any Unit or a part thereof is taken, the Council shall act on behalf of the Unit Owners with respect to Common Elements as in Section 1 above without limitation on the right of any mortgagees of any one or more Units to represent their own interests, and the proceeds shall be payable as outlined in Section 1 above. The Unit Owners directly affected by such taking and their respective mortgagees shall represent and negotiate for themselves with respect to the damages affecting their respective Units, the award so made shall, subject to the prior rights of mortgagees, be used and distributed by the Council, as Trustee, first to restore the Units and Common Elements on the remaining property in the same manner as provided for to the extent possible, attempting to rebuild buildings containing new Units of the same number, size and basic plan and the Units taken, with any excess award distributed among Unit Owners and mortgagees as their interests may appear. In the event that the Council determines that such a taking so removes land and buildings containing Units that they cannot effectively be restored or replaced and unless seventy-five percent (75%) of the Unit Owners and holders of first mortgages encumbering seventy-five (75%) percent of the undivided interest in the Common Elements subject to mortgages vote to accept an alternative plan, then the salvaged value of the property or of the building so taken if any, shall be subject to partition at the suit of any Unit Owner directly affected thereby, in which event the net proceeds of sale, together with any award held by the Council, shall be considered as one fund and divided among the Unit Owners directly affected thereby in proportion to the respective undivided ownership of the Common Elements after discharging out of the respective shares of the Unit Owners directly affected thereto to the extent sufficient for the purpose all liens against the units of such Unit Owners.

ARTICLE XIV ABANDONMENT

Section 1. Except as otherwise expressly provided for elsewhere in this Code of Regulations, in the event of condemnation of, or substantially total destruction to, the Units and/or Common Elements, and subject to all the provisions of applicable law, the Council may not, unless all of the Unit Owners and all of the holders of first

mortgages and judgments and liens on the Units, with each holder of a first mortgage, judgment or other lien being entitled to one vote, give their prior written consent, do the following:

- (1) By either act or omission seek to abandon and terminate the Condominium;
- (2) Change the Unit Owner's pro rata interest in the Common Elements unless necessary to do so in the event of an expansion of the Condominium;
- (3) Partition or subdivide any Unit in any manner other than as expressly provided and authorized under the Declaration;
- (4) Abandon, partition, subdivide, encumber, sell, assign or transfer the Common Elements by either act or omission; and
- (5) Use the hazard insurance proceeds for losses for the Units and/or Common Elements for anything other than the repair, replacement and/or reconstruction of the Units and/or Common Elements.

Section 2. In the event all of the Unit Owners and the holders of mortgages, judgments or other liens affecting all of the Units and the Common Elements elect to terminate the Condominium pursuant to 25 Del. C. § 2229, as a result of a condemnation or substantially total destruction of the Units and the Common Elements, then any funds held by the Council as provided herein shall be considered as one fund and divided among the Unit Owners directly affected thereby in proportion to their respective undivided ownership of the Common Elements after discharging out of the respective shares of the Unit Owners directly affected thereto, to the extent sufficient for the purpose, all liens against the Units of such Unit Owners.

ARTICLE XV PROVISIONS APPLICABLE TO DEVELOPER

The foregoing terms of this Code of Regulations to the contrary notwithstanding, until the earlier of (i) four (4) months after the date on which Units to which seventy-five (75%) percent or more of the proposed Units together with the Common Element percentages appurtenant thereto have been conveyed to Unit Owners other than the Developer or (ii) five (5) years after the date on which the first Unit has been conveyed to a Unit Owner other than the Developer (the period thereby determined being hereinafter referred to as the "Development Period"), the following provisions shall apply (and, in the event of a conflict between the other terms of this Code of Regulations and the terms of this Article XV, the terms of this Article XV shall govern):

Section 1. Amendment. During the Development Period, the terms of this Code of Regulations may be amended, as provided below, subject only to the requisite consent of at least fifty-one percent (51%) of any then existing mortgagee(s) as hereinafter

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provided, and notice to the Unit Owners within thirty (30) days following the effectiveness of such amendment; provided, however, that if any such amendment shall be determined to be necessary in the judgment of the Developer to cure any ambiguity or to correct or supplement any provision of this Code of Regulations, the Declaration or the Declaration Plan which is incorrect, defective or inconsistent with any other provision hereof or thereof or with the Act, or to change, correct or supplement anything appearing or failing to appear in this Code of Regulations which is incorrect, defective, or similarly inconsistent, or as may be required by FMNA, FHA, VA, FHLMC, GNMA or by any governmental agency, then the Developer may effect an appropriate corrective amendment without the approval of the Unit Owners upon Developer's receipt of favorable opinion of counsel recommending and approving the proposed amendment; provided, however, that all mortgagees then holding mortgages with respect to any portion of the Property shall be notified of such proposed amendment. Each such amendment shall be effective upon recording in the Recorder's Office of an appropriate instrument setting forth the amendment.

Section 2. Composition of Council. Until expiration of the Development Period (or such earlier date as Developer determines), the Council shall consist of three (3) persons, such individuals to be designated from time to time by Developer.

[end of Schedule "B"]

RECORDER OF DEEDS
JOHN F. BRADY
04 AUG 23 AM 10:56
SUSSEX COUNTY
DOC. SURCHARGE PAID

Received

AUG 24 2004

ASSESSMENT DIVISION
OF SUSSEX CTY

Villas at Bay Crossing Condominium Association

Bylaws-Amendments



PCAM

Premier Community Association Management

YOUNG CONAWAY STARGATT & TAYLOR, LLP

SHELDON N. SANDLER
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DAVID C. MCBRIDE
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DAVID R. HURST
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January 26, 2011

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Legum & Norman
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Sea Colony East
Bethany Beach, DE 19930

RECEIVED JAN 28 2011

Re: Villas at Bay Crossing Condominium

Dear Sir or Madam:

Enclosed please find the original First Amendment to Code of Regulations for Villas at Bay Crossing Condominium dated December 7, 2010 as recorded in the Office of the Recorder of Deed in and for Sussex County, Delaware in Book 3855, Page 230 for your file.

Sincerely yours,



Daniel P. Johnson

DPJ:clg
Enclosure

Tax Map Parcel Numbers: See Schedule "A"
Prepared By: Daniel P. Johnson, Esquire
Young Conaway Stargatt & Taylor, LLP
110 W. Pine Street
P.O. Box 594
Georgetown, DE 19947

**FIRST AMENDMENT TO CODE OF REGULATIONS
FOR
VILLAS AT BAY CROSSING CONDOMINIUM**

This First Amendment to the Code of Regulations For Villas at Bay Crossing Condominium (this "First Amendment") is made this 7 day of December, 2010, by the Residential Council of the Villas at Bay Crossing Condominium (the "Council") and amends, as provided herein below, the Code of Regulations For Villas at Bay Crossing Condominium (the "Code of Regulations"), dated August 20, 2004, and of record in the Office of the Recorder of Deeds, in and for, Sussex County, Delaware (the "Recorder's Office"), in Deed Book 3024, Page 110.

BACKGROUND

WHEREAS, pursuant to 25 Del. C. § 2207 of the Unit Property Act (the "Act"), the Council has the authority to make, alter, amend and repeal the Code of Regulations, subject to a majority of the Unit Owners to change any such actions; and

WHEREAS, at a duly noticed meeting of the Council held on September 3, 2010, at which time a quorum was established, the Council by resolution approved and authorized an amendment to amend Section 12 of Article II of Schedule A of the Code of Regulations to provide for the presence in person or proxy of twenty-four percent (24%) of the Percentage Interests of all the Unit Owners entitled to vote to constitute a quorum at all meetings of the Association of Owners.

WITNESSETH, THEREFORE, That:

1. In accordance with the authority granted to the Council and subject to the rights of the Unit Owners under Section 2207 of the Act, the Council hereby deletes Section 12 of Article II of Schedule A of the Code of Regulations and substitutes, in place thereof, the following new Section:

"Section 12. Quorum. The presence in person or by proxy of twenty-four percent (24%) of the Percentage Interests of all of the Unit Owners entitled to vote shall constitute a quorum at all meetings of the Association of Owners."

2. Effective Date of First Amendment. Notwithstanding anything contained in the Code of Regulations or this First Amendment, this First Amendment shall become

effective thirty (30) days after a recorded copy of this First Amendment is mailed by the Council to the Unit Owners.

3. Any capitalized terms not otherwise defined under this First Amendment shall have the meanings set forth in Schedule A of the Code of Regulations.

IN WITNESS WHEREOF, the undersigned, being the members of the Council, have each executed this instrument under seal, as of the date indicated below.

Ann McGinley
WITNESS

Wes Williams (SEAL)
WES WILLIAMS
Date: December 7, 2010

Ann McGinley
WITNESS

Dick Sanford (SEAL)
DICK SANDFORD
Date: December 7, 2010

Ann McGinley
WITNESS

Mary S. Casey (SEAL)
MARY CASEY
Date: December 7, 2010

Maryland
STATE OF ~~DELAWARE~~)
Worcester) SS
COUNTY OF ~~SUSSEX~~)

BE IT REMEMBERED, that on this 7 day of December, 2010, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, WES WILLIAMS, as a member of VILLAS AT BAY CROSSING CONDOMINIUM COUNCIL, and being known to me personally to be such, acknowledged this Indenture to be his act and deed and the act and deed of the Council.

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

Margaret McCabe
NOTARY PUBLIC
PRINT NAME: Margaret McCabe

Margaret McCabe Notary Public
Worcester County - State of Maryland
My Commission Expires Aug. 17 2013

Maryland
STATE OF ~~DELAWARE~~)
Worcester) SS
COUNTY OF ~~SUSSEX~~)

BE IT REMEMBERED, that on this 7 day of December, 2010, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, DICK SANDFORD, as a member of VILLAS AT BAY CROSSING CONDOMINIUM COUNCIL, and being known to me personally to be such, acknowledged this Indenture to be his act and deed and the act and deed of the Council.

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

Margaret McCabe Notary Public
Worcester County - State of Maryland
My Commission Expires Aug. 17 2013

Margaret McCabe
NOTARY PUBLIC
PRINT NAME: *Margaret McCabe*

Maryland
STATE OF ~~DELAWARE~~)
Worcester) SS
COUNTY OF ~~SUSSEX~~)

BE IT REMEMBERED, that on this 7 day of December, 2010, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, MARY CASEY, as a member of VILLAS AT BAY CROSSING CONDOMINIUM COUNCIL, and being known to me personally to be such, acknowledged this Indenture to be her act and deed and the act and deed of the Council.

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

Margaret McCabe Notary Public
Worcester County - State of Maryland
My Commission Expires Aug. 17 2013

Margaret McCabe
NOTARY PUBLIC
PRINT NAME: *Margaret McCabe*

SCHEDULE "A"

3-34-6.00-70.01 Unit 301	3-34-6.00-70.01 Unit 1303
3-34-6.00-70.01 Unit 302	3-34-6.00-70.01 Unit 1304
3-34-6.00-70.01 Unit 303	3-34-6.00-70.01 Unit 1305
3-34-6.00-70.01 Unit 304	3-34-6.00-70.01 Unit 1306
3-34-6.00-70.01 Unit 305	3-34-6.00-70.01 Unit 1307
3-34-6.00-70.01 Unit 306	3-34-6.00-70.01 Unit 1308
3-34-6.00-70.01 Unit 307	3-34-6.00-70.01 Unit 2101
3-34-6.00-70.01 Unit 501	3-34-6.00-70.01 Unit 2102
3-34-6.00-70.01 Unit 502	3-34-6.00-70.01 Unit 2103
3-34-6.00-70.01 Unit 503	3-34-6.00-70.01 Unit 2104
3-34-6.00-70.01 Unit 504	3-34-6.00-70.01 Unit 2105
3-34-6.00-70.01 Unit 505	3-34-6.00-70.01 Unit 2106
3-34-6.00-70.01 Unit 506	3-34-6.00-70.01 Unit 2107
3-34-6.00-70.01 Unit 507	3-34-6.00-70.01 Unit 2108
3-34-6.00-70.01 Unit 601	3-34-6.00-70.01 Unit 2201
3-34-6.00-70.01 Unit 602	3-34-6.00-70.01 Unit 2202
3-34-6.00-70.01 Unit 603	3-34-6.00-70.01 Unit 2203
3-34-6.00-70.01 Unit 604	3-34-6.00-70.01 Unit 2204
3-34-6.00-70.01 Unit 605	3-34-6.00-70.01 Unit 2205
3-34-6.00-70.01 Unit 606	3-34-6.00-70.01 Unit 2206
3-34-6.00-70.01 Unit 607	3-34-6.00-70.01 Unit 2207
3-34-6.00-70.01 Unit 701	3-34-6.00-70.01 Unit 2208
3-34-6.00-70.01 Unit 702	3-34-6.00-70.01 Unit 2301
3-34-6.00-70.01 Unit 703	3-34-6.00-70.01 Unit 2302
3-34-6.00-70.01 Unit 704	3-34-6.00-70.01 Unit 2303
3-34-6.00-70.01 Unit 705	3-34-6.00-70.01 Unit 2304
3-34-6.00-70.01 Unit 706	3-34-6.00-70.01 Unit 2305
3-34-6.00-70.01 Unit 707	3-34-6.00-70.01 Unit 2306
3-34-6.00-70.01 Unit 708	3-34-6.00-70.01 Unit 2307
3-34-6.00-70.01 Unit 801	3-34-6.00-70.01 Unit 2308
3-34-6.00-70.01 Unit 802	3-34-6.00-70.01 Unit 4101
3-34-6.00-70.01 Unit 803	3-34-6.00-70.01 Unit 4102
3-34-6.00-70.01 Unit 804	3-34-6.00-70.01 Unit 4103
3-34-6.00-70.01 Unit 805	3-34-6.00-70.01 Unit 4104
3-34-6.00-70.01 Unit 806	3-34-6.00-70.01 Unit 4105
3-34-6.00-70.01 Unit 807	3-34-6.00-70.01 Unit 4106
3-34-6.00-70.01 Unit 808	3-34-6.00-70.01 Unit 4107
3-34-6.00-70.01 Unit 1101	3-34-6.00-70.01 Unit 4108
3-34-6.00-70.01 Unit 1102	3-34-6.00-70.01 Unit 4201
3-34-6.00-70.01 Unit 1103	3-34-6.00-70.01 Unit 4202
3-34-6.00-70.01 Unit 1104	3-34-6.00-70.01 Unit 4203
3-34-6.00-70.01 Unit 1105	3-34-6.00-70.01 Unit 4204

3-34-6.00-70.01 Unit 1106	3-34-6.00-70.01 Unit 4205
3-34-6.00-70.01 Unit 1107	3-34-6.00-70.01 Unit 4206
3-34-6.00-70.01 Unit 1108	3-34-6.00-70.01 Unit 4207
3-34-6.00-70.01 Unit 1201	3-34-6.00-70.01 Unit 4208
3-34-6.00-70.01 Unit 1202	3-34-6.00-70.01 Unit 4301
3-34-6.00-70.01 Unit 1203	3-34-6.00-70.01 Unit 4302
3-34-6.00-70.01 Unit 1204	3-34-6.00-70.01 Unit 4303
3-34-6.00-70.01 Unit 1205	3-34-6.00-70.01 Unit 4304
3-34-6.00-70.01 Unit 1206	3-34-6.00-70.01 Unit 4305
3-34-6.00-70.01 Unit 1207	3-34-6.00-70.01 Unit 4306
3-34-6.00-70.01 Unit 1208	3-34-6.00-70.01 Unit 4307
3-34-6.00-70.01 Unit 1301	3-34-6.00-70.01 Unit 4308
3-34-6.00-70.01 Unit 1302	

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JAN 04 2011

**ASSESSMENT DIVISION
OF SUSSEX COUNTY**

Recorder of Deeds
Scott Dailey
Jan 04, 2011 03:05P
Sussex County
Doc. Surcharge Paid

Villas at Bay Crossing Condominium Association

Declaration/CC&Rs



PCAM

Premier Community Association Management

Tax Map Parcel Number 3-34-6.00-70.01

Prepared By: Daniel P. Johnson, Esquire
Young Conaway Stargatt & Taylor, LLP
110 W. Pine Street
P.O. Box 594
Georgetown, DE 199947

**DECLARATION OF EASEMENTS TOGETHER WITH AN
IRREVOCABLE POWER OF ATTORNEY COUPLED WITH AN INTEREST
VILLAS AT BAY CROSSING CONDOMINIUM
AND
BAY CROSSING OFFICE CONDOMINIUM**

This Declaration of Easements Together with an Irrevocable Power of Attorney coupled with an Interest made this _____ day of August, 2004, is reserved unto BEACHPLUM DUNES, L.L.C., a Delaware limited liability company, its successors and assigns ("Grantor").

RECITALS

WHEREAS, Grantor is the owner of certain real property located in Lewis and Rehoboth Hundred, Sussex County, Delaware, commonly known as the proposed VILLAS AT BAY CROSSING CONDOMINIUM and BAY CROSSING OFFICE CONDOMINIUM, which property is more particularly described in **Exhibit "A"** attached hereto and made a part hereof (the "Property"); and

WHEREAS, said Property is to be submitted by Grantor to a plan of condominium ownership under the Unit Property Act (25 Del. C. §2201, et seq.) by Declaration to be filed of record in the Office of the Recorder of Deeds in and for Sussex County, Delaware (the "Declaration"), immediately after the filing of this Declaration of Easement; and

WHEREAS, Grantor will offer residential condominium units on the Residential Land for sale to the public as VILLAS AT BAY CROSSING CONDOMINIUM and will offer office condominium units on the Office Land for sale to the public as BAY CROSSING OFFICE CONDOMINIUM; and

WHEREAS, Grantor has constructed one (1) Residential Building designated as Building 1, consisting of twenty-four (24) Residential Units which will constitute the initial VILLAS AT BAY CROSSING CONDOMINIUM as provided for in the aforesaid Declaration and designated as a Residential Building with and Residential Units numbered on **Schedule "B"** of said Declaration, and further, as delineated and numbered on the Declaration Plan of said VILLAS AT BAY CROSSING CONDOMINIUM which will be filed for record in the Office of the Recorder of Deeds in and for Sussex County, Delaware, immediately after the filing of this Declaration of Easements; and

WHEREAS, Grantor proposes to build an additional seven (7) Residential Buildings, together with the applicable eighty-five (85) Residential Units and appurtenant improvements, together with the Office Building consisting of three (3) Office Units each to be constructed in the future, as more particularly identified and numbered on the said Declaration Plan and **Schedule "A"** of said Declaration; and

WHEREAS, Grantor intends to and has retained ownership of the Residential Land and the Office Land upon which the additional seven (7) Residential Buildings, together with the applicable eighty-five (85) Residential Units and appurtenant improvements, together with the said proposed Office Building consisting of the three (3) Office Units and appurtenant improvements as generally described on **Schedule "A"** of said Declaration will be constructed; and

WHEREAS, in Section 7, captioned "Expansion" and Section 23 captioned "Expansion" of the Declaration, Grantor has reserved the right by and unto itself to change the location of the additional seven (7) Residential Buildings, together with the applicable eighty-five (85) Residential Units and appurtenant improvements, together with the proposed Office Building and appurtenant improvements in order to improve views to and from the Office Building, improve parking areas and harmonize the Office Property to field conditions, the sewer and water service distribution plan and other utilities servicing the Residential Property and the Office Property and to annex the remaining portions of the Residential Land and the Office Land into the applicable Condominium and develop the additional seven (7) Residential Buildings, together with the applicable eighty-five (85) Residential Units and appurtenant improvements, together with the Office Building and the three (3) Office Units and appurtenant improvements thereon and to delineate and establish the Shared Common Elements; and

WHEREAS, it is intended that the Residential Common Elements and the Office Common Elements together with the Shared Common Elements as defined in the Declaration and depicted on or to be depicted on the Declaration Plan as amended be subject to this easement in order to facilitate the possible minor relocation of said buildings and to construct the additional seven (7) Residential Buildings, together with the applicable eighty-five (85) Residential Units and appurtenant improvements, together with the Office Building consisting of the three (3) Office Units and appurtenant improvements as delineated on the said Declaration Plan, and all of the necessary parking lots, walks and other appurtenances (including, but not limited to utilities and roadways) requisite to service some or all of said additional seven (7) Residential Buildings, together with the applicable eighty-five (85) Residential Units and appurtenant improvements, together with the Office Building, including the three (3) Office Units and to provide for the necessary ingress and egress to the said Residential Buildings and the Residential Units, as well as the Office Building and the Office Units, together with such other rights, privileges, licenses, easements and rights-of-ways as may be deemed necessary or desirable to submit the Residential Land and the Office Land to the Unit Property Act as contemplated and provided for under the Declaration, the Declaration Plan and the Code of Regulations.

WHEREAS, Grantor desires to establish certain non-exclusive easements/licenses rights in favor of the "Unit Owners" of the Creekwood Annex Condominium regime as defined and

described under that certain Enabling Declaration dated June 25, 2004 and recorded in the Recorder's Office in Deed Book 2984, Page 76 (the "Creekwood Annex Enabling Declaration") and as otherwise provided for herein (the "Creekwood Annex Unit Owners") in connection with the use and enjoyment of the Pool Facilities and appurtenant Common Elements, in common with the Residential Unit Owners as provided hereunder, together with the equitable and prorata allocation and assessment for the proportionate share of Residential Common Expenses attributed to the Pool Facilities and such other terms and conditions as more fully set forth herein.

NOW, THEREFORE, in consideration of the matters hereinabove set forth:

DECLARATION OF EASEMENTS

A. **Expansion Easement.** Grantor hereby reserves unto itself an exclusive easement to facilitate the possible minor relocation of said buildings and to construct the additional seven (7) Residential Buildings, together with the applicable eighty-five (85) Residential Units and appurtenant improvements, together with the Office Building consisting of the three (3) Office Units and appurtenant improvements as delineated on the said Declaration Plan, and all of the necessary parking lots, walks and other appurtenances (including, but not limited to utilities and roadways) requisite to service some or all of the said additional seven (7) Residential Buildings, together with the applicable eighty-five (85) Residential Units and appurtenant improvements, together with the Office Building, including the three (3) Office Units and appurtenant improvements (including but not limited to the Shared Common Elements) to provide for the necessary ingress and egress to the said Residential Buildings and Residential Units and the Office Building and the Office Units, together with such other rights, privileges, licenses, easements and rights-of-ways as may be deemed necessary or desirable to submit the Residential Land and the Office Land to the Unit Property Act as contemplated and provided for under the Declaration, the Declaration Plan and the Code of Regulations.

1. The square and cubic footage of the Residential Common Elements and the Office Common Elements used by the Grantor to accomplish the purpose of this Easement shall not diminish the square and cubic footage of the Residential Common Elements and the Office Common Elements as delineated on the Declaration Plan.

2. In the event of any minor relocation, as aforesaid, utilizing this easement in which the Residential Buildings and the Office Building is relocated, by operation of law, the interest of the Grantor in the Residential Land underlying the Residential Buildings and the Residential Units and Office Lands underlying the Office Units within the Office Building designated in **Schedule "A"** of the Declaration shall become part of the Residential Common Elements of VILLAS AT BAY CROSSING CONDOMINIUM and the Office Common Elements of BAY CROSSING OFFICE CONDOMINIUM, if any or if all of said Residential Units and Office Units are relocated and constructed in connection with this easement, so that the interest of the Grantor will diminish in exact proportion to the square and cubic footage utilized under this easement.

3. In addition, the Office Developer shall have the temporary, non exclusive

right, easement and license to maintain at no charge "for sale signs" and similar marketing signage and advertising related materials (by way of illustration and not limitation, banners and directional signs, but expressly excluding any temporary structures, equipment and improvements) reasonably associated with the advertising and marketing of the development and construction of the Office Property (the "Office Marketing") upon the portions of the Residential Common Elements adjacent to State Route 20 for a period not to exceed five (5) years from the date of the recordation of the Declaration or until the last Office Unit has been conveyed by the Office Developer, whichever occurs first (the "Office Marketing License"). All activities undertaken by the Office Developer relating to the Office Marketing License shall require the prior written consent and approval of the Residential Developer as to height, size, content and other considerations relating to the Office Marketing, which approval shall not be unreasonably withheld, conditioned or delayed. In addition, any such Office Marketing shall be in compliance with all applicable land use, zoning and subdivision laws, ordinances, rules, codes, and regulations. The performance of the Office Marketing License shall be undertaken, performed and conducted in such a manner as to minimize the extent, degree and scope of any disturbance of or damage to the Residential Common Elements and shall not adversely impact, hinder or inhibit the use and enjoyment of the Residential Common Elements by those entitled to the use thereof. The Office Developer further covenants and agrees to promptly correct and remedy any damages, nuisances or wastes arising from or associated with the Office Marketing License or the affected Residential Common Elements and to promptly restore any areas of Residential Common Elements disturbed or damaged by the activities of the Office Developer with respect to Office Marketing License or the affected areas of the Residential Common Elements to substantially the same condition that existed thereon prior to such disturbance or damage.

B. Pool Facility Easement/License with Creekwood Annex Unit Owners.

Grantor hereby reserves, creates, imposes, grants, establishes and conveys non-exclusive easements in favor of the Creekwood Annex Unit Owners, together with their respective tenants, visitors, licensees, invitees, guests (collectively the "Permittees") with respect to the use and enjoyment of the Pool Facilities and those appurtenant portions of the Residential Common Elements and the Shared Common Elements as may be reasonably necessary in connection with such use and enjoyment, in common with the Residential Unit Owners and their respective Permittees, subject, however, to the obligation on the part of any such Creekwood Annex Unit Owner to pay for his or her proportionate share of the Residential Common Element Expenses attributable to the Pool Facilities in accordance with and subject to the terms and conditions of this Declaration of Easement and any written Pool Facility Membership Agreement that may be executed by and between the Residential Council and any such Creekwood Annex Unit Owner which shall contain such other terms as are not inconsistent with or contrary to this Declaration of Easement and which would be applicable to the Creekwood Annex Unit Owners if they were Residential Unit Owners under the Code of Regulations and the Declaration as to the rights, duties and obligations granted and imposed hereunder (collectively the "Pool Rights").

1. Assessments/Payments. The Pool Rights granted and reserved hereunder in favor of each of the Creekwood Annex Unit Owners are subject to and conditioned upon the prompt payment by each of the Creekwood Annex Unit Owners of their respective equitable and proportionate share of the reasonable costs and expenses associated with the Pool Facilities, in common with and Residential Unit Owners, which are properly characterized and defined as Common Expenses under the Code of Regulations and the Declaration (the "Pool Facility

Assessment"). The Pool Facility Assessments attributable to the Pool Facilities shall be allocated and assessed in an equitable basis by and among the Residential Unit Owners and the Creekwood Annex Unit Owners as reasonably determined and assessed by the Residential Council as part of its annual budgetary process and the assessment and payment provisions under Article V, captioned "Operation of Property" under the Code of Regulations. In addition, all matters pertaining to the Pool Facility Assessments for the Creekwood Annex Unit Owners with respect to the Pool Rights, including but not limited to billing and collection shall be undertaken and performed by the Residential Council in a manner consistent with and in harmony with this Declaration of Easements and the Code of Regulations, and in a uniform, fair and consistent manner by and among the Creekwood Residential Unit Owners and the Residential Unit Owners.

A. Notwithstanding anything contained herein, in the event of non-payment (after any applicable grace period) of the Pool Facility Assessment or any other material violation or breach of the Pool Rules and Regulations (as defined below) by any Creekwood Annex Unit Owner (and its Permittees) the Residential Council shall have the right (but not the obligation) to temporarily suspend the Pool Rights in favor of any Creekwood Annex Unit Owner (and its Permittees) or take such other actions as are permitted hereunder or in the Code of Regulations (including but not limit to recovery of monetary damages, injunctive relief, restraining orders or other legal or equitable remedies as provided under Article X of the Code of Regulations) until such outstanding assessments and/or violations or breaches are either paid in full or remedied, as applicable.

2. Rules and Regulations. In addition, all rules and regulations and related matters pertaining to or applicable the use and enjoyment of the Pool Facilities by the Creekwood Annex Unit Owners and their Permittees with respect to the Pool Rights, shall be enacted, adopted, promulgated and amended, from time to time by the Residential Council in a manner consistent with and in harmony with the Code of Regulations and the Declaration, and shall be enacted, adopted, promulgated, amended and enforced in a uniform and non-discriminatory manner as between and among the Residential Unit Owners and their Permittees and the Annex Creekwood Unit Owners and their Permittees (the "Pool Rules and Regulations").

3. Annual Election by Creekwood Annex Unit Owners Not to Exercise Pool Rights and Not to Pay Pool Facility Assessments. Notwithstanding anything contained herein to the contrary, each Creekwood Annex Unit Owner shall have the option to affirmatively elect in writing, each year during the preparation of the annual budget by the Residential Council with respect to the Pool Facility Assessments, to forego, during such fiscal year of the Condominium right to the exercise of his or her Pool Rights for that specific fiscal year (as established, from time to time under the Code of Regulations). In the event of any such affirmative election, the Creekwood Annex Unit Owner shall not be entitled during that fiscal year to the use and enjoyment of the Pool Facilities as provided herein and shall not be assessed for or responsible during such fiscal year for his or her proportionate share of the Pool Facility Assessment (the "Annual Opt Out Election"). The Residential Council shall develop a written notification and election form that shall clearly set out the time period in which to make any such election and such other relevant information or terms as reasonably determined by the Residential Council (the "Election Form"). The Election Form shall be made available by the Residential Council to any interested Creekwood Annex Unit Owner, upon the written request by the Creekwood

Annex Unit Owner. The Residential Council shall have no affirmative duty or obligation to notify any Creekwood Annex Owner regarding any such election options and the sole responsibility for and obligation to undertake and complete any such election shall rest solely on and exclusively with the interested Creekwood Annex Unit Owner. Any Annual Opt Out Election shall be effective for only the one (1) fiscal year and shall be designated in the Election Form and must be resubmitted each subsequent fiscal year in order to be effective for any subsequent fiscal year in accordance with process and procedures set forth herein. The Residential Council shall develop such other reasonable rules and procedures regarding this process, including any amendments thereto consistent with this Declaration of Easements and consistent with the Code of Regulations and the Declaration. Notwithstanding contained herein to the contrary, in the absence of the timely Annual Opt Out Election by any Creekwood Annex Unit Owner, then the Creekwood Annex Unit Owner shall have affirmatively elected to exercise the Pool Rights and shall be responsible for and obligated to pay his or her Pool Facility Assessment and may not avoid any such Pool Facility Assessment by non-use thereof.

4. Amendment. The provisions of this Section B of this Declaration of Easements may be altered, modified, amended by and only by a written instrument executed, acknowledged and delivered by Grantor (or its express assignee), the Residential Council (in accordance with the amendment procedures set for in the Code of Regulations) and any Creekwood Annex Unit Owner affected by any such alteration, modification or amendment and recorded in the same manner as this Declaration of Easements.

5. Benefit/Burden. The provisions of this Section B of this Declaration of Easements and the covenants, easements, licenses and obligations created and imposed hereunder for the benefit and burden of the Creekwood Annex Unit Owners shall run with their respective units as described under the Creekwood Annex Enabling Declaration and the other applicable recorded condominium documents of Creekwood Annex Condominium, as amended (the "Creekwood Annex Residential Units") as well as the Property and shall be binding upon and shall inure to the benefit of the Grantor, the Residential Unit Owners, the Residential Council, and the Creekwood Annex Unit Owners, and their respective heirs, personal representatives, successors and assigns, and shall be appurtenant to the Creekwood Annex Residential Units. Any Creekwood Annex Unit Owner, by his or her exercise of the Pool Rights or joinder and/or written acceptance of this Declaration of Easements by a recorded instrument, agrees and obligates, and binds himself/herself, his/her heirs, and their successors and assigns to the covenants, terms and provisions of this Declaration of Easements.

6. No Assignment/Severance of Pool Facility Rights. The foregoing easements and licenses created hereunder with respect to the Pool Rights in favor of each Creekwood Annex Unit Owner shall run with and are appurtenant to each of the Creekwood Annex Residential Units and are not otherwise assignable, transferable or severable by the Creekwood Unit Owners.

7. Enforcement. The Grantor, the Residential Council, the Residential Unit Owners and the Creekwood Annex Unit Owners shall have the right to enforce the covenants and the terms and provisions set forth under this Section B by any proceeding at law or in equity, against any person or persons violating or attempting to violate any covenant, term or provision,

to enjoy or restrain any such violation, to require specific performance and/or to recover damages, costs and expenses, including attorneys' fees and court costs, if any, if such party is determined to be the prevailing party as determined by a court of competent jurisdiction.

C. These reservations of easements shall be perpetual during the continued existence of VILLAS AT BAY CROSSING CONDOMINIUM and the BAY CROSSING OFFICE CONDOMINIUM.

D. These reservations of easements shall run with the land and shall be binding upon each owner and mortgagee of a Unit in the condominiums and their respective successors and assigns and shall be deemed to have granted unto the said Grantor, BEACHPLUM DUNES, L.L.C., its successors and assigns, an irrevocable power of attorney coupled with an interest, to effectuate, execute, acknowledge and deliver any such amendment; and each such Unit owner and mortgagee shall be deemed to have agreed and covenanted to execute such further instruments, if any, as may be required by the Grantor, its successors or assigns, to properly accomplish the purposes of these easements and rights granted hereunder as well as to correct any clerical or typographical errors, title questions or defects, or conflicts with or to comply with any and all applicable laws and legal requirements.

E. Any term or definition not otherwise expressly defined herein shall have the meaning and definition as provided in the Declaration and/or the Code of Regulations (as defined in the Declaration), as applicable.

F. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect the validity of any other provisions, which shall remain in full force and effect.

[end of text - signature page follows]

IN WITNESS WHEREOF, BEACHPLUM DUNES, L.L.C. hath caused its name and its seal to be affixed hereto to this ____ day of _____, 2004 by its Authorized Member.

BEACHPLUM DUNES, L.L.C.

WITNESS

BY: _____(SEAL)
R. Justin Healy, Managing Member

STATE OF DELAWARE)
) SS:
COUNTY OF SUSSEX)

BE IT REMEMBERED, that on this ____ day of _____, 2004 personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, R. Justin Healy, an Authorized Member of BEACHPLUM DUNES, L.L.C., a Delaware limited liability company, known to me personally to be such, and he acknowledged this Indenture to be his act and deed on behalf of said limited liability company.

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

NOTARY PUBLIC

PRINT NAME:_____

COMMISSION EXPIRES:_____

EXHIBIT "A"

ALL that certain lot, piece and parcel of land, situate, lying and being in Rehoboth Hundred, Sussex County, Delaware, known as the Portion Reserved for Future Commercial Use as shown on the Final Plat of Carpenters Crossing prepared by Edward H. Richardson Associates, Inc., A Tetra Tech Company/Honeywell, Inc., subsidiary, dated June 27, 1984, revised to September 18, 1985 on drawing R.C.N. #4412, File E-001, Revision No. 3 (being recorded) September 19, 1985, and more particularly shown on a plan prepared by said Richardson Associates dated September 25, 1985, and being more particularly bounded and described as follows, to wit:

BEGINNING at a point in the southeasterly side of a private (common) right-of-way known as Carpenters Lane at 60' wide, said point being a common corner for the lands herein being described and Lot No. 1, and further located along the said southeasterly side of Carpenters Lane, south 47 degrees 32' 00" west 209.67 feet from the southwesterly end of a 25.00 foot radius junction curve joining the said southeasterly side of Carpenters Lane with the southwesterly side of Continental Drive at 50 feet wide; thence from said point of beginning, along said Lot No. 1, south 42 degrees 17' 00" east, 199.27 feet to a point in line of lands now or formerly of Sandpiper, Inc.; thence thereby, south 47 degrees 32' 00" west, 342.59 feet to a corner (iron pipe); thence along lands now or formerly of John and Edna Dentino, the two (2) following described courses and distances: (1) north 42 degrees 17' 00" west, 100.13 feet to a corner, and (2) south 47 degrees 32' 00" west, 257.41 feet to a corner (iron pipe) in the northeasterly side of Delaware Route No. 1; thence thereby, north 42 degrees 17' 00" west, 178.95 feet to a corner for lands now or formerly of Joseph and Claudia Melson; thence by the same, north 47 degrees 21' 20" east, 159.96 feet to a corner (iron pipe in concrete); thence along the rear line of said lands now or formerly of Joseph and Claudia Melson, lands now or formerly of Avoub and Baba, and lands now or formerly of William and Harriet Craig, north 42 degrees 20' 10" west, 513.85 feet to a corner (iron pipe); thence along said lands now or formerly of William and Harriet Craig, south 47 degrees 43' 00" west, 159.50 feet to a corner in the said northeasterly side of Delaware Route No. 1; thence thereby, north 42 degrees 17' 00" west, 65.52 feet to a corner (iron pipe) for lands now or formerly of Robert G. Givens; thence by the same, north 47 degrees 32' 00" east, 600.00 feet to a corner for the Portion of Lands Reserved for Future Residential Use as shown on the aforesaid plat and plan; thence by the same, and crossing said Carpenters Land, south 42 degrees 17' 00" east, 639.88 feet to a point in the said southeasterly side of Carpenters Lane, the point and place of beginning, CONTAINING within said described metes and bounds 9.155 acres of land, be the same more or less.

Villas at Bay Crossing Condominium Association

Declaration/CC&Rs - Amendment



PCAM

Premier Community Association Management

FIRST AMENDMENT TO LEASE WITH OPTION TO PURCHASE

THIS FIRST AMENDMENT to a certain Lease Agreement dated July 23, 2020, between the VILLAS AT BAY CROSSING, as "Landlord" and KEY PROPERTIES GROUP, LLC, as "Tenant", is made this 19 day of November, 2022,

WHEREAS, since the date of the above-mentioned lease, Tenant obtained final approval on February 17, 2022 for the Revised Commercial Site Plan (S-17-08) for a restaurant to be located on lands of Tenant (334-6.00-74.00) and related improvements, including parking on the adjacent parcel of land owned by Landlord (33-6.00-70.01);

WHEREAS, the parties to the above-mentioned lease desire to make certain amendments to the lease which are set forth below.

IN CONSIDERATION of the rental payments being paid by Tenant to Landlord and the valuable improvements to be made to Landlord's property, and other good and valuable consideration, the parties to the lease agree to the following amendments.

1. The approved Revised Commercial Site Plan (s-17-08), shall be added as EXHIBIT A to the lease and its terms and conditions incorporated in the lease.
2. The parties agree that Tenant shall, at its expense, remove the existing split rail fence between the above-mentioned properties.
3. The parties agree that Tenant shall, at its expense, extend the existing perimeter fence between Tax parcel 74 and the Bay Crossing Condominium property and add an access gate near the middle or center of that fence line to provide pedestrian access between the Condominium property and the restaurant.
4. The parties agree that Tenant shall, at its expense, any required storm water management features required by the site plan to contain and dispose of surface or stormwater on the restaurant property.
5. The parties agree that Tenant, at its expense, shall repave the parking lot located on Landlord's property (Tax Parcel 70.01), and install parking stall striping in compliance with the requirements of Sussex County.
6. Except for the above-stated amendments, the remaining terms and conditions of the original lease, and all rights, duties, privileges, options and obligations placed upon the parties to that lease shall continue, together with the above-stated amendments, in full force and effect.
7. Each party to this amendment represents that this amendment and its signing by the parties has been properly approved by the required action of the entities who approved the original Lease with Option to Purchase and by signing this amendment, they acknowledge their intent to legal bind the parties who they represent to all the terms and conditions of this amendment to the Lease.

The parties have executed this amendment on the date set forth above.

VILLAS AT BAY CROSSING CONDOMINIUM


Kenneth Bey, Board Member/Officer


Brenda Dunning, Board Member/Officer

KEY PROPERTIES GROUP, LLC


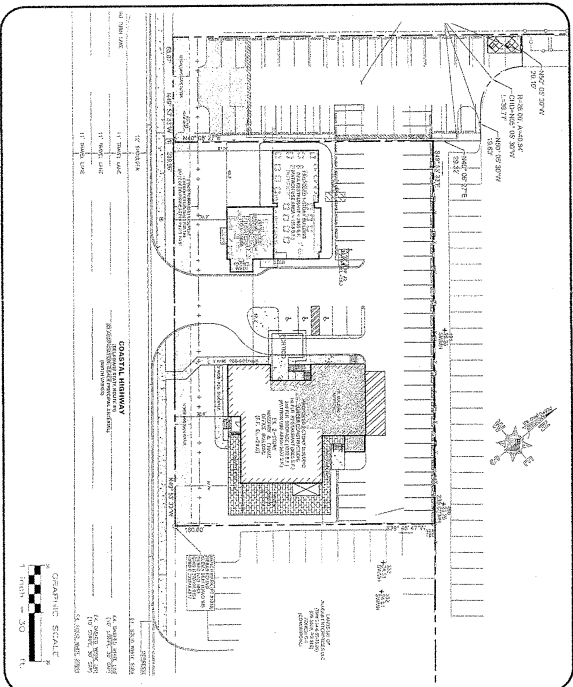
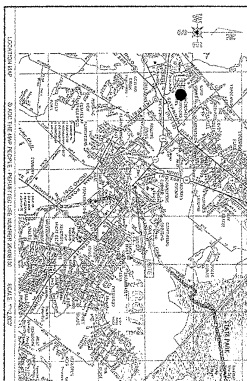

Elmer G. Fannin, Managing Member

EXHIBIT A

REVISED COMMERCIAL SITE PLAN (S-17-08)

FOR PROPERTY KNOWN AS:

LANDS OF KEY PROPERTIES GROUP, LLC



SITE LOCATION PLAN

(SCALE: 1"=30')

TAX PARCEL NO. 334-6-00-74.00 & 70.01

LEWES & REHOBOTH HUNDRED
NORTH REHOBOTH BAY WATERSHED
SUSSEX COUNTY * STATE OF DELAWARE

VILLAS AT BAY CROSSING CONDOMINIUM

Handwritten signatures and names:
Kenneth Bay
Charles A. Allen
Brenda D. Allen
Brenda D. Allen

Handwritten date: 1/16/12

COASTAL HIGHWAY, NORTHBOUND

Handwritten notes:
1/16/12
1/16/12

CONTRACT INFORMATION

1/16/12

CONTRACT INFORMATION

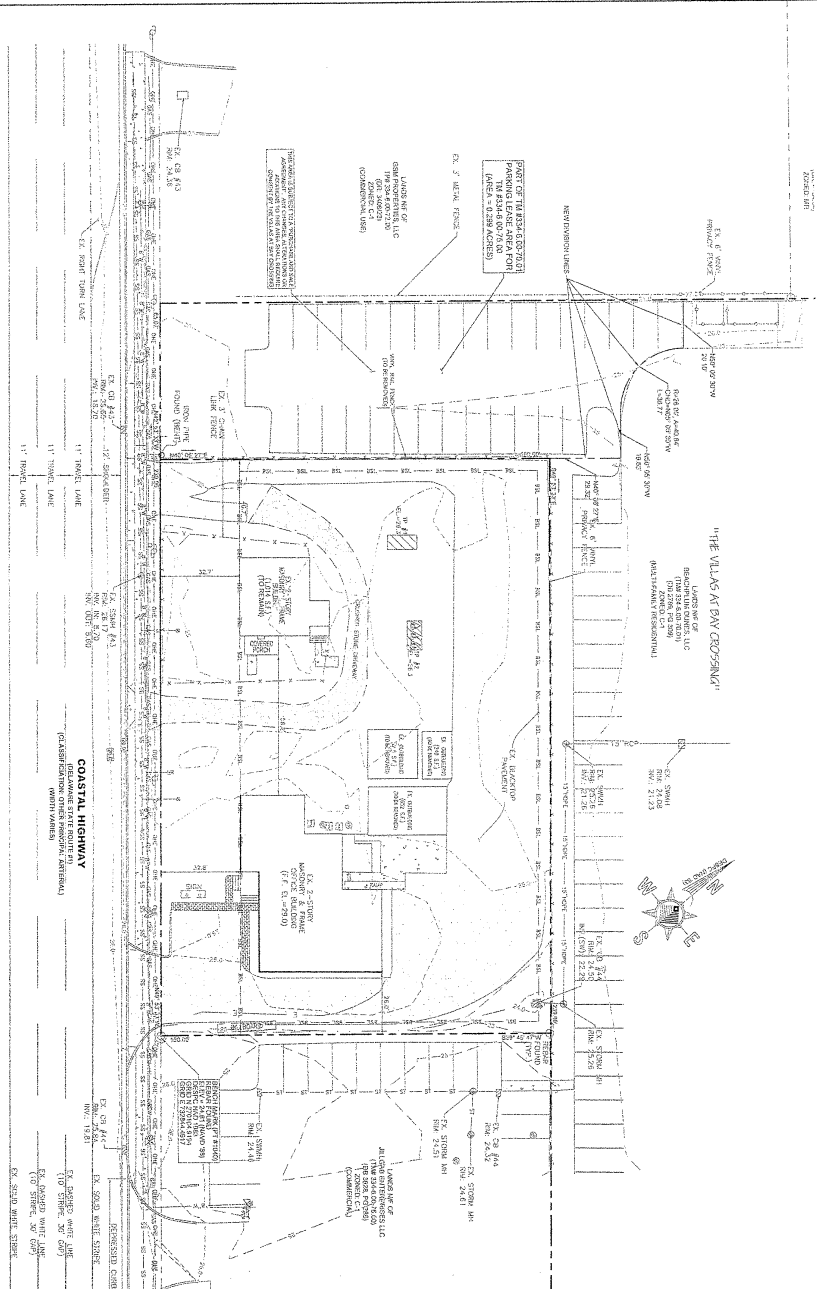
1/16/12

DATE	REVISION	BY	FOR
1/16/12	1	MR. J. L. STONE	INITIAL DESIGN
1/16/12	2	MR. J. L. STONE	REVISED DESIGN
1/16/12	3	MR. J. L. STONE	FINAL DESIGN

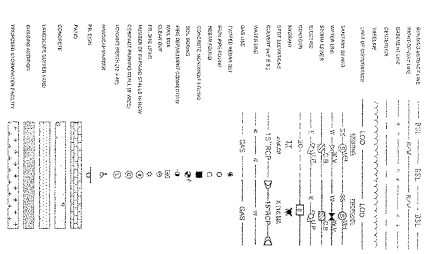
M. RESTONE CONSULTANTS, INC.
ENGINEERS, PLANNERS, SURVEYORS

NOTES:

1. THE SITE PLAN IS BASED ON THE INFORMATION PROVIDED BY THE CLIENT AND THE SURVEYOR. THE CLIENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.
2. THE SITE PLAN IS BASED ON THE INFORMATION PROVIDED BY THE CLIENT AND THE SURVEYOR. THE CLIENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.
3. THE SITE PLAN IS BASED ON THE INFORMATION PROVIDED BY THE CLIENT AND THE SURVEYOR. THE CLIENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.
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10. THE SITE PLAN IS BASED ON THE INFORMATION PROVIDED BY THE CLIENT AND THE SURVEYOR. THE CLIENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.



LEGEND



EXISTING CONDITIONS PLAN (S-17-08)

PROJECT: LANDS OF KEY PROPERTIES GROUP, LLC
ALCONOVAS
18315, 18321, & 18327 COASTAL HIGHWAY
BRIDGE IN
SUSSEX COUNTY
STATE OF DELAWARE
TAX PARCEL ID: 004-00-140
SCALE: 1"=20'

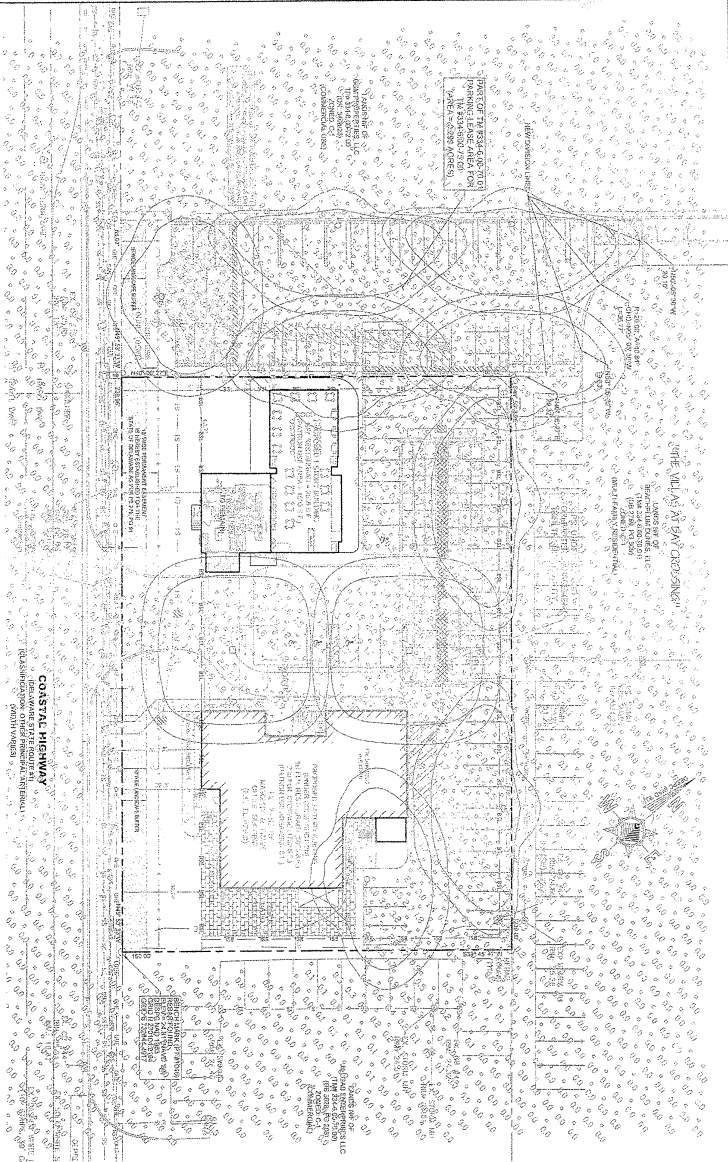
APPROVED: *[Signature]*
PROFESSIONAL ENGINEER
DATE: 10/12/22

NO.	DESCRIPTION	DATE
1	EXISTING CONDITIONS PLAN	10/12/22
2	EXISTING CONDITIONS PLAN	10/12/22
3	EXISTING CONDITIONS PLAN	10/12/22
4	EXISTING CONDITIONS PLAN	10/12/22
5	EXISTING CONDITIONS PLAN	10/12/22
6	EXISTING CONDITIONS PLAN	10/12/22
7	EXISTING CONDITIONS PLAN	10/12/22
8	EXISTING CONDITIONS PLAN	10/12/22
9	EXISTING CONDITIONS PLAN	10/12/22
10	EXISTING CONDITIONS PLAN	10/12/22



ENGINEERS - PLANNERS - SURVEYORS

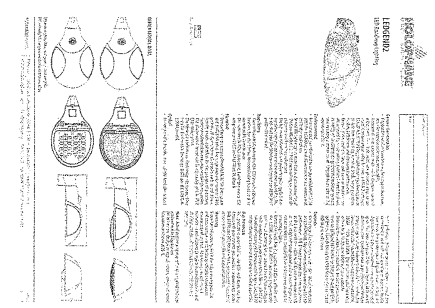
300 S. LANTANA AVENUE, SUITE 200
FARMINGTON, CT 06030
PH: 860-255-0000
FAX: 860-255-0001



Lotting Location				
No.	Lot	Area	Area	Area
1	A	2,750.00	2,750.00	2,750.00
2	B	2,750.00	2,750.00	2,750.00
3	C	2,750.00	2,750.00	2,750.00
4	D	2,750.00	2,750.00	2,750.00
5	E	2,750.00	2,750.00	2,750.00
6	F	2,750.00	2,750.00	2,750.00
7	G	2,750.00	2,750.00	2,750.00
8	H	2,750.00	2,750.00	2,750.00
9	I	2,750.00	2,750.00	2,750.00
10	J	2,750.00	2,750.00	2,750.00

Statistics				
Description	Symbol	Avg	Max	Min
Parking Lot Light Levels		2.0 fc	4.6 fc	0.1 fc
Property Line		0.1 fc	2.2 fc	0.0 fc

Light Type	Light Distribution	Beam Spread	Mounting Height	Spacing
High Bay	Wide Flood	120°	15' - 20'	15' - 20'
High Bay	Medium Flood	90°	15' - 20'	15' - 20'
High Bay	Narrow Flood	60°	15' - 20'	15' - 20'
High Bay	Spot	30°	15' - 20'	15' - 20'
High Bay	Recessed	30°	15' - 20'	15' - 20'
High Bay	Track	30°	15' - 20'	15' - 20'
High Bay	Linear	30°	15' - 20'	15' - 20'
High Bay	Point	30°	15' - 20'	15' - 20'
High Bay	Area	30°	15' - 20'	15' - 20'
High Bay	Line	30°	15' - 20'	15' - 20'
High Bay	Circle	30°	15' - 20'	15' - 20'
High Bay	Square	30°	15' - 20'	15' - 20'
High Bay	Triangle	30°	15' - 20'	15' - 20'
High Bay	Polygon	30°	15' - 20'	15' - 20'
High Bay	Other	30°	15' - 20'	15' - 20'



SITE LIGHTING PLAN (S-17-08)

PROPOSED KEY PROPERTIES GROUP, LLC

18315, 18321, & 18327 COASTAL HIGHWAY

SMITHVILLE, MISSISSIPPI

STATE OF DELAWARE

TAX PAYER: 18315-00-00

SCALE: 1"=20'

DRAWING SCALE: 1"=20'

APPROVED: *[Signature]* 10/12/22

MERESTONE CONSULTANTS, INC.

ENGINEERS - PLANNERS - STRATEGISTS

18315, 18321, & 18327 COASTAL HIGHWAY

SMITHVILLE, MISSISSIPPI

STATE OF DELAWARE

TAX PAYER: 18315-00-00

SCALE: 1"=20'

DRAWING SCALE: 1"=20'

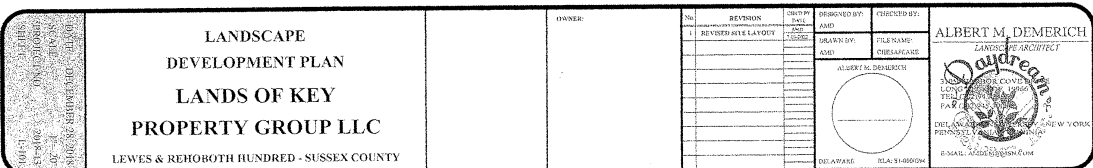
PROJECT NO. 18315-00-00

DATE: 10/12/22

BY: [Signature]

CHECKED: [Signature]

DATE: 10/12/22



Tax Parcel Nos.: 3-34-6.00-70.00, 01 and 688-824
This Instrument Prepared by and to be Returned to:
Robert J. Valihura, Jr., Esquire
The Law Office of Robert J. Valihura, Jr.
3407 Kennett Pike, Suite 200
Greenville, DE 19807

**FIRST AMENDMENT TO
ACCESS ROAD AGREEMENT**

THIS FIRST AMENDMENT TO ACCESS ROAD AGREEMENT (this "Amendment") is made and entered into as of ~~June~~ ^{July} 13, 2018 (the "Effective Date") by and among Bay Crossing Homeowners Association, Inc., a Delaware non-profit corporation, Villas at Bay Crossing Condominium Association, Inc., a Delaware non-profit corporation and Bay Crossing Office Condominium Association, Inc., a Delaware unincorporated nonprofit association.

RECITALS

WHEREAS, an Access Road Agreement, dated July 23, 2003, was entered into by and among Blenheim Lands L.L.C., a Delaware limited liability company and Beachplum Dunes, L.L.C., a Delaware limited liability company, who were the original developers of the communities of Bay Crossing and the Villas at Bay Crossing and the Bay Crossing Office Condominium (the "Projects") and were the predecessors in title to the undersigned and addressed certain issues concerning the creation, maintenance and replacement along with the shared use and development of the access road for the benefit of the Projects as more fully set forth in the Access Road Agreement which is recorded in the Office of the Recorder of Deeds, Sussex County, Delaware in Deed Book 2868, Page 191 (the "Access Road Agreement");

WHEREAS, the shared access road (the "Access Road") described in the Access Road Agreement is described and delineated in Exhibit "C" of the Access Road Agreement;

WHEREAS, the parties hereto wish to amend the Access Road Agreement to reallocate the economic responsibility and the current cost sharing scheme for the repair, maintenance and replacement of the Access Road among Bay Crossing Home Owners Association, Inc. ("Bay Crossing"), Villas at Bay Crossing Condominium Association, Inc. (the "Villas") and Bay Crossing Office Condominium Association, Inc. ("Bay Crossing Office") as more fully set forth below;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto, each intending to be legally bound hereby, agree to amend and modify the Access Road Agreement as follows:

1. **Shared Expense Cost.** Notwithstanding anything contained in the Access Road Agreement to the contrary, effective as of the Effective Date, the "Shared Expense Cost",

consisting of each party's proportionate share of the total cost and expense for the reasonable maintenance repair and/or replacement (the "Maintenance") of the Access Road and/or Related Road Improvements, Regular and Reoccurring Maintenance Expenses and Regular and Reoccurring Administrative Expenses (as defined herein) shall be as follows:

Bay Crossing	61.65%
Villas	28.35%
<u>Bay Crossing Offices</u>	<u>10.00%</u>
Shared Expense Cost	100.00%

Each party shall contribute in immediately available funds its portion of the Shared Expense Cost set forth above within ten (10) days of the date of the receipt of a written statement sent by the Access Road Committee (as defined herein).

a. **Maintenance of the Access Road.** "Maintenance of the Access Road" expenses can include but is not limited to the reasonable costs and expenses for: repairing; improving; implementing upgrades; redesigning or replacing (collectively the "Maintenance") the:

Access Road surface, bed or subbed;

Drainage systems contained within the Access Road boundaries;

Signage as depicted in Schedule 2A attached hereto;

Light Fixtures, the wiring serving those fixtures and Light Bulbs contained within the boundaries of the Access Road, as depicted on Schedule 1B-1 attached hereto;

Painting road demarcations;

Pedestrian walkways;

Snow Removal; and

Landscaping, including trees, shrubs, grass, ground cover, annuals and perennials.

b. **Regular and Reoccurring Maintenance Expenses.** "Regular and Reoccurring Maintenance Expenses" can include but are not limited to reasonable costs and expenses for:

Grass cutting;

Tree and Shrub Trimming and Pruning;

Planting of Annuals;

Mulching;

Snow Removal;

Seasonal Bedding Cleanup; and

Utility Charges including electric power to service lighting and water to service Access Road landscaping.

c. **Regular and Reoccurring Administrative Expenses.** "Regular and Reoccurring Administrative Expenses" can include but are not limited to the reasonable costs and expenses for:

Insurance;

General administrative, bookkeeping and accounting;

Such other ordinary or customary costs and expenses that are included in the annual budget adopted by the Access Road Committee and approved by the Board of Directors of Bay Crossing and the Council of the Villas.

2. **Access Road Committee.** The annual amount of the Shared Expense Cost for each of the parties hereto shall be determined, in the first instance, by a committee of five (5) members, comprised of two (2) members appointed by the Board of Bay Crossing, two (2) members appointed by the Council of the Villas and one (1) member appointed by the Council of Bay Crossing Office (the "Access Road Committee). Such members shall continue on the Access Road Committee until such time as they are removed by the Board or Council that appointed him or her to the Access Road Committee. That Access Road Committee shall create bylaws for the efficient operation of the Access Road Committee in the form it deems appropriate, but all formal action by the Access Road Committee shall require a quorum of no less than three (3) members and a vote of no less than three (3) members.

The Access Road Committee shall be tasked with determining the scope of Maintenance as may be required from time to time to maintain the Access Road and/or Related Road Improvements in a state of good order, condition and repair and in compliance with all applicable laws, regulations, ordinances and similar enactments, by any local, county, state or federal agency or body, including, but not limited to applicable construction regulations, zoning and subdivision codes or ordinances, statutes and permits which govern the use and operation of the Access Road and/or Related Road Improvements.

That Access Road Committee shall also be tasked with creating an annual budget for the Shared Expense Costs, and distributing such budget to the governing bodies of the parties to this Amendment no later than 60 days prior to the end of each calendar year, unless otherwise mutually agreed. That budget will bind all parties and obligate them to pay their portion of the Shared Expense Cost unless either the Board of Directors of Bay Crossing, the Council of the Villas or the Council of Bay Crossing Office formally rejects such budget within 30 days of the date of the distribution of the budget in which case the parties shall use the budget from the

preceding year until a new budget is adopted by the Access Road Committee and accepted by each of the Board of Directors of Bay Crossing, the Council of the Villas and the Council of Bay Crossing Office.

When an emergency arises or additional funds not otherwise available in a budget year are needed with respect to the Access Road and/or related Road Improvements, Regular and Reoccurring Maintenance Expenses and/or Regular and Reoccurring Administrative Expenses, the Access Road Committee may adopt a Special Budget Request for the purpose of addressing such, and that Special Budget Request will bind all parties and obligate them to pay their portion of the Shared Expense Cost included in that Special Budget Request unless either the Board of Directors of Bay Crossing or the Council of the Villas formally rejects such Special Budget Request within ten (10) days of the date of its receipt of a written statement detailing the Special Budget Request.

The Access Road Committee shall oversee the expenditures relating to the Access Road, and shall ensure that each party timely pays their Shared Expense Costs. The Access Road Committee shall oversee the services provided to and for the Access Road and shall determine the providers of the services set forth in Sections 1(a) – (c) above, except that the Access Road Committee shall solicit three (3) bids for any Maintenance item contained in Section 1 (a) that exceeds \$2,500.00, and the Access Road Committee shall annually solicit bids for items contained in Section 1 (b), and the proposed expenses of the winning bidders selected by the Access Road Committee shall be included in the annual budget proposed by the Access Road Committee. Access Road Committee members shall disclose to the parties herein any pecuniary interest they have or share with any service provider whose expenses are part of any proposed budget or Special Budget Request. The Access Road Committee shall have the right to award multi – year contracts at the discretion of the Access Road Committee.

No contract with any service provider shall be authorized and signed by the Access Road Committee Chairperson (and by one (1) other member of the Access Road Committee), as authorized agent on behalf of the parties hereto, unless the expenses of such contract are included in an approved budget or are part of an approved Special Budget Request.

Any party may propose an improvement or upgrade to the Access Road, independently of the Access Road Committee, and to the extent that the expense of such improvement or upgrade is not included in any approved budget or Special Budget Request, a party may elect to pay for the entire cost and expense of such improvement or upgrade so long as the terms and conditions for such improvement or upgrade, and the service provider to perform such work, has been approved by the Access Road Committee and has not been rejected by any of the Board of Directors of Bay Crossing, the Council of the Villas or the Council of Bay Crossing Office within ten (10) days of receiving notice of the Access Road Committee's approval.

The Access Road Committee shall take reasonable steps to ensure that any permitted or required Maintenance is performed in such a manner as to not to create any interference, or make it difficult, or otherwise unreasonably restrict or inhibit, or limit the use and enjoyment of any portion of the Access Road and/or Related Road Improvements by any party entitled to the use and enjoyment thereof under the Access Road Agreement, as amended by this Amendment.

The Access Road Committee shall, within 60 days following the end of each calendar year, prepare and distribute to the parties hereto an accounting of expenditures made during the preceding year.

3. **Access Road Agreement.** The parties agree that the obligations set forth in this Amendment concerning the maintenance, repair and replacement of the Access Road and the manner of sharing the costs of such shall replace, in their entirety, the provisions in the Access Road Agreement on those issues, and the parties hereby agree that such provisions in the Access Road Agreement, specifically paragraphs 1 through 9 inclusive (only with respect to the applicability to each of the foregoing Covenants), together with Schedule 2A, are hereby superseded and replaced in their entirety by this Amendment and such provisions are no longer applicable, binding or enforceable by or against the parties hereto or the Property.

4. **Access Road Restrictions.** The parties agree that, for the safety of all residents, guests and invitees of Bay Crossing and the Villas and of the customers, tenants, occupants and invitees of the Bay Crossing Offices, and to avoid excessive use, destruction and misuse of the Access Road, all commercial truck traffic to and from the property adjacent to the Bay Crossing Offices shall be strictly prohibited, and signage shall be placed and maintained at the vehicle access point between the property adjacent to the Bay Crossing Offices and the entryway to the adjacent property notifying such commercial trucks of this restriction.

5. **Scope of this Amendment.** This Amendment is a sealed instrument, intended to set forth covenants running with the land identified in Exhibit "A" and Exhibit "B" of the Access Road Agreement. It shall be binding upon and enforceable by and against the parties, their grantees, and the respective heirs, executors, administrators, personal representatives, successors, assigns and grantees thereof, and upon each and every person or entity having or claiming any right, title to or interest in all or any of the Access Road. All headings in this Amendment are for convenience only, and they do not form a part of this Amendment and shall not affect its interpretation.

6. **Enforceability.** If any part of this Amendment is found to be invalid, illegal or unenforceable with respect to any person or set of circumstances under any present or future laws in effect at any time during the term of this Amendment, then and in that event it is the intention of the parties that the remainder of this Amendment shall not be affected thereby, and it is also the intention of the parties that in lieu of the part of this Amendment that is invalid, illegal, or unenforceable, there be added as part of this Amendment a provision as similar in terms to such invalid, illegal, or unenforceable party as may be possible and be valid, legal and enforceable.

7. **Entire Agreement.** This writing represents the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection herewith. This Amendment may not be amended or modified except by an agreement in writing signed by each of the parties hereto.

8. **Arbitration of Certain Disputes.** No party hereto shall challenge, in any manner, any approved budget or Special Budget Request, or the use of the funds approved in any such budget or Special Budget Request.

In the event any party to this Amendment fails to pay their Shared Expense Cost for a period of more than thirty (30) days, after such request shall have been made by the Access Road Committee, such failing party shall be considered in default, and the Access Road Committee may elect to file suit to recover from the defaulting party all amounts due and damages that may be sustained by reason of such default, and such defaulting party shall pay all reasonable costs and expenses of such suit, including attorneys' fees and costs.

All other disputes, claims or controversies arising out of or relating to this Amendment, including any dispute between Bay Crossing, the Villas or Bay Crossing Office with regard to the necessity of performing any maintenance, reconstruction or upgrade of any portion of the Access Road shall be subject to binding arbitration before an arbitrator agreed to by the parties, or, if the parties cannot agree, appointed by the American Arbitration Association, pursuant to its rules regarding commercial disputes. The cost of the arbitration, including the arbitrator's fees shall be divided evenly between the parties having the dispute, but otherwise, the parties shall bear their own costs and attorneys' fees in any such arbitration. The arbitrator shall be empowered to order both legal and equitable relief as may be warranted in the circumstances. The arbitrator's order, upon application to a Delaware Court of competent jurisdiction, may be entered as a binding and enforceable judgment of that Court. For that purpose of the appointment of an arbitrator, the parties hereto consent to the jurisdiction of the American Arbitration Association and agree to accept service of process via overnight express mail.

The arbitration shall take place in Sussex County, Delaware by the arbitrator and shall be concluded within 30 days from the date of the demand for arbitration. The parties shall agree on the procedures to be used for the arbitration. In default of such agreement, the arbitrator shall determine the procedures to apply. Any party hereto may apply to the arbitrator for temporary, emergency relief, which may be granted pending final relief, as appropriate in the circumstances.

The details of any arbitration pursuant to this Section 8, including the existence and outcome of such arbitration and any information obtained in connection with any such arbitration, shall be kept strictly confidential and shall not be disclosed or discussed with any person not a party to the arbitration; provided that such party may make such disclosures as are required by applicable law or legal process; provided further that such party may make such disclosures to its, his or her attorneys, accountants or other agents and representatives who reasonably need to know the disclosed information in connection with any arbitration pursuant to this Section 8 and who are obligated to keep such information confidential to the same extent as such party. If any party receives a subpoena or other request for information from a third-party that seeks disclosure of any information that is required to be kept confidential pursuant to the prior sentence, or otherwise believes that it, he or she may be required to disclose any such information, such party, as the case may be, shall: (i) promptly notify all parties to the arbitration and (ii) reasonably cooperate with such parties in taking any legal or otherwise

appropriate actions, including the seeking of a protective order, to prevent the disclosure, or otherwise protect the confidentiality, of such information.

For the avoidance of doubt, (i) any arbitration pursuant to this Section 8 shall not include any disputes, claims or controversies that do not arise out of or relate to this Amendment, and (ii) any arbitration pursuant to this Section 8 of disputes, claims or controversies arising out of or relating to this Amendment or the Access Road Agreement is intended to be separate and distinct proceeding from any arbitration or other adjudication of disputes, claims or controversies between the parties that do not arise out of or relate to this Amendment or the Access Road Agreement.

9. **Controlling Law.** To the maximum extent permitted by applicable law, this Amendment shall be construed and enforced, along with any rights, remedies, or obligations provided for hereunder and thereunder, in accordance with the laws of the State of Delaware applicable to contracts made and to be performed entirely within the State of Delaware; provided that, except as otherwise provided in this Amendment, the enforceability of Section 8 shall be governed by the Delaware Uniform Arbitration Act.

10. **Authority to Enter into this Agreement.** The Undersigned hereby warrant that they are authorized to enter into this Amendment on behalf of their party they represent. They further warrant that this Amendment shall be controlling, in the event it should be determined that it is in conflict with the governing documents for their Association or Condominium.

11. **Defined Terms.** Any capitalized term not otherwise defined herein shall have the meaning or definition set forth in the Access Road Agreement.

12. **Counterparts.** This Amendment can be executed in one or more counterparts, each of which when attached shall constitute a single agreement.

[End of text – signature page follows]

IN WITNESS WHEREOF, this Amendment has been duly executed by the parties hereto as of the date first written above.

In The Presence Of:

BAY CROSSING HOMEOWNERS
ASSOCIATION, INC.

Stuart B. Galkin

Witness

Stuart B. Galkin
NOTARY PUBLIC
State of Delaware
My Commission Expires on 02/28/2019

By: *Peter Grant* (seal)

Name:

Title:

PETER GRANT
PRES. BAY CROSSING HOA

VILLAS AT BAY CROSSING
CONDOMINIUM ASSOCIATION, INC.

Stuart B. Galkin

Witness

Stuart B. Galkin
NOTARY PUBLIC
State of Delaware
My Commission Expires on 02/28/2019

By: *Wendy Bosworth* (seal)

Name:

Title:

BAY CROSSING OFFICE CONDOMINIUM
ASSOCIATION

DM Burton

Witness

By: *Preston Ascheil* (seal)

Name:

Title:

President

STATE OF DELAWARE :
: SS.:
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this 27th day of ~~June~~ ^{July}, A.D. 2018, personally came before me, the Subscriber, a Notary Public for the State of Delaware, Peter B. Grant, President, Bay Crossing Homeowners Association, Inc., a Delaware corporation, consenting party to this instrument, known to me personally to be such, and acknowledges this instrument to be his act and deed and the act and deed of said corporation, that the signature of the President is in his own proper handwriting, and that her act of signing, sealing, acknowledging and delivering said deed represents the consent of the Board of Directors of said corporation.

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

Stuart B. Galkin
NOTARY PUBLIC
State of Delaware
My Commission Expires on 02/28/2019

Stuart B. Galkin
Notary Public Signature
Stuart Galkin
Notary Name - Printed or Typed

My Commission Expires: 2/28/19

STATE OF DELAWARE :
: SS.:
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this 27th day of ~~June~~ ^{July}, A.D. 2018, personally came before me, the Subscriber, a Notary Public for the State of Delaware, Preston Aschell, President, Villas at Bay Crossing Condominium Association, Inc., a non-profit corporation formed pursuant to the Unit Property Act of the State of Delaware, consenting party to this instrument, known to me personally to be such, and acknowledges this instrument to be his act and deed and the act and deed of said corporation, that the signature of the President is in his own proper handwriting, and that his act of signing, sealing, acknowledging and delivering said deed represents the consent of the Council of the Condominium.

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



Jill Lynn Burton
Notary Public Signature
Jill Lynn Burton
Notary Name - Printed or Typed

My Commission Expires: 5-5-2021

STATE OF DELAWARE :

: SS.:

COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this 27th day of ~~June~~^{July}, A.D. 2018, personally came before me, the Subscriber, a Notary Public for the State of Delaware, Preston Aschey, President, Bay Crossing Office Condominium Association, a Delaware non-profit unincorporated association formed pursuant to the Unit Property Act of the State of Delaware, consenting party to this instrument, known to me personally to be such, and acknowledges this instrument to be his act and deed and the act and deed of said corporation, that the signature of the President is in his own proper handwriting, and that his act of signing, sealing, acknowledging and delivering said deed represents the consent of the Council of the Condominium.

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



Jill Lynn Burton
Notary Public Signature

Jill Lynn Burton
Notary Name Printed or Typed

My Commission Expires: 5-5-2021

Tax Parcel No.: 3-34-6.00-70.00, 01 and 688 - 824
This Instrument Prepared by and to be
Returned to: Richard P. Beck, Esquire
Morris, James, Hitchens & Williams LLP
222 Delaware Avenue, P. O. Box 2306
Wilmington, Delaware 19899
File No. 98087-0087

ACCESS ROAD AGREEMENT

This Access Road Agreement ("Agreement") is made as of the 23rd day of July, 2003, by and among BLENHEIM LANDS, L.L.C., a Delaware limited liability company ("Lands"), and BEACHPLUM DUNES, L.L.C., a Delaware limited liability company ("Dunes"), both of which, for good and valuable consideration, the receipt and adequacy of which is mutually acknowledged, and also under seal (independently of the existence, adequacy or receipt of consideration), agree as follows, as covenants running with the Dominant Estate, the Servient Estate and the Access Road (as same are defined below, being collectively the "Property") and binding upon and enforceable by and against the undersigned and their respective heirs, executors, administrators, personal representatives, successors, assigns and grantees and all others having any right, title to or interest in the Property, except as herein below more particularly limited or excluded.

BACKGROUND

A. Dominant Estate. Lands is the owner in fee simple (with all the rights attributable to fee simple ownership) and developer of approximately 106 acres of land east of Route 1 in Rehoboth and Lewes Hundred, Sussex County, Delaware, as more particularly bounded and described in accordance with Exhibit "A" appended hereto (hereinafter, the "Dominant Estate").

B. Servient Estate. Dunes is the owner in fee simple (with all the rights attributable to fee simple ownership) and developer of approximately 9.15 acres of land that separates the Dominant Estate from easterly side of Route 1, as more particularly bounded and described in accordance with Exhibit "B" appended hereto (hereinafter, the "Servient Estate").

C. Access Road. Lands and Dunes, each as fee owner of their respective properties, with all the rights attributable to fee ownership, each have the non-exclusive right to make proper use, for vehicular and pedestrian ingress and egress, and for underground utilities, of a right-of-way being not less than sixty (60) feet in width, the courses and distances of which right-of-way and access easement are set forth on Exhibit "C" appended hereto (hereinafter, the "Access Road"), which was created by a common predecessor in title as an access easement to the Dominant Estate from Route 1 crossing over and burdening the Servient Estate, but also available to provide access to the Servient Estate if desired by the owner thereof.

Dunes = Villas At Bay Crossing
Lands = Bay Crossing

D. Site Plan Approval. Dunes has received preliminary site plan approval from Sussex County Council for the Servient Estate, subject to a mandate of Sussex County Council that both Dunes and Lands, as owners of the Servient Estate and Dominant Estate, respectively, must come to an agreement in order to (i) show how the Access Road will be laid out and improved in accordance with applicable governmental requirements and (ii) provide an owners statement of dedication of streets to public use, or perpetual maintenance of private streets, signed by Dunes and Lands, as required for final approval by Sussex County.

E. Cost Sharing. Since the parties and their respective successors, assigns and grantees shall each benefit from the Access Road, they have agreed for themselves and all those claiming or exercising any rights in and to the Access Road, as covenants running with the land, to share the cost of creating and constructing the Access Road and thereafter maintaining, repairing and replacing it, as hereinafter set forth.

F. Terms and Conditions. This Agreement sets forth the terms and conditions upon which Lands is willing to consent to the design and development of the Access Road as shown on Dune's site plan, and is willing (either by itself and/or by its successors, assigns and grantees) to share the cost of the Access Road's construction, maintenance, repair and replacement; and upon which Dunes is willing to share such costs, notwithstanding that the specifications to improve the Access Easement will exceed those which would be required if the Access Easement were to serve only the Servient Estate of Dunes.

COVENANTS

1. Design. Appended hereto as Schedule 1 are two drawings entitled "Plan View Entrance Signage" and "Plan View Street Lighting" showing the proposed configuration of the Access Road including paved cartway, median strip, left-turn lane, curb cuts for ingress to and egress from abutting portions of the Servient Estate, sidewalk, street lights, entrance sign location and landscaping. Appended hereto as Schedule 2 are two drawings entitled "Elevation Sign Wall" and "Bay Crossing Logo." Appended hereto as Schedule 3 is a drawing entitled "Entrance Plan For Bay Crossing" dated 7/15/2003, revised to add brick pavers. The parties hereto consent to the filing of development plans that show the design on these drawings (insofar as applicable) for the Access Road, with conflicts being resolved in favor of Schedule 3. Neither party will arbitrarily or capriciously withhold its consent to such minor modifications in such design as may be required by any governmental agency or utility company. If development plans based on Schedule 3 are not approved, then the provisions at the end of this Agreement, governing its signature, shall apply.

2. Final Plans and Drawings. Dunes, prior to submission of documents for final approval, and in consultation with Lands and its traffic engineers, and consistent with Schedules 1 and 2 appended hereto, shall provide all data (including drawings, designs and specifications as applicable) shown and/or to be shown on the final plans for the Access Road, including but not necessarily limited to paved entrances, exits,

cartways, sidewalks, medians, shared signage, curbs, streetlights, trees and landscaping, and underground utility installations (collectively, "Road Related Improvements") and will, following such final approval, provide all engineering data including drawings, designs and specifications as applicable that are necessary for obtaining construction permits for the Access Road and Road Related Improvements as shown on the approved final plan or otherwise approved in connection therewith. The engineers for each party shall provide the engineers of the other party with such underlying or source data as may be appropriate (such as, but not limited to, topography, soils data, courses and distances, elevations, and so on). Neither the Access Road nor the Road Related Improvements shall be constructed or otherwise installed except in accordance with the data provided to Lands' engineers, and approved by Sussex County and other governmental agencies having jurisdiction.

3. Construction Cost Sharing. All construction costs for installing the Access Road and the Road Related Improvements shall be borne ~~68.5% by Lands~~ and 31.5% by Dunes. The party initiating any construction hereunder shall contract for the work solely on its own account (and not on the account or credit of any other party or property) and shall initially bear all costs thereof, and no contractor, subcontractor, materialmen, supplier or laborer shall have any lien rights against the property of any other party hereto. The contribution of the other party to the cost of such construction shall be due and payable at such time as such other party obtains its first building permit to construct a dwelling or other habitable structure upon its property.

4. Maintenance Cost Sharing. All costs to maintain, repair and/or replace the Access Road and/or Related Road Improvements shall be borne ~~68.5% by Lands~~ and 31.5% by Dunes; provided, that no reserves for future replacement shall be required until all initial construction is completed. The parties shall prepare and insert in the deed restrictions applicable to the Dominant Estate and in the Servient Estate, identical provisions (satisfactory to Sussex County) requiring the establishment of a budget, with reserves funded by annual contributions, adequate to meet anticipated ongoing costs, unanticipated contingencies, and periodic resurfacing and other replacements, administered by a standing committee having members appointed by the owners of the Dominant Estate and members appointed by the owners of the Servient Estate.

5. Competitive Bidding. The construction, maintenance, repair and/or replacement of all or any portion of the Access Road and/or Road Related Improvements shall be pursuant to competitive bids obtained from reputable, independent third party contractors; provided, that this provision shall not be deemed violated if Pinnacle Excavation submits a bid on the Access Road (separately from any bid that it may submit to perform work on other portions of the Servient Estate), notwithstanding that one or more principals in Pinnacle Excavation may have an interest in Dunes. The party soliciting such bids shall promptly provide a copy of all such bids for the initial construction to the other party hereto (or its successor or grantee) at least ten (10) working days before the party providing such copy intends to accept any such bid. (If any such bid is part of a larger bid to perform other work as well, the costs associated with the Access Road and/or Road Related Improvements shall be separately identified as

to work and cost.) The party receiving a copy of the bids shall have the right to comment thereon and/or object thereto. Any party objecting to a bid that the other party intends to accept shall have thirty (30) days within which to obtain and submit a competing bid or bids, copies of which shall be promptly furnished to the other party for comment. In the event of any disagreement as to which bid to accept, the party bearing the larger share of the cost to be incurred shall be entitled to make the determination. For this purpose, in order to determine which contractor is selected, a party may agree to bear a greater percentage of the cost than is provided hereinabove, and whichever party agrees to bear the greatest amount of the cost shall be entitled to select the contractor. The party that selects the contractor shall be responsible for managing the contractor throughout the construction of the specified scope of work and seeing that it is completed in a timely and workmanlike manner, and for paying the contractor; however, the other party shall pay its share of such costs at the time when it pulls its first building permit as set forth in Section 3 above.

6. Drainage. Appended hereto as Exhibit "D" is a drawing showing storm water drainage from the Servient Estate and the Access Road being collected and channeled through pipes into three (3) outfalls located in two (2) storm water management ponds (the "Ponds") located on the Dominant Estate. Lands agrees to accept such storm water drainage as shown on Exhibit "D" and will enter into an Easement Agreement to this effect. Dunes agrees to manage all storm water run-off flowing into the Ponds from the Access Road or other portions of the Servient Estate, in accordance with Sussex County Stormwater Management Regulations. The cost of constructing and tying drainage from the Access Road into such outfall structures shall be borne 68.5% by Lands and 31.5% by Dunes. The cost of constructing and tying drainage from all other portions of the Servient Estate into such outfall structures shall be borne solely by Dunes.

7. Signage. Dunes agrees to change the name of the development on the Servient Estate to "The Villas at Bay Crossing" in order to facilitate shared signage along either side of the Access Road. The name on such shared signage shall simply be "Bay Crossing" and the design for such sign shall be substantially as shown on Schedule 2 hereto, and shall include the logo that is part of Schedule 2. The cost of constructing such shared signage shall be borne 68.5% by Lands and 31.5% by Dunes. In addition, each party at its own cost may erect its own temporary sales and marketing signage along Route 1 within the Access Road right-of-way; provided, that in doing so the parties shall coordinate with each other so that each party's signage is equally visible, not blocked or otherwise adversely affected by the other's temporary signage, and does not impair the permanent signage.

8. Landscaping and Lighting. The parties agree to install street trees, street lights and landscaping substantially as shown on Schedule 1 hereto. The cost of installing such landscaping and lighting shall be borne 68.5% by Lands and 31.5% by Dunes.

9. Dispute Resolution. Disputes hereunder shall be submitted to binding arbitration by a panel of arbitrators, one of which shall be named by Lands, one of which shall be named by Dunes, and the chairperson of which shall be an independent, unbiased engineer, builder or attorney licensed in Delaware with at least ten (10) years' experience in land development matters, named by the other two arbitrators. Every commercially reasonable effort shall be made to name arbitrators and resolve the dispute promptly. The arbitrators may in their discretion require the non-prevailing party to pay all or a portion of the prevailing party's attorney's fees and other costs of arbitration, and may require any party that is responsible for delaying the arbitration process to pay all or any portion of the other party's damages for the period of such delay.

10. Scope and Interpretation. This Agreement is a sealed instrument governed by Delaware law, intended to set forth covenants running with the land identified in Exhibits "A," "B" and "C" hereto (the "Property"). It shall be binding upon and enforceable by and against the parties, their grantees, and the respective heirs, executors, administrators, personal representatives, successors, assigns and grantees thereof, and upon each and every person or entity having or claiming any right, title to or interest in all or any of the Property; provided, however, that no person or entity holding or claiming only a lien against the Property or a portion thereof shall have any personal liability or obligation hereunder; and no person or entity shall be personally obligated hereunder based on event, circumstance or condition first occurring or arising at a time when such person or entity did not have, or no longer has, title to or possession of the Property or a portion thereof, unless caused by such person or entity. No party hereto shall be regarded as the agent, principal or partner of any other party hereto, or shall have the right, power or authority to bind any other party hereto; however, each party shall take such steps and execute such further documents as may reasonably be necessary to implement this Agreement. Each party hereto accepts equal responsibility for the language herein. The singular shall include the plural, and tenses and genders shall be interchangeable, as the context reasonably warrants. This Agreement contains the parties' entire understanding with respect to the subject matter hereof; there being no conditions, assumptions, agreements or obligations not set forth above in writing. Headings and the division of this Agreement into paragraphs shall not alter the interpretation hereof.

11. Utility Services. The parties acknowledge that each of them has the right to install underground utility services within the Access Road, the plans, specifications and engineering approvals for which may or may not be required for, or ready at the time of, approval of Dunes' development plans. Each party shall cooperate with the other in coordinating the design and approval of engineering plans, and in constructing and connecting with, such underground utilities. Nothing in this Agreement shall require either party to contribute towards the cost of utility design and installation that solely benefits the other party. However, to the extent that any portion of any utility installation will serve both the Dominant Estate and the Servient Estate, it shall be dealt with as if it were part of the Related Improvements, regardless of the timing of its design, approval, installation and/or connection.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed, sealed and delivered in multiple counterparts, each of which shall be deemed an original. The signatures below are expressly contingent upon governmental approval of the entrance design shown on Schedule 3 hereto. If the entrance design shown on Schedule 3 (with mutually acceptable minor modifications, if any) does not receive all necessary governmental approvals, then it is understood that no agreement has been reached and all rights afforded to Lands and Dunes under this Access Agreement shall be null and void.

In The Presence Of:

BLLENHEIM LANDS, L.L.C.

Julie R Smith
Witness

By: Jay N. Sauer, LLC
Authorized Agent

Robert Ted Wells
Witness

BEACHPLUM DUNES, L.L.C.

By: Robert A. Sauer
Authorized Agent

STATE OF)
) SS.
COUNTY OF)

BE IT REMEMBERED, that on this 23rd day of July, 2003, personally came before me, the Subscriber, a Notary Public for the State and County aforesaid, Jay N. Sonecha, Authorized Agent for Blenheim Lands, L.L.C., a Delaware limited liability company, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and deed and the act and deed of said company.

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

Julie R. Smith

Notary Public

Print Name: _____

Commission Expires: JULIE R. SMITH

NOTARY PUBLIC

STATE OF DELAWARE

My commission expires July 20, 2008

STATE OF Delaware)
 : SS.
COUNTY OF Sussex)

BE IT REMEMBERED, that on this 17th day of August, 2003, personally came before me, the Subscriber, a Notary Public for the State and County aforesaid, Austin Schell, Authorized Agent for Beachplum Dunes, L.L.C., a Delaware limited liability company, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and deed and the act and deed of said company.

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

Shawna L. Teague
Notary Public
Print Name: Shawna L. Teague
Commission Expires: 10/05/03

EXHIBIT A

COMMENCING at an iron pipe located on the northeasterly right-of-way of Delaware Route 1, said iron pipe being a corner for this parcel and lands now or formerly of Joseph B. Melson, et ux.; thence North 47 degrees 10 minutes 29 seconds East, by and with lands now or formerly of Joseph B. Melson, et ux., a distance of 160.03 feet to an iron pipe; thence South 42 degrees 20 minutes 10 seconds East, by and with lands now or formerly of Route 1 Venture Associates, a distance of 21.16 feet to a point; thence North 47 degrees 26 minutes 18 seconds East, by and with lands now or formerly of Route 1 Venture Associates, a distance of 440.49 feet to the point of Beginning; thence North 42 degrees 18 minutes 33 seconds West, a distance of 579.89 feet to an iron pipe; thence North 47 degrees 26 minutes 18 seconds East, by and with lands now or formerly of H. Walton Jones, et ux., a distance of 2098.72 feet to a point; thence South 85 degrees 00 minutes 50 seconds East, by and with the center of Pot Hook Creek and lands now or formerly of John G. Townsend, Jr. and Co., a distance of 86.65 feet to a point; thence North 86 degrees 09 minutes 35 seconds East, a distance of 207.97 feet to a point for corner; thence North 35 degrees 53 minutes 44 seconds East, a distance of 164.37 feet to a point for corner; thence North 52 degrees 53 minutes 02 seconds East, a distance of 105.00 feet to a point for corner; thence North 72 degrees 50 minutes 43 seconds East, a distance of 103.42 feet to a point for corner; thence South 86 degrees 59 minutes 29 seconds East, a distance of 73.54 feet to a point for corner; thence South 75 degrees 49 minutes 57 seconds East, a distance of 246.69 feet to a point for corner; thence South 64 degrees 14 minutes 32 seconds East, a distance of 226.62 feet to a point for corner; thence South 45 degrees 43 minutes 07 seconds East, a distance of 632.09 feet to a point for corner; thence South 52 degrees 14 minutes 38 seconds East, a distance of 317.33 feet to a point for corner; thence South 47 degrees 34 minutes 58 seconds West, by and with Dove Knoll Subdivision and Midway Park Subdivision, a distance of 3016.42 feet to an iron pipe; thence North 42 degrees 18 minutes 33 seconds West, by and with lands now or formerly of May P. Lemarie, Forrest H. Purdy, et ex., 1583 Partners, Helen P. Holmgren, a distance of 785.17 feet to an iron pipe; thence South 47 degrees 03 minutes 47 seconds West, by and with lands now or formerly of Helen P. Holmgren, a distance of 27.90 feet to an iron pipe; and thence North 42 degrees 18 minutes 33 seconds West, by and with lands now or formerly of Route 1 Venture Associates and Parcel A, a distance of 256.29 feet to the point of Beginning. Said parcel contains 105.78 acres of land, being the same, more or less.

SCHEDULE 2B



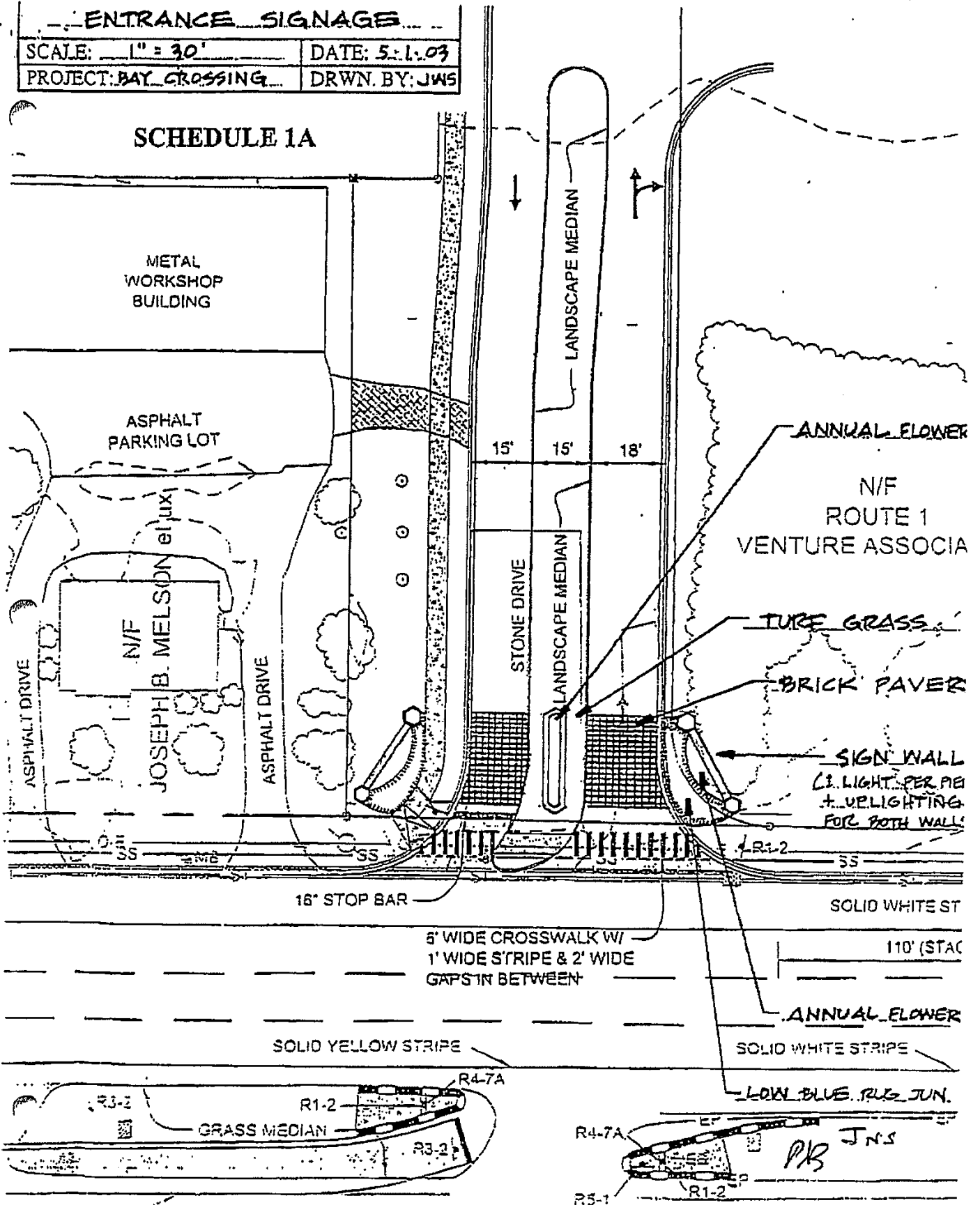
RB

JNS

ENTRANCE SIGNAGE

SCALE: 1" = 30'	DATE: 5-1-03
PROJECT: BAY CROSSING	DRWN. BY: JWS

SCHEDULE 1A



2/12/2004

13:14 3022212326

OCEAN ATLANTIC ASSOC

PAGE 13

NOTE: ACTUAL SPACING OF STREET
TREES & LIGHT STANDARDS
CAN BE ADJUSTED BASED
ON FINAL BLVD. DESIGN.

SCHEDULE 1B

LIGHT STANDARDS (100' O.C.)
FIXTURE NOT SELECTED YET

PROXIMUS RENN. 'PATMORE'
PATMORE GREEN ASH
2" - 2 1/2" CAL., B & B

LEYLAND CYPRESS
4' - 5' HT.
N/F ROUTE 1 GENERAL
STORE ASSOCIATES

N/F JOSEPH B.
J. NELSON ET UX

ROUTE 1 VENTURE ASSOCIATES
1390/80

OUTDOOR GALLERY ART
GALLERY
2" - 2 1/2" CAL., B & B

N/F KID FAR, LLC
2238/236

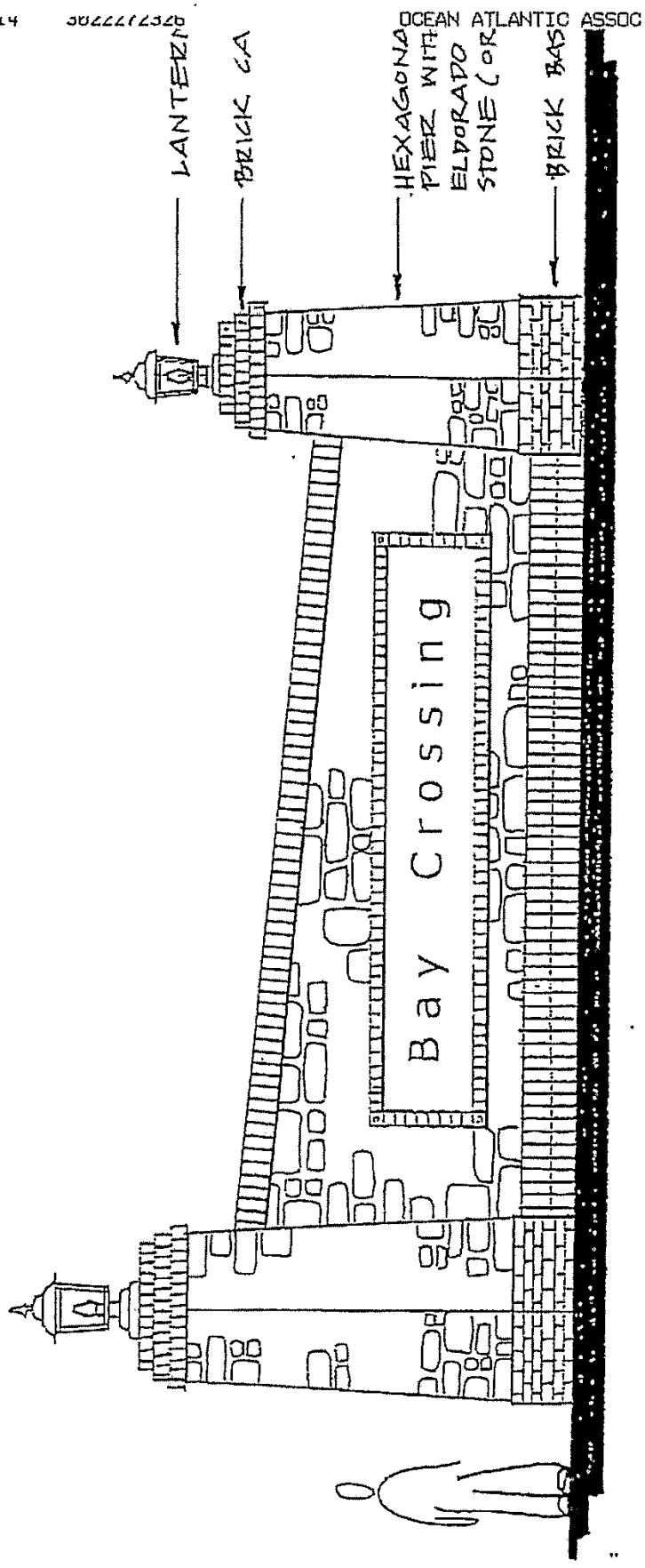
REFER TO 8 1/2" X 11" DETAIL
FOR SIGN WALLS

STATE RO

BCP Sta = 0+00.0000

INS

12/21/2004 10:14 302227252



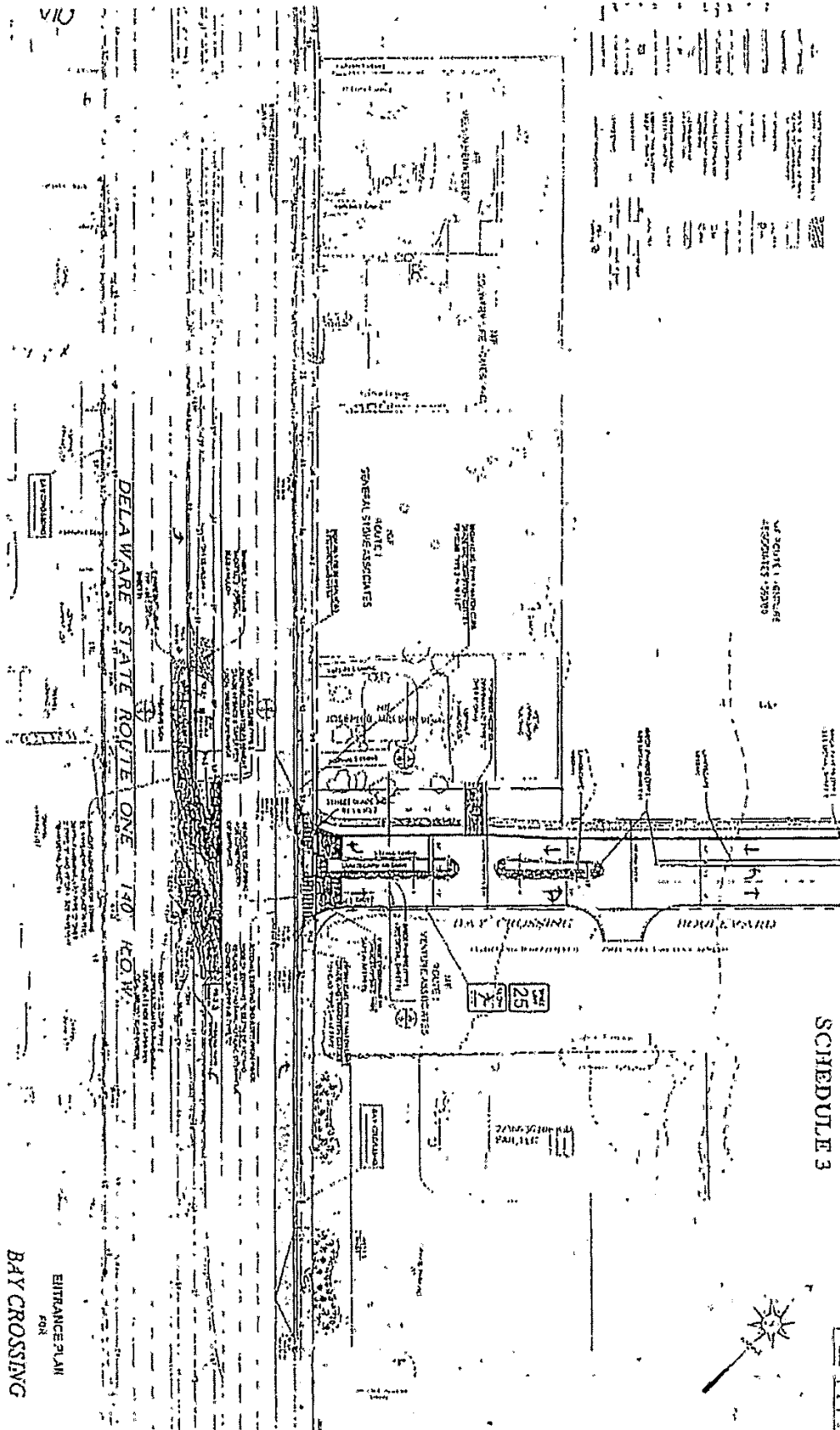
SCHEDULE 2A

PAGE 14	
BLENDHEIM HOMES, L.P.	
ELEVATION	
SIGN WALL	
SCALE: 1/4" = 1'-0"	DATE: 5-1-05
PROJECT: BAY CROSSING	DESIGN: JZS

RB JZS

3022212520

VIA



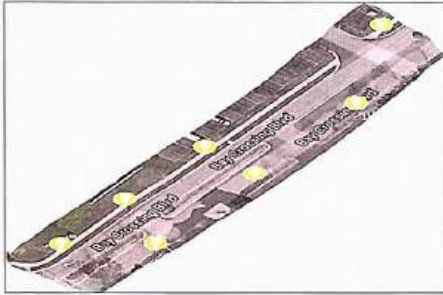
SEE SHEET 1 OF 4 FOR
PROPOSED DIMENSIONS

SEE SHEET 1 OF 3 FOR
TYPICAL DATA

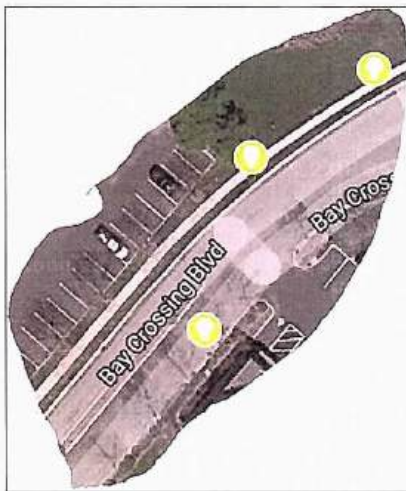
DATE	BY	CHKD BY	APP'D BY
10/1/00	J. L. H.	J. L. H.	J. L. H.
10/1/00	J. L. H.	J. L. H.	J. L. H.
10/1/00	J. L. H.	J. L. H.	J. L. H.

SCHEDULE 3

- Seven Light Poles controlled by Delmarva Power



- Three (3) additional light poles controlled by Delmarva Power



2. EXHIBIT B:

Agreement. See attached.

3. EXHIBIT C:

Photos listed below outlines the two monument that are referenced in this agreement.



Villas at Bay Crossing Condominium Association

Insurance Dec Page



PCAM

Premier Community Association Management



VILLATB-03

MGROGAN

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
8/26/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER L & W Insurance Inc. 90 Atlantic Ave Ocean View, DE 19970	CONTACT NAME: PHONE (A/C, No, Ext): (302) 616-2841 FAX (A/C, No): (302) 616-4754 E-MAIL ADDRESS: contact@lwinsurance.com
INSURED Villas at Bay Crossing Condo c/o Premier Property&Pool Mgmt 34634 Bay Crossing Blvd Ste 4 Lewes, DE 19958	INSURER(S) AFFORDING COVERAGE INSURER A : Cincinnati Insurance Companies 10677 INSURER B : Federal Insurance Company 20281 INSURER C : The Hartford 22357 INSURER D : Fireman's Insurance Company of Washington, D.C. 21784 INSURER E : INSURER F :

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:			ENP 0587695	8/23/2024	8/23/2027	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			EBA 0587695	8/23/2024	8/23/2025	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 0			LLU93645778	8/23/2024	8/23/2025	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N <input type="checkbox"/>	N / A				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
C	Crime			44BDDGT8580	7/13/2024	7/13/2025	Limit 250,000
D	Directors & Officers			M0842DMLA240	8/23/2024	8/23/2025	Limit 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

Proof of Coverage	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

Villas at Bay Crossing Condominium Association

Regular Meeting Minutes



PCAM

Premier Community Association Management

VILLAS AT BAY CROSSING COA

Board of Directors Meeting

October 26, 2023

AGENDA

I. Call Meeting to Order | President

II. Officers Reports

- I. Kenneth Bey (President)
- II. Mike Fannin (Vice President)
- III. Garrett Voss (Community Manager)

- I. Management Report
- II. Financial Report

III. Committee Reports

- I. Pool Committee
- II. Finance Committee
- III. Beautification Committee

IV. Old Business

- I. Bird Netting
- II. Pool Light
- III. Bikes in Breezeways
- IV. Power washing

V. New Business

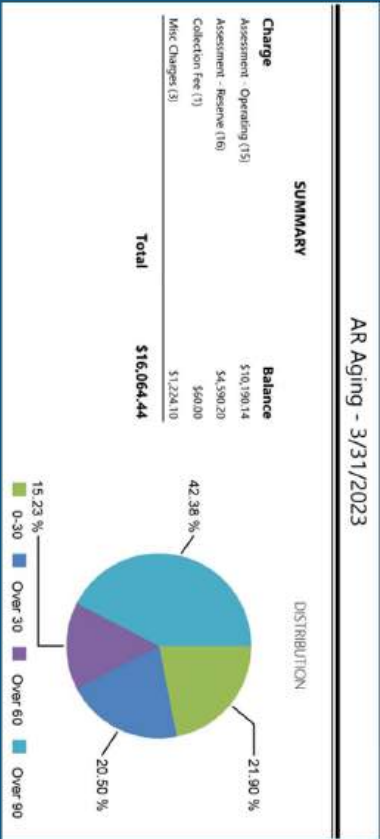
- I. Porch Drain Inspections & Repairs
- II. Unit Sprinkler Inspections
- III. Inflated Racers vs Shrub

OFFICERS REPORTS

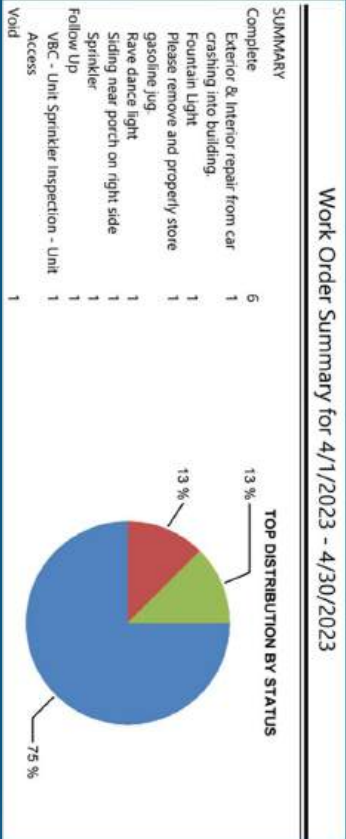
- I. PRESIDENT | *Kenneth Bey*
- II. VICE PRESIDENT | *Mike Fannin*
- III. COMMUNITY MANAGER | *Garrett Voss*
 - I. *Management Report*
 - II. *Financial Report*

MANAGEMENT REPORT

AR Aging - 3/31/2023



Work Order Summary for 4/1/2023 - 4/30/2023



VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

FINANCIAL REPORT

Balance Sheet as of 3/31/2023

Assets	Operating	Operating Reserve	Reserve	Total
Assets				
01000 - Alliance Operating #8317	\$30,640.42			\$30,640.42
01005 - Alliance Oper Reserve #8047		\$6,990.55		\$6,990.55
01010 - Alliance LTR #1547			\$53,816.05	\$53,816.05
01015 - Atlantic Union Operating Reserve #1706		\$53,315.87		\$53,315.87
01020 - Atlantic Union LTR #6806			\$3,056.57	\$3,056.57
01040 - President LTRCD#9391(55mo)3/30/24			\$52,604.27	\$52,604.27
Total Assets	\$30,640.42	\$60,306.42	\$109,476.89	\$200,423.73
Total Assets	\$30,640.42	\$60,306.42	\$109,476.89	\$200,423.73
Liabilities / Equity	Operating	Operating Reserve	Reserve	Total
Liability				
03050 - Pre-Paid Homeowner Assessments				\$12,569.43
03999 - Owner Refunds Dues	\$41.00			\$41.00
Total Liability	\$12,610.43			\$12,610.43
Equity				
05000 - Retained Earnings	\$2,900.14	\$60,270.98	\$85,880.73	\$149,051.85
05050 - Net Equity	\$15,129.85	\$35.44	\$23,596.16	\$38,761.45
Total Equity	\$18,029.99	\$60,306.42	\$109,476.89	\$187,813.30
Total Liabilities / Equity	\$30,640.42	\$60,306.42	\$109,476.89	\$200,423.73

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

FINANCIAL REPORT (Continued)

Summary of Revenues and Expenses 3/1/2023 - 3/31/2023

	Current Period			Year To Date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Operating Income							
Income	16,740.69	20,075.00	(3,334.31)	56,340.81	60,225.00	(3,884.19)	245,900.00
Total Income	16,740.69	20,075.00	(3,334.31)	56,340.81	60,225.00	(3,884.19)	245,900.00
Operating Expense							
General & Administrative	1,504.40	1,633.41	131.01	4,880.12	6,633.23	1,753.11	73,175.00
Utilities Expense	663.87	776.50	112.63	10,832.34	13,092.00	2,259.66	52,368.00
Building Expenses	6,650.08	5,290.01	(1,360.07)	18,884.78	15,870.03	(3,014.75)	69,455.00
Grounds Expenses	2,040.00	2,446.83	406.83	6,350.92	10,772.99	4,412.07	37,682.00
ImperVIOUS Surfaces	-	250.00	250.00	102.80	2,250.00	2,147.20	2,650.00
Pool Expenses	-	-	-	150.00	-	(150.00)	10,570.00
Total Expense	10,858.35	10,398.75	(459.60)	41,210.96	48,618.25	7,407.29	245,900.00
Operating Net Total	5,882.34	9,676.25	(3,793.91)	15,129.85	11,606.75	3,523.10	-

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

FINANCIAL REPORT (Continued)

Summary of Revenues and Expenses 3/1/2023 - 3/31/2023

	Current Period			Year To Date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Reserve Income							
Income	7,002.41	5,825.38	1,177.03	23,596.16	17,476.14	6,120.02	69,904.60
Total Income	7,002.41	5,825.38	1,177.03	23,596.16	17,476.14	6,120.02	69,904.60
Reserve Expense							
Long Term Reserve (LTR) Expenses	-	-	-	-	-	-	7,500.00
Total Expense	-	-	-	-	-	-	7,500.00
Reserve Net Total	7,002.41	5,825.38	1,177.03	23,596.16	17,476.14	6,120.02	62,404.60
Net Total	12,896.96	15,501.63	(2,604.67)	38,761.45	29,082.89	9,678.56	62,404.60

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

COMMITTEE REPORTS

- a. *Pool Committee*
- b. *Finance Committee*
- c. *Beautification Committee*

VILLAS AT BAY CROSSING COA

Board of Directors Meeting

2023 Q1

OLD BUSINESS

- a. *Bird Netting*
- b. *Pool Light*
- c. *Bikes in Breezeways*
- d. *Power washing*

VILLAS AT BAY CROSSING COA

Board of Directors Meeting

2023 Q1

NEW BUSINESS

- a. *Porch Drains – Inspections & Repairs*
- b. *Unit Sprinkler Inspections (Completed)*
- c. *Updated Reserve Study*

VILLAS AT BAY CROSSING COA

Board of Directors Meeting

2023 Q1

OPEN DISCUSSION

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

MEETING ADJOURNED

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

Thank you for attending!

VILLAS AT BAY CROSSING COA

Board of Directors Meeting

JUNE 3, 2023 | 10am



AGENDA

- I. Call Meeting to Order | President**
- II. Officers Reports**
 - I. Kenneth Bey (President)
 - II. Mike Fannin (Vice President)
 - III. Garrett Voss (Community Manager)
 - I. Management Report
 - II. Financial Report
- III. Committee Reports**
 - I. Pool Committee
 - II. Finance Committee
 - III. Beautification Committee
- IV. Old Business**
 - I. Bird Netting
 - II. Pool Light
 - III. Bikes in Breezeways
 - IV. Power washing
- V. New Business**
 - I. Porch Drain Inspections & Repairs
 - II. Unit Sprinkler Inspections
 - III. Updated Reserve Study
- VI. Open Discussion/Owner Questions**
- VII. Adjournment**

OFFICERS REPORTS

- I. PRESIDENT | *Kenneth Bey*
- II. VICE PRESIDENT | *Mike Fannin*
- III. COMMUNITY MANAGER | *Garrett Voss*
 - I. *Management Report*
 - II. *Financial Report*

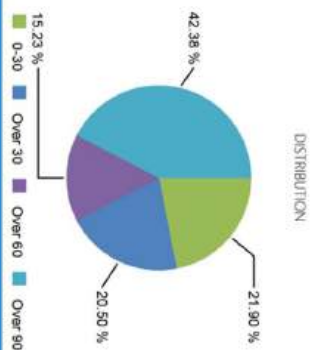
VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

MANAGEMENT REPORT

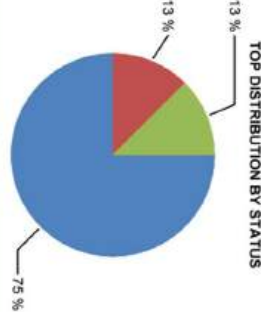
AR Aging - 3/31/2023

SUMMARY	
Charge	Balance
Assessment - Operating (15)	\$10,190.14
Assessment - Reserve (16)	\$4,590.20
Collection Fee (1)	\$60.00
Misc Charges (3)	\$1,224.10
Total	\$16,064.44



Work Order Summary for 4/1/2023 - 4/30/2023

SUMMARY	
Complete	6
Exterior & Interior repair from car crashing into building	1
Fountain Light	1
Please remove and properly store gasoline jug	1
Rave dance light	1
Siding near porch on right side	1
Sprinkler	1
Follow Up	1
VBC - Unit Sprinkler Inspection - Unit Access	1
Void	1



VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

FINANCIAL REPORT

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VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

FINANCIAL REPORT (Continued)

Summary of Revenues and Expenses 3/1/2023 - 3/31/2023

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VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

FINANCIAL REPORT (Continued)

Summary of Revenues and Expenses 3/1/2023 - 3/31/2023

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VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

COMMITTEE REPORTS

- a. *Pool Committee*
- b. *Finance Committee*
- c. *Beautification Committee*

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

OLD BUSINESS

- a. *Bird Netting*
- b. *Pool Light*
- c. *Bikes in Breezeways*
- d. *Power washing*

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

NEW BUSINESS

- a. *Porch Drains – Inspections & Repairs*
- b. *Unit Sprinkler Inspections (Completed)*
- c. *Updated Reserve Study*

VILLAS AT BAY CROSSING COA

Board of Directors Meeting

2023 Q1

OPEN DISCUSSION

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

MEETING ADJOURNED

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

Thank you for attending!

VILLAS AT BAY CROSSING COA

Board of Directors Meeting

February 25, 2023 | 10am



AGENDA

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

- I. Call Meeting to Order | President**
- II. Financials**
 - I. 2022 Year-End
 - II. YTD 2023 - January 31, 2023
 - III. Budgeted Non-contracted
- III. Old Business**
 - I. Pool Light
 - II. Bikes
 - III. Shed
 - IV. New Custodial Contractor
- IV. New Business**
 - I. Pool Furniture
 - II. Power washing (March 13 to begin)
 - III. Pest Control
 - IV. Fence
 - V. Reserve Study Update
- V. Adjournment**

2022 Year End Financials

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

- * Income showed Surplus of \$5747.00
- * Expenses showed Deficit of (\$7334)
 - * Overspent in Landscaping Non-contract planting azaleas; liriope; etc
 - * Overspent in Tree Trimming d/t
 - * cutting down & grinding multiple tree trunks &
 - * trimming Bldg 1 & 4 Trees on pool side
 - * Overspent in Pool Repairs
 - * Replace capacitor
 - * Replace breaker & multiple of pool lights
 - * Fix water Fountain
- * Net Deficit (\$1,586.96) - may not stand since question some operational costs as Reserve costs
- * Ending Checking account Balance = \$15,304.90

2023 Operating YTD vs Budgeted

As of 1/31/2023

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

Revenues	Budget \$	YTD Act	YTD Bud	YTD Var	YTD Var%	Monthly %
Assessments - Operating	\$230,100.00	\$17,659.40	\$19,175.00	(\$1,515.60)	8.33%	Jan
Lease Income	\$5,000.00	\$0.00	\$0.00	\$0.00	16.67%	Feb
Gate Fees	\$0.00	\$0.00	\$0.00	\$0.00	20.00%	Mar
Owner	\$0.00	\$0.00	\$0.00	\$0.00	33.33%	Apr
Collection Fee Income	\$0.00	\$0.00	\$0.00	\$0.00	41.67%	May
NSF - Fee for returned checks	\$0.00	\$0.00	\$0.00	\$0.00	60.00%	June
Op Interest	\$0.00	\$0.52	\$0.00	\$0.52	66.67%	July
Key FOB	\$0.00	\$25.00	\$0.00	\$25.00	75.00%	Sept
Parking Lot Lease	\$10,800.00	\$0.00	\$950.00	(\$950.00)	83.33%	Oct
Music Income	\$0.00	\$0.00	\$0.00	\$0.00	91.67%	Nov
Tree Grant Income	\$0.00	\$0.00	\$0.00	\$0.00	100.00%	Dec
Total Op Income	\$245,900.00	\$17,684.92	\$20,075.00	(\$2,390.08)	7.2%	
Expenses	Budget \$	YTD Act	YTD Bud	YTD Var	YTD Var%	
Accounting (Tax Paid & Audit)	\$5,500.00	\$0.00	\$0.00	\$5,500.00		
Insurance	\$2,500.00	\$0.00	\$1,702.00	\$1,702.00		
Legal	\$1,000.00	\$0.00	\$49.33	\$49.33		
Taxes, Permits, Fees	\$1,000.00	\$25.00	\$0.00	(\$165.00)		
Postage	\$200.00	\$0.00	\$16.67	\$16.67		
Office Expense	\$325.00	\$1.78	\$27.08	\$25.30		
Reproduction	\$100.00	\$0.00	\$6.33	\$6.33		
Meeting Expense	\$0.00	\$0.00	\$0.00	\$0.00		
Management Contract	\$16,000.00	\$1,500.00	\$1,500.00	\$0.00		
Management Non-Contract	\$0.00	\$0.00	\$0.00	\$0.00		
Collection Fees	\$0.00	\$30.00	\$0.00	(\$30.00)		
Elec	\$6,700.00	\$522.86	\$725.00	\$102.14		
Shared Electric	\$3,050.00	\$0.00	\$762.50	\$762.50		
Telephone/Internet	\$618.00	\$48.80	\$51.20	\$2.40		
Shared Access Road	\$0.00	\$3,840.84	\$10,000.00	\$6,159.16		
Water/Sewer	\$40,000.00	\$1,423.33	\$1,423.33	\$0.00		
Gen Custodial Mainten	\$17,080.00	\$0.00	\$0.00	\$0.00		
Pest Contract	\$500.00	\$0.00	\$0.00	\$0.00		
Trees Contract	\$17,000.00	\$1,518.84	\$1,416.67	(\$102.17)		
Boys' Repairs/Mainten	\$12,500.00	\$1,710.00	\$1,041.67	(\$668.33)		
Power Washing	\$5,475.00	\$0.00	\$0.00	\$0.00		
Fire Alarm System	\$12,500.00	\$0.00	\$1,041.67	\$1,041.67		
Fire Alarm Repairs	\$4,400.00	\$3,065.36	\$396.67	(\$2,718.69)		
Landscaping Contract	\$22,200.00	\$1,850.00	\$1,850.00	\$0.00		
Landscaping (NO Breakeven Project)	\$2,562.00	\$175.00	\$213.50	\$38.50		
Shared Landscaping	\$1,200.00	\$0.00	\$300.00	\$300.00		
Tree Limbing	\$1,000.00	\$79.67	\$83.33	\$3.66		
Grass Mowing	\$1,000.00	\$0.00	\$200.00	\$200.00		
Pond Maintenance	\$2,400.00	\$0.00	\$0.00	\$0.00		
Pond Repairs/Mainten	\$1,500.00	\$1.18	\$0.00	(\$1.18)		
Pond Chemicals	\$1,010.00	\$0.00	\$0.00	\$0.00		
Irrigation Contract	\$1,200.00	\$0.00	\$100.00	\$100.00		
Irrigation Repairs	\$530.00	\$0.00	\$132.50	\$132.50		
Irrigation - Shared	\$0.00	\$0.00	\$0.00	\$0.00		
Sprink	\$2,500.00	\$0.00	\$1,000.00	\$1,000.00		
Snow Removal	\$150.00	\$0.00	\$0.00	\$0.00		
Shared Snow Removal	\$6,745.00	\$0.00	\$0.00	\$0.00		
Pool Management Contract	\$825.00	\$0.00	\$0.00	\$0.00		
Pool Access System Contract	\$500.00	\$0.00	\$0.00	\$0.00		
Pool Chemicals/Supplies	\$500.00	\$150.00	\$0.00	\$150.00		
Pool Repairs and maintenance	\$500.00	\$150.00	\$0.00	\$150.00		
TOTAL 2021 Expenses	\$245,900.00	\$16,002.96	\$24,045.45	\$8,042.49	6.5%	
Total Income	\$245,900.00	\$17,684.92	\$20,075.00	(\$2,390.08)		
Total Expenses	\$245,900.00	\$16,002.96	\$24,045.45	\$8,042.49		
Surplus/Deficit	\$0.00	\$1,681.96	(\$3,970.45)	\$5,652.41		

Non-Contract Items per 2023 Budget

- Landscaping Non-Contract - \$2,562
- Pond Repairs/Maint Non Contract - \$1,500
- Irrigation Repairs Non-Contract - \$1,200
- Pool Repairs/Maintenance Non-Contract - \$500

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

OLD BUSINESS

Old Business

- I. Pool Light
- II. Bikes
- III. Shed
- IV. New Custodial Contractor



VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

NEW BUSINESS

New Business

- I. Pool Furniture
- II. Power washing – To begin week of 3/13
- III. Pest Control – Currently seeking proposals for bi-annual treatments
- IV. Fence – Update
- V. Reserve Study Update – Expecting proposal estimate from Whayland in the near future.

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

ADJOURNMENT

VILLAS AT BAY CROSSING COA
Board of Directors Meeting

2023 Q1

Villas at Bay Crossing Condominium Association

Reserve Report

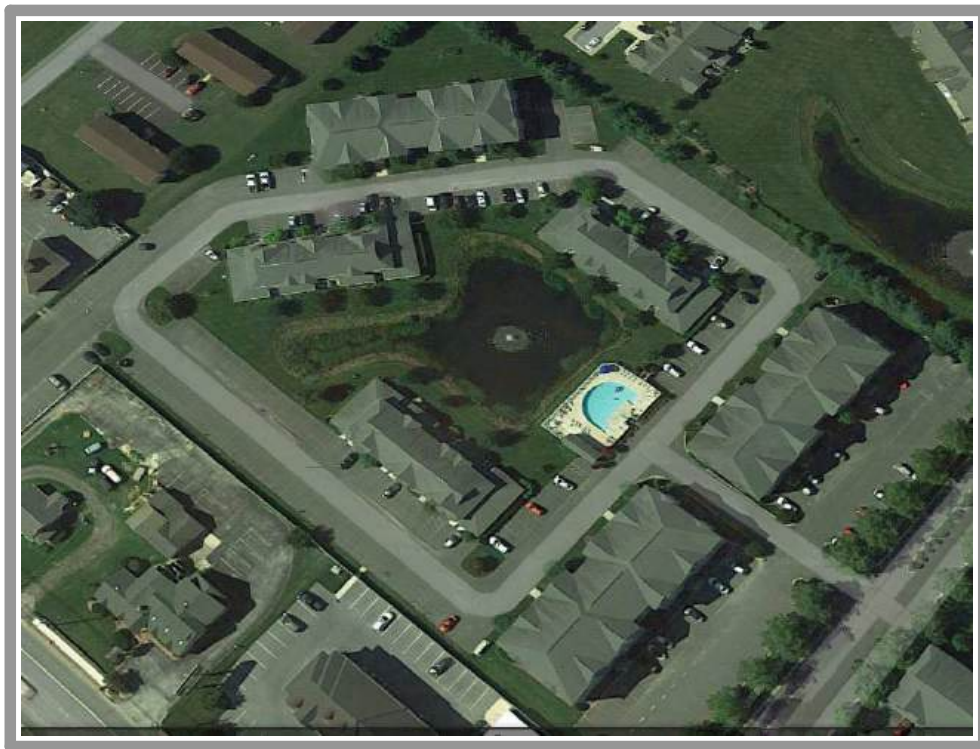


PCAM

Premier Community Association Management



Reserve Study
For
Villas at Bay Crossing
August 15, 2023



Reserve Study Prepared
By
The Whayland Group, LLC
123 Lake Drive
Laurel, Delaware 19956

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Villas at Bay Crossing

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Part I General Information – This section will provide background information on reserve studies in general and the reserve study process. Not all information contained herein will have direct application to your study.

INTRODUCTION

Preparing the annual budget and overseeing finances are among the most important responsibilities of the Association and its management team. The annual operating and reserve budgets reflect the planning and goals of the Association and set the level and quality of service for all of the Association activities. The use of the reserve study as a planning tool is key to maintaining the value of individual units as well as the value of the community as a whole.

IMPORTANT INFORMATION

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties (unit owners are not considered “third parties”) without the expressed written permission of The Whayland Group. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the client, its contractors, assorted vendors, specialist and independent contractors, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer’s specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the client. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve study be updated on an annual basis (2 or 3 years for studies of limited scope) due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our observation and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

The Whayland Group would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it

will, in fact, occur as described.

DISCLOSURES

This reserve study is based on information furnished to the preparer and is compiled for the use of the Association and not for the purposes of auditing, forensic investigation, quality determination, historical verification, or any other purpose.

All information furnished by the Association including but not limited to site plans indicating the location of lots, roads, and other improvements, building plans, and certain financial and historical information, is held to be reliable by the reserve study preparer.

On-site observations conducted by the reserve study preparer shall not be considered to be engineering or quality inspections, or quantity or capacity audits.

Unless stated elsewhere in the reserve study, the physical analysis was developed from on-site field observations; quantity surveying was performed on-line via GIS, by drawing-take-off, or by field measurement where GIS and drawing information were not available. On-site surface visual observation was used to determine the condition and/or remaining life of the components. No invasive, chemical, destructive, or other tests were performed.

The reserve balance, actual or projected, contained in the reserve study is based on information provided and was not audited by the reserve study preparer.

The reserve study preparer is not aware of any material issues, which if not disclosed, would result in a distortion of the Association's situation.

The reserve study preparer is not aware of any other business dealings or relationships with the Association or its individual members that could constitute an actual or perceived conflict of interest.

RESERVE STUDY PREPARER'S QUALIFICATIONS

Robert C. Wheatley has a Bachelor of Science degree in Business Administration and 42 years' experience in commercial and condominium/apartment construction and property management.

He has met all the criteria for and is designated by the Community Associations Institute (CAI) as Reserve Specialist #309.

He is a licensed real estate broker in Delaware and a licensee in Maryland, an outside Director of the Bank of Delmarva, Chairman of the Sussex County Planning and Zoning Commission, and the Governor's Sussex County Appointed Member of the Delaware Association Professional Engineers.

FUNDING OPTIONS

When a major repair or replacement is required, there are essentially three options available to address the expenditure:

The first, and only logical means to ensure its ability to maintain the assets for which it is obligated, is by **setting aside an adequate level reserves** as part of the regular annual budget process. The association is not only comprised of present members, but also future members. Any decision to adopt a calculation method or funding plan, which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the trustees are responsible to the association as a whole.

The second option is for the client to **acquire a loan** from a lending institution in order to affect the required repairs. In some cases, banks will lend to a client using “future collections” as collateral for the loan. More often than not, the bank will require real estate collateral or personal guarantees. Regardless, the current trustees are pledging the future assets of the association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a \$150,000 roofing replacement, the client may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the client’s financial inability to keep pace with the normal aging process of the common area components.

Ad hoc or special assessments are not considered an appropriate means of funding replacements. The Delaware Uniform Common Interest Ownership Act (DUCIOA) and Maryland HB 107 legislation enacted in recent years to deter special assessments and provide some measure of long term predictability to the funding common element replacement through the reserve study process.

TYPES OF RESERVE STUDIES

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a “fund status” and “funding plan”.

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the “fund status and “funding plan.”

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

PHYSICAL AND FINANCIAL ANALYSIS

There are two components of a reserve study: a physical analysis and a financial analysis.

Physical Analysis

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the client's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

Developing a Component List

The budget process begins with full inventory of all the major components for which the client is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the client, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

Operational Expenses

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next. Examples of *operational expenses* include:

Utilities:	Bank Service Charges	Accounting
Electricity	Dues & Publications	Reserve Study
Gas	Licenses, Permits & Fees	Repair Expenses:
Water	Insurance(s)	Tile Roof Repairs
Telephone	Services:	Equipment Repairs
Cable TV	Landscaping	Minor Concrete Repairs
Administrative:	Pool Maintenance	Operating Contingency
Supplies	Street Sweeping	

Reserve Expenses

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance. Examples of reserve expenses include:

Roof Replacements	Park/Play Equipment
Painting	Pool/Spa Re-plastering
Deck Resurfacing	Pool Equipment Replacement
Fencing Replacement	Pool Furniture Replacement
Asphalt Seal Coating	Tennis Court Resurfacing
Asphalt Repairs	Lighting Replacement
Asphalt Overlays	Insurance(s)
Equipment Replacement	Reserve Study
Interior Furnishings	

Budgeting is Normally Excluded for:

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in a client's governing documents or policies. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

Financial Analysis

The financial analysis assesses the client's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

Preparing the Reserve Study

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the client should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The client can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

FUNDING METHODS

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The Whayland Group Threshold and The Whayland Group Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the client will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The Whayland

Group Component Funding model is based upon the component methodology.

FUNDING STRATEGIES

Once a client has established its funding goals, the client can select an appropriate funding plan. There are four basic strategies from which most clients select. It is recommended that clients consult professionals to determine the best strategy or combination of plans that best suit the client's need. Additionally, clients should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Clients will have to update their reserve studies more or less frequently depending on the funding strategy they select.

Full Funding---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If a client has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of a client's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

Fully Funded Reserves = **Age** divided by **Useful Life** the results multiplied by **Current Replacement Cost**

When a client's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

The Whayland Group **Threshold Funding Model**. This method is based upon the cash flow funding concept. The goal of this funding method is to keep the reserve cash balance above a certain dollar level. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below a certain level during the projected period. Cash flow funding can result in a more efficient application of funds and is widely used in the industry.

The Whayland Group **Current Assessment Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the client's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current level of funding over time.

The Whayland Group **Component Funding Model**. This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position; however, it can result in a reserve balance in excess of what is needed to adequately fund replacements on an ongoing basis.

USERS' GUIDE TO YOUR RESERVE ANALYSIS STUDY

Part II of your Whayland Group Report contains the reserve analysis study for your client. There are

seven types of reports in the study as described below.

Report Summaries

The Report Summary for all funding models lists all of the parameters that were used in calculating the report as well as the summary of your reserve analysis study.

Index Reports

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves that should have accumulated for the client as well as the actual reserves available. This information is valid only for the “Component Funding Model” calculation.

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

Detail Reports

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The Whayland Group Detail Index is an alphabetical listing of all assets, together with the page number of the asset’s detail report, the projected replacement year, and the asset number.

Projections

Thirty-year projections add to the usefulness of your reserve analysis study.

DEFINITIONS

Report I.D.

Includes the Report Date (example: November 15, 2012), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

Budget Year Beginning/Ending

The budgetary year for which the report is prepared. For clients with fiscal years ending December 31st, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

Number of Units and/or Phases

If applicable, the number of units and/or phases included in this version of the report.

Inflation

This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

Annual Assessment Increase

This represents the percentage rate at which the client will increase its assessment to reserves at the end of each year. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year.

until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation.

Investment Yield Before Taxes

The average interest rate anticipated by the client based upon its current investment practices.

Taxes on Interest Yield

The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

Projected Reserve Balance

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

Percent Fully Funded

The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

Phase Increment Detail and/or Age

Comments regarding aging of the components on the basis of construction date or date of acceptance by the client.

Monthly (or Quarterly or Annually) Assessment

The assessment to reserves required by the client each month (or quarter or year).

Interest Contribution (After Taxes)

The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

Total Monthly (or Quarterly or Annual) Allocation

Sum of the monthly (or quarterly or annually assessment / interest contribution figures.

Group and Category

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

Percentage of Replacement or Repairs

In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

Placed-In-Service Date

The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

Estimated Useful Life

The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, client standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

Adjustment to Useful Life

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

Estimated Remaining Life

This calculation is completed internally based upon the report's fiscal year date and the date the asset was placed-in-service.

Replacement Year

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

Annual Fixed Reserves

An optional figure which, if used, will override the normal process of allocating reserves to each asset.

Fixed Assessment

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

Salvage Value

The salvage value of the asset at the time of replacement, if applicable.

One-Time Replacement

Notation if the asset is to be replaced on a one-time basis.

Current Replacement Cost

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

Future Replacement Cost

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

Component Inventory

The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of client design and organizational documents, a review of established client precedents, and discussion with appropriate client representative(s).

A MULTI-PURPOSE TOOL

Your Whayland Group Report is an important part of your client's budgetary process. Following its recommendations should ensure the client's smooth budgetary transitions from one fiscal year to the next.

In addition, your Whayland Group reserve study serves a variety of useful purposes:

- A reserve analysis study may be required by your accountant during the preparation of the client's annual audit.
- The Whayland Group reserve study is sometimes requested by lending institutions during the process of loan applications.
- Your Whayland Group Report is also a detailed inventory of the client's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your Whayland Group Report is a tool that can assist the client in fulfilling its legal and fiduciary obligations for maintaining the facility in a state of good repair.
- Since the Whayland Group reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used as a guide to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- Your Whayland Group Report provides a record of the time, cost, and quantities of past reserve replacements. At times the client's management personnel are transitory which may result in the loss of these important records.

Executive Summary

Villas at Bay Crossing is a 109 unit condominium development situated at Villa Circle near Lewes, Delaware. The development was constructed in 2006. The Whayland Group, LLC prepared this reserve study update for Villas at Bay Crossing in 2023.

This study was prepared by Robert C. Wheatley, Reserve Specialist #309 as designated by the Community Association Institute. Mr. Wheatley has 44 years' experience in the construction and real estate industries on the Delmarva Peninsula, is Chairman of the Sussex County Planning and Zoning Commission, and an outside director of Bank of Delmarva. He has been engaged in the preparation of reserve studies since 2009.

The study is a reserve study update including a review of the documents furnished by the Association and on-site observation and inventory of the components included in the study. The last field visit was on June 6, 2023. The component list was developed from our review of the documents, site visits, and conversations with Garrett Voss, Community Manager on behalf of the Association.

The in-service date for each component is the year in which that component was completed if known or the date of completion of the development. The components were assigned useful lives and values in accordance with industry standards and our findings. Remaining lives were calculated based on the in-service date with certain adjustments indicated by our site visits.

The long-life items listed below are not included in the study at this time and will need to be re-evaluated in future updates:

1. Pool Structure
2. Condominium corridor structure
3. Condominium unit deck structures
4. Condominium domestic water pipe re-lining
5. Domestic water mains
6. Sanitary sewer mains
7. Stormwater pipes and structures
8. Stormwater pond dredging

Certain construction defects in 11 balcony decks have been identified and are being repaired at this time. This a one-time expense of \$44,399.33 not anticipated by the reserve study, however, a portion of the work includes the premature replacement of the vinyl deck membrane that is included in the reserve study. We have adjusted the study to show that 11 balcony decks had the

vinyl deck membrane replaced in 2023. In calculating the reserve account balance we have subtracted the entire \$44,399.33 from the current account balance (see note ** under Reserve Study Assumptions below).

Stormwater pond dredging may or may not be required as some ponds accumulate large amounts of sediment and others do not. The Association's pond management contractor can take bathymetric measurements of pond sediment each year to track the accumulation. Based on their findings, the extent to which dredging is required in the frequency of it can be determined.

In 2021, the Association undertook a major rejuvenation of the asphalt consisting of filling of all cracks, two coats of what appears to be a high-quality seal coating material, and necessary restriping of parking lines and directional markings. In view of this, we have extended the useful life of the paving an additional five years and have programmed the crack fill and seal coat operation to be done every 10 years, however, since the paving is now scheduled to be done in 2031, it will supersede the seal coat operation, and which will not occur again until 2041.

In 2022 the Association replaced all the shingle roofs using GAF Timberline HDZ shingles. The work was performed by Hershey Exteriors, a GAF certified roofing contractor. The shingle material carries a 50-year GAF manufacturer's warranty and a 25-year workmanship warranty on the installation is provided by Hershey Exteriors. Our experience indicates that the probable useful life of this roof system is 30 years, however, it could be longer or shorter depending on weather, exposure to sun, etc. we have used a 30-year useful life in our calculations.

The study includes two financial models:

Threshold Funding Model (TFM) is a cash flow model commonly used in the industry. It calculates the minimum annual contributions required for the Association to be adequately funded at all times.

Component Funding Model (CFM) is a conservative funding approach based on the concept of 100% fully funding rather than cash flow requirement funding. 100% fully funding means that at any given time, 100% of the funds needed for the replacement of each individual item are available in proportion to the remaining useful life of that item, which generally results in higher contribution requirements and higher account balances.

Both models are based on the following assumptions:

Reserve Study Assumptions

Effective Date of Study	January 1, 2023
Length of Study	30 years with 20 additional years*
Number of Units	109
Annual Interest Rate Earned on Reserves	1.0%
Tax Rate on Reserve Interest Income	30.00%
Annual Inflation Rate	3.00%
Beginning Reserve Account Balance**	\$91,018
Minimum Account Balance	\$20,000.00
Annual Increase in Reserve Requirement	3.00%

*Additional years should be calculated for any cash flow model to account for the fact that there is not an actual end date to the requirement for replacements. Otherwise the model would assume no requirement to accumulate funds beyond 30 years.

**Beginning Reserve Balance was calculated from the 7/31/23 balance sheet, which listed three asset accounts as “LTR” (Long Term Reserve) totaling \$135,417.05 less the \$44,399.33 for Balcony Repair that will be completed this year for a reserve balance of \$91,017.72

SUMMARY OF FINDINGS

Study Year 2023	Threshold Funding Model (cash flow)	Component Funding Model
Total Current Cost of Replacements	\$2,540,781.00	\$2,540,781.00
Annual Contribution Requirement for 2023	\$108,459.00	\$204,757.00
Annual Contribution Requirement Per Unit	\$995.04	\$1,878.51
3-year Average Annual Contribution Requirement	\$111,745.00	n/a
Three-year Average Annual Contrib. Req. per unit	\$1,025.19	n/a

Summary of Findings Notes:

1. Figures are for 2023. Full 30-year projections can be found on page 2-2 for Threshold Funding Model and page 2-5 for Component Funding Model.
2. Some Associations prefer a level payment for a period of years instead of an annual increase. A 3-year average contribution is an acceptable alternative and is statistically insignificant for the Threshold Funding Model.
3. The 3-year averaging is not recommended for the Component Funding Model since the contribution requirement does not fluctuate in a linear fashion.

The reserve study should be updated every third year for work completed, remaining lives, and budget pricing to recalculate the contribution requirement. **It is important to note that the models do not assume any delinquency. Contributions must be made on time in full.**

The Association also must bear in mind that the reserve fund is for regular, expected repairs and replacements only. It is not intended to fund unexpected or catastrophic losses. The Association must be diligent in insuring itself against acts of God, accidents, and other insurable events. We urge you to consult an insurance specialist in this regard.

Villas at Bay Crossing appears to be a well-managed community. The Community Manager and Association representatives appear engaged and sincerely interested in preserving and enhancing unit owners' investment in the community. We thank you for the privilege of serving you and look forward to a long association with Villa at Bay Crossing.

Submitted by: Robert C. Wheatley CAI RS # 309
Robert C. Wheatley

Date: August 15, 2023

Villas at Bay Crossing
Lewes, Delaware
Threshold Funding Model Summary

<i>Report Parameters</i>	
Report Date	August 15, 2023
Account Number	202318
Budget Year Beginning	January 1, 2023
Budget Year Ending	December 31, 2023
Total Units	109
Inflation	3.00%
Annual Assessment Increase	3.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2023 Beginning Balance	\$91,018

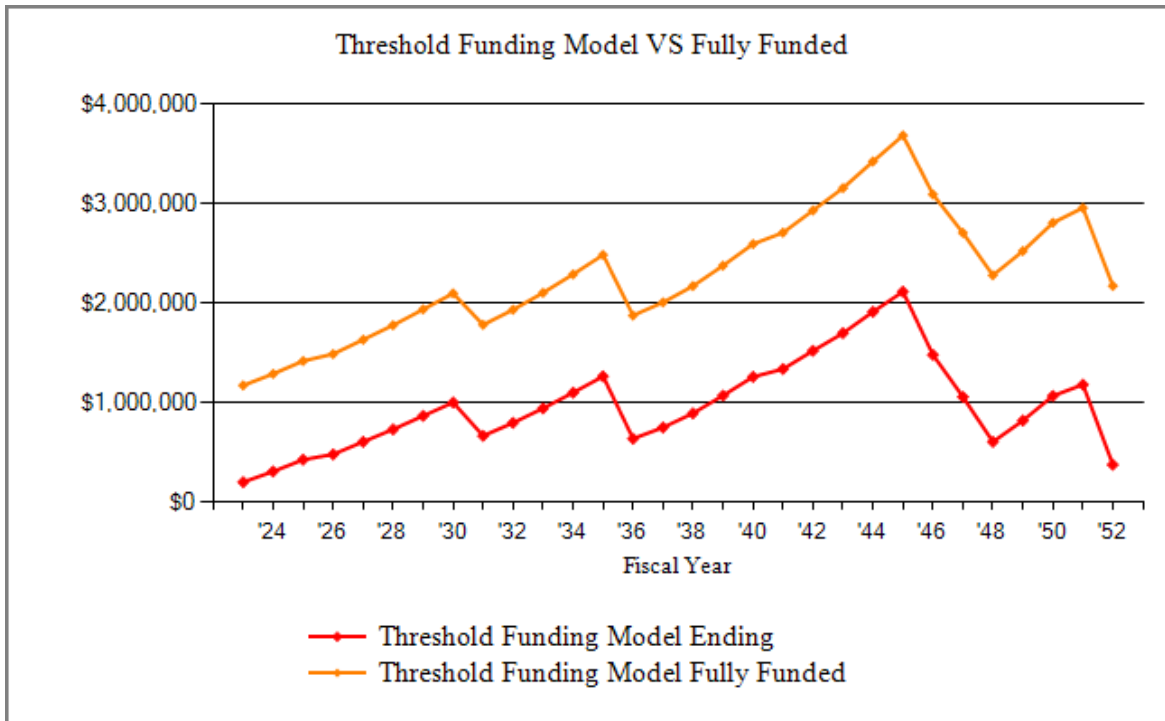
<i>Threshold Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$108,459.08
<i>\$995.04 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$1,396.34</u>
Total Annual Allocation to Reserves	\$109,855.42
<i>\$1,007.85 per unit annually</i>	

**Villas at Bay Crossing
Threshold Funding Model Projection**

Beginning Balance: \$91,018

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2023	2,540,781	108,459	1,396		200,873	1,172,195	17%
2024	2,617,004	111,713	2,138	7,210	307,514	1,288,392	24%
2025	2,695,514	115,064	2,958		425,536	1,418,154	30%
2026	2,776,380	118,516	3,334	67,802	479,584	1,487,648	32%
2027	2,859,671	122,072	4,212		605,868	1,631,967	37%
2028	2,945,461	125,734	5,081	5,796	730,886	1,777,635	41%
2029	3,033,825	129,506	6,023		866,414	1,936,725	45%
2030	3,124,840	133,391	6,955	6,272	1,000,488	2,097,299	48%
2031	3,218,585	137,393	4,628	476,806	665,702	1,781,309	37%
2032	3,315,143	141,514	5,536	16,310	796,443	1,933,516	41%
2033	3,414,597	145,760	6,548	6,720	942,032	2,103,635	45%
2034	3,517,035	150,133	7,645		1,099,810	2,289,349	48%
2035	3,622,546	154,637	8,781		1,263,228	2,484,312	51%
2036	3,731,222	159,276	4,429	789,722	637,211	1,875,500	34%
2037	3,843,159	164,054	5,212	56,722	749,755	2,007,315	37%
2038	3,958,454	168,976	6,202	32,717	892,215	2,171,829	41%
2039	4,077,207	174,045	7,444	2,888	1,070,815	2,376,141	45%
2040	4,199,523	179,266	8,751		1,258,832	2,593,822	49%
2041	4,325,509	184,644	9,294	115,777	1,336,994	2,707,713	49%
2042	4,455,274	190,184	10,569	17,272	1,520,475	2,931,464	52%
2043	4,588,933	195,889	11,798	30,884	1,697,278	3,155,718	54%
2044	4,726,601	201,766	13,293		1,912,337	3,423,554	56%
2045	4,868,399	207,819	14,703	19,736	2,115,123	3,684,292	57%
2046	5,014,451	214,053	10,283	860,144	1,479,316	3,092,583	48%
2047	5,164,884	220,475	7,348	650,026	1,057,114	2,705,464	39%
2048	5,319,831	227,089	4,210	682,822	605,591	2,279,461	27%
2049	5,479,425	233,902	5,694	26,095	819,092	2,522,991	32%
2050	5,643,808	240,919	7,420		1,067,431	2,806,765	38%
2051	5,813,122	248,147	8,205	143,479	1,180,303	2,957,511	40%
2052	5,987,516	255,591	2,616	1,062,238	376,271	2,172,889	17%

Villas at Bay Crossing
Threshold Funding Model & Fully Funded Comparison Chart



The **Threshold Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below \$0 or other predetermined threshold, during the period of time examined. All funds for planned reserve expenditures will be available on the first day of each fiscal year. The **Threshold Funding Model** allows the client to choose the level of conservative funding they desire by choosing the threshold dollar amount.

Villas at Bay Crossing
Lewes, Delaware
Component Funding Model Summary

<i>Report Parameters</i>	
Report Date	August 15, 2023
Account Number	202318
Budget Year Beginning	January 1, 2023
Budget Year Ending	December 31, 2023
Total Units	109
Inflation	3.00%
Interest Rate on Reserve Deposit	1.00%
Tax Rate on Interest	30.00%
2023 Beginning Balance	\$91,018

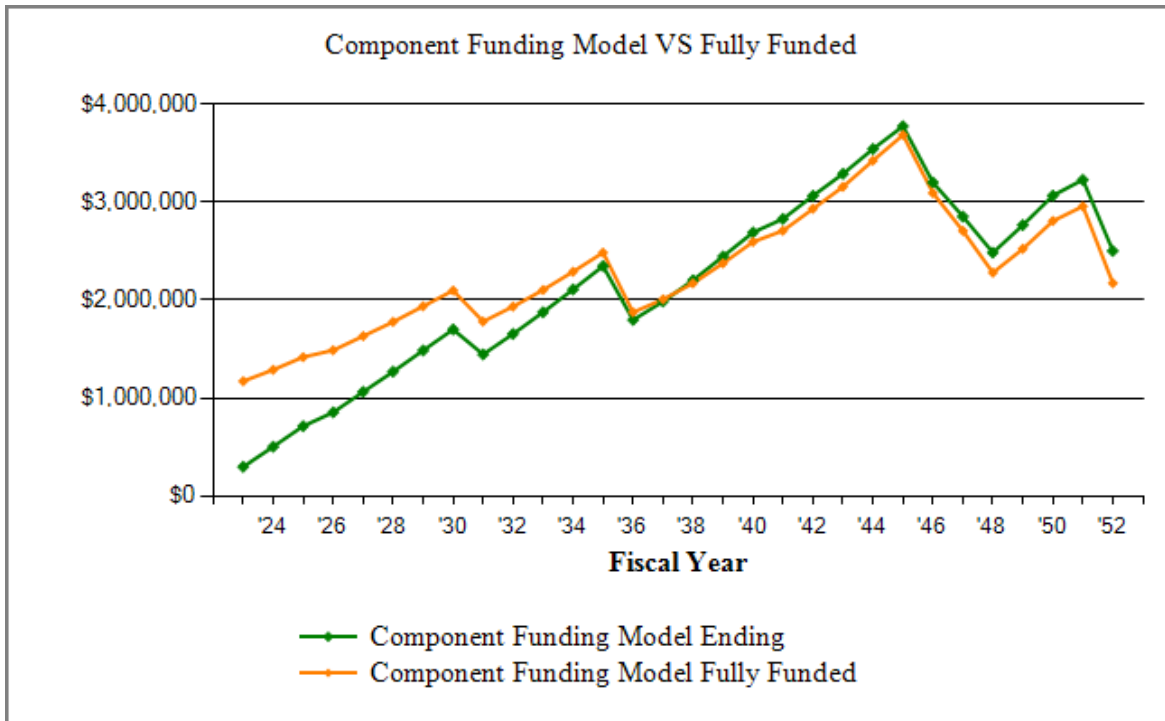
<i>Component Funding Model Summary of Calculations</i>	
Required Annual Contribution	\$204,757.15
<i>\$1,878.51 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$2,070.43</u>
Total Annual Allocation to Reserves	\$206,827.57
<i>\$1,897.50 per unit annually</i>	

**Villas at Bay Crossing
Component Funding Model Projection**

Beginning Balance: \$91,018

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2023	2,540,781	204,757	2,070		297,846	1,172,195	25%
2024	2,617,004	209,889	3,504	7,210	504,028	1,288,392	39%
2025	2,695,514	204,475	4,960		713,463	1,418,154	50%
2026	2,776,380	202,792	5,939	67,802	854,393	1,487,648	57%
2027	2,859,671	201,418	7,391		1,063,202	1,631,967	65%
2028	2,945,461	203,535	8,827	5,796	1,269,766	1,777,635	71%
2029	3,033,825	205,929	10,330		1,486,025	1,936,725	77%
2030	3,124,840	208,525	11,818	6,272	1,700,095	2,097,299	81%
2031	3,218,585	211,994	10,047	476,806	1,445,330	1,781,309	81%
2032	3,315,143	213,719	11,499	16,310	1,654,239	1,933,516	86%
2033	3,414,597	215,259	13,039	6,720	1,875,817	2,103,635	89%
2034	3,517,035	218,296	14,659		2,108,772	2,289,349	92%
2035	3,622,546	221,674	16,313		2,346,759	2,484,312	94%
2036	3,731,222	227,739	12,493	789,722	1,797,269	1,875,500	96%
2037	3,843,159	231,168	13,802	56,722	1,985,517	2,007,315	99%
2038	3,958,454	234,284	15,310	32,717	2,202,393	2,171,829	101%
2039	4,077,207	228,477	16,996	2,888	2,444,977	2,376,141	103%
2040	4,199,523	226,419	18,700		2,690,097	2,593,822	104%
2041	4,325,509	234,401	19,661	115,777	2,828,382	2,707,713	104%
2042	4,455,274	231,887	21,301	17,272	3,064,298	2,931,464	105%
2043	4,588,933	232,498	22,861	30,884	3,288,773	3,155,718	104%
2044	4,726,601	228,798	24,623		3,542,194	3,423,554	103%
2045	4,868,399	225,829	26,238	19,736	3,774,525	3,684,292	102%
2046	5,014,451	263,708	22,247	860,144	3,200,336	3,092,583	103%
2047	5,164,884	282,001	19,826	650,026	2,852,137	2,705,464	105%
2048	5,319,831	297,337	17,267	682,822	2,483,919	2,279,461	109%
2049	5,479,425	288,214	19,222	26,095	2,765,261	2,522,991	110%
2050	5,643,808	279,735	21,315		3,066,311	2,806,765	109%
2051	5,813,122	282,633	22,438	143,479	3,227,902	2,957,511	109%
2052	5,987,516	318,158	17,387	1,062,238	2,501,209	2,172,889	115%

**Villas at Bay Crossing
Component Funding Model & Fully Funded Comparison Chart**



The **Component Funding Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model.

Villas at Bay Crossing
Component Funding Model Assessment & Category Summary

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Streets/Asphalt							
Access Road (31.5%) Asphalt Paving - Over..	2031	25	0	8	17,807	12,109	12,109
Asphalt Paving - Overlay	2031	25	0	8	323,400	3,777	219,912
Asphalt Paving - Seal Coat	2041	10	0	18	51,744	0	5,174
Streets/Asphalt - Total					\$392,951	\$15,886	\$237,195
Fencing/Security							
Perimeter Fence - PVC 8'	2036	30	0	13	56,994	0	32,297
Fencing/Security - Total					\$56,994		\$32,297
Recreation/Pool							
Swimming Pool - Concrete Deck	2036	30	0	13	37,352	0	21,166
Swimming Pool - Coping	2026	20	0	3	7,632	6,487	6,487
Swimming Pool - Filter	2026	10	0	3	2,600	1,820	1,820
Swimming Pool - Furniture	2028	5	0	5	5,000	0	0
Swimming Pool - Ladders, Rails	2026	15	5	3	7,500	6,375	6,375
Swimming Pool - Perimeter Fence	2036	30	0	13	13,200	0	7,480
Swimming Pool - Pool Cover	2026	5	10	3	7,762	6,210	6,210
Swimming Pool - Pump	2026	10	10	3	2,500	2,125	2,125
Swimming Pool - Structure		<i>Unfunded</i>					
Swimming Pool - Waterline Tile	2026	10	10	3	7,685	6,532	6,532
Swimming Pool - Whitecoat	2026	10	10	3	18,889	16,055	16,055
Recreation/Pool - Total					\$110,120	\$45,605	\$74,251
Building Components							
Balcony Deck Restoration		<i>Unfunded</i>					
Bird/ Rodent Control Allowance	2032	10	0	9	8,500	0	850
Condominiums - Corridor Decking	2036	30	0	13	178,080	0	100,912
Condominiums - Corridor Structure		<i>Unfunded</i>					
Condominiums - Domestic Water Piping - R..		<i>Unfunded</i>					
Condominiums - Emergency Lights	2031	25	0	8	4,500	3,060	3,060
Condominiums - Exit Lights	2031	25	0	8	2,430	1,652	1,652
Condominiums - Exterior Door/Ceiling Lig..	2038	20	0	15	10,800	0	2,700
Condominiums - Fire Alarm	2036	30	0	13	15,600	0	8,840
Condominiums - Railings	2036	30	0	13	65,520	0	37,128
Condominiums - Shutters - pair - Phase1	2046	40	0	23	15,000	0	6,375
Condominiums - Shutters - pair - Phase2	2047	40	1	24	15,000	0	6,220
Condominiums - Shutters - pair - Phase3	2048	40	2	25	15,000	0	6,071
Condominiums - Stair Treads	2036	30	0	13	48,360	0	27,404
Condominiums - Trim and Soffit - Phase1	2046	40	0	23	68,852	0	29,262
Condominiums - Trim and Soffit - Phase2	2047	40	1	24	68,852	0	28,548
Condominiums - Trim and Soffit - Phase3	2048	40	2	25	68,852	0	27,869
Condominiums - Unit Decks - Railings	2036	30	0	13	37,440	0	21,216
Condominiums - Unit Decks - Structure		<i>Unfunded</i>					
Condominiums - Unit Decks - Vinyl Deck ..	2036	30	0	13	37,800	0	21,420

Villas at Bay Crossing
Component Funding Model Assessment & Category Summary

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
<i>Building Components continued...</i>							
Condominiums - Unit Decks - Vinyl Deck ..	2053	30	0	30	19,800	0	0
Condominiums - Vinyl Siding - Phase1	2046	40	0	23	120,020	0	51,008
Condominiums - Vinyl Siding - Phase2	2047	40	1	24	120,020	0	49,764
Condominiums - Vinyl Siding - Phase3	2048	40	2	25	120,020	0	48,580
Condominiums Shingle Roof Replacement	2052	30	0	29	200,287	0	6,676
Pool House - Ceramic Tile	2051	45	0	28	2,205	0	833
Pool House - Emergency Lights	2026	20	0	3	310	263	263
Pool House - Exterior Doors	2026	20	0	3	1,900	1,615	1,615
Pool House - Exterior Lights	2026	20	0	3	450	382	382
Pool House - Fan/Light Combo	2026	20	0	3	320	272	272
Pool House - Fluorescent Lights	2036	30	0	13	400	0	227
Pool House - Hot Water Heater	2024	15	3	1	1,800	1,700	1,700
Pool House - Key Entry System	2026	5	0	3	1,000	400	400
Pool House - Roof Shingles	2031	25	0	8	2,995	2,036	2,036
Pool House - Shower	2026	20	0	3	1,000	850	850
Pool House - Toilets	2036	30	0	13	850	0	482
Pool House - Trim and Soffit	2046	40	0	23	1,134	0	482
Pool House - Vinyl Siding	2046	40	0	23	5,712	0	2,428
Pool House - Wash Basin	2036	30	0	13	650	0	368
Pool House - Windows	2036	30	0	13	1,080	0	612
Villas Type 1 - Roof Shingles	2052	30	0	29	132,977	0	4,433
Villas Type 1 - Vinyl Siding - Phase1	2046	40	0	23	48,968	0	20,812
Villas Type 1 - Vinyl Siding - Phase2	2047	40	1	24	48,968	0	20,304
Villas Type 1 - Vinyl Siding - Phase3	2048	40	2	25	48,968	0	19,821
Villas Type 2 - Roof Shingles	2052	30	0	29	99,792	0	3,326
Villas Type 2 - Vinyl Siding - Phase1	2046	40	0	23	66,929	0	28,445
Villas Type 2 - Vinyl Siding - Phase2	2047	40	1	24	66,929	0	27,751
Villas Type 2 - Vinyl Siding - Phase3	2048	40	2	25	<u>66,929</u>	<u>0</u>	<u>27,090</u>
Building Components - Total					\$1,843,001	\$12,232	\$650,488
Grounds Components							
Access Road (31.5%) Concrete Curbs - 6%	2043	6	24	20	3,800	0	1,267
Aerators/Pumps	2024	7	5	1	5,200	4,767	4,767
Bulletin Boards at Mailboxes	2030	15	0	7	5,100	2,720	2,720
Concrete Curbs - 6%	2043	6	24	20	8,300	0	2,767
Concrete Sidewalk - 6%	2042	6	24	19	1,350	0	495
Domestic Water - Mains - 10%		<i>Unfunded</i>					
Dumpster Enclosures	2037	20	0	14	37,500	0	11,250
Irrigation System	2032	20	0	9	4,000	0	2,200
Sanitary sewer - Mains - 10%		<i>Unfunded</i>					
Storm Water - Structure and Pipe (10%)		<i>Unfunded</i>					
Storm Water Ponds (2) - Dredging		<i>Unfunded</i>					
Well Pump/Control	2026	20	0	3	<u>2,500</u>	<u>2,125</u>	<u>2,125</u>
Grounds Components - Total					\$67,750	\$9,612	\$27,590

Villas at Bay Crossing
Component Funding Model Assessment & Category Summary

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
Gutters and Downspouts							
Condominiums - Gutter and Downspouts	2046	40	0	23	25,593	0	10,877
Pool House - Gutter and Downspout	2046	40	0	23	875	0	372
Villas Type 1 - Gutter and Downspout	2046	40	0	23	17,328	0	7,364
Villas Type 2 - Gutter and Downspout	2046	40	0	23	<u>10,868</u>	0	<u>4,619</u>
Gutters and Downspouts - Total					\$54,664		\$23,232
Doors							
Condominiums - Utility Doors	2031	25	0	8	<u>5,700</u>	<u>3,876</u>	<u>3,876</u>
Doors - Total					\$5,700	\$3,876	\$3,876
Mailboxes							
Mailboxes	2036	30	0	13	<u>4,000</u>	0	<u>2,267</u>
Mailboxes - Total					\$4,000		\$2,267
Signs							
Access Road (31.5%) Entry Sign	2031	25	0	8	2,800	1,904	1,904
Entry Sign	2031	25	0	8	<u>2,800</u>	<u>1,904</u>	<u>1,904</u>
Signs - Total					\$5,600	\$3,808	\$3,808
Total Asset Summary					<u>\$2,540,781</u>	<u>\$91,018</u>	<u>\$1,055,004</u>

Percent Fully Funded	9%
Current Average Liability per Unit (Total Units: 109)	-\$8,844

Villas at Bay Crossing
Distribution of Accumulated Reserves

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Swimming Pool - Furniture	5	2028		
Condominiums - Unit Decks - Vinyl Deck M..	30	2053		
Concrete Sidewalk - 6%	19	2042		495
Pool House - Hot Water Heater	1	2024	1,700	1,700
Access Road (31.5%) Concrete Curbs - 6%	20	2043		1,267
Concrete Curbs - 6%	20	2043		2,767
Pool House - Key Entry System	3	2026	400	400
Condominiums - Exit Lights	8	2031	1,652	1,652
Swimming Pool - Pump	3	2026	2,125	2,125
Swimming Pool - Filter	3	2026	1,820	1,820
Access Road (31.5%) Entry Sign	8	2031	1,904	1,904
Entry Sign	8	2031	1,904	1,904
Pool House - Roof Shingles	8	2031	2,036	2,036
Condominiums - Emergency Lights	8	2031	3,060	3,060
Condominiums - Utility Doors	8	2031	3,876	3,876
Swimming Pool - Ladders, Rails	3	2026	6,375	6,375
Swimming Pool - Waterline Tile	3	2026	6,532	6,532
Swimming Pool - Pool Cover	3	2026	6,210	6,210
Access Road (31.5%) Asphalt Paving - Overl..	8	2031	12,109	12,109
Swimming Pool - Whitecoat	3	2026	16,055	16,055
Asphalt Paving - Overlay	8	2031	* 3,777	219,912
Dumpster Enclosures	14	2037		11,250
Condominiums - Exterior Door/Ceiling Lights	15	2038		2,700
Aerators/Pumps	1	2024	4,767	4,767
Bulletin Boards at Mailboxes	7	2030	2,720	2,720
Asphalt Paving - Seal Coat	18	2041		5,174
Bird/ Rodent Control Allowance	9	2032		850
Pool House - Emergency Lights	3	2026	263	263
Pool House - Fan/Light Combo	3	2026	272	272
Pool House - Flourescent Lights	13	2036		227
Pool House - Exterior Lights	3	2026	382	382
Pool House - Wash Basin	13	2036		368
Pool House - Toilets	13	2036		482
Pool House - Shower	3	2026	850	850
Pool House - Windows	13	2036		612
Pool House - Exterior Doors	3	2026	1,615	1,615
Well Pump/Control	3	2026	2,125	2,125
Mailboxes	13	2036		2,267
Swimming Pool - Coping	3	2026	6,487	6,487
Swimming Pool - Perimeter Fence	13	2036		7,480

**Villas at Bay Crossing
Distribution of Accumulated Reserves**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Condominiums - Fire Alarm	13	2036		8,840
Swimming Pool - Concrete Deck	13	2036		21,166
Condominiums - Unit Decks - Railings	13	2036		21,216
Condominiums - Unit Decks - Vinyl Deck M..	13	2036		21,420
Condominiums - Stair Treads	13	2036		27,404
Perimeter Fence - PVC 8'	13	2036		32,297
Condominiums - Railings	13	2036		37,128
Condominiums - Corridor Decking	13	2036		100,912
Irrigation System	9	2032		2,200
Villas Type 2 - Roof Shingles	29	2052		3,326
Villas Type 1 - Roof Shingles	29	2052		4,433
Condominiums Shingle Roof Replacement	29	2052		6,676
Pool House - Gutter and Downspout	23	2046		372
Pool House - Trim and Soffit	23	2046		482
Pool House - Vinyl Siding	23	2046		2,428
Villas Type 2 - Gutter and Downspout	23	2046		4,619
Condominiums - Shutters - pair - Phase1	23	2046		6,375
Villas Type 1 - Gutter and Downspout	23	2046		7,364
Condominiums - Gutter and Downspouts	23	2046		10,877
Villas Type 1 - Vinyl Siding - Phase1	23	2046		20,812
Villas Type 2 - Vinyl Siding - Phase1	23	2046		28,445
Condominiums - Trim and Soffit - Phase1	23	2046		29,262
Condominiums - Vinyl Siding - Phase1	23	2046		51,008
Condominiums - Shutters - pair - Phase2	24	2047		6,220
Villas Type 1 - Vinyl Siding - Phase2	24	2047		20,304
Villas Type 2 - Vinyl Siding - Phase2	24	2047		27,751
Condominiums - Trim and Soffit - Phase2	24	2047		28,548
Condominiums - Vinyl Siding - Phase2	24	2047		49,764
Condominiums - Shutters - pair - Phase3	25	2048		6,071
Villas Type 1 - Vinyl Siding - Phase3	25	2048		19,821
Villas Type 2 - Vinyl Siding - Phase3	25	2048		27,090
Condominiums - Trim and Soffit - Phase3	25	2048		27,869
Condominiums - Vinyl Siding - Phase3	25	2048		48,580
Pool House - Ceramic Tile	28	2051		833
Balcony Deck Restoration		Unfunded		
Storm Water Ponds (2) - Dredging		Unfunded		
Storm Water - Structure and Pipe (10%)		Unfunded		
Sanitary sewer - Mains - 10%		Unfunded		
Domestic Water - Mains - 10%		Unfunded		
Swimming Pool - Structure		Unfunded		

Villas at Bay Crossing
Distribution of Accumulated Reserves

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Condominiums - Unit Decks - Structure		Unfunded		
Condominiums - Corridor Structure		Unfunded		
Condominiums - Domestic Water Piping - R..		Unfunded		
Total Asset Summary			<u>\$91,018</u>	<u>\$1,055,004</u>

Percent Fully Funded	9%
Current Average Liability per Unit (Total Units: 109)	-\$8,844

*'**' Indicates Partially Funded*

**Villas at Bay Crossing
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2023</i>	
Replacement Year 2024	
Building Components	
Pool House - Hot Water Heater	1,854
Grounds Components	
Aerators/Pumps	5,356
Total for 2024	\$7,210
<i>No Replacement in 2025</i>	
Replacement Year 2026	
Recreation/Pool	
Swimming Pool - Coping	8,340
Swimming Pool - Filter	2,841
Swimming Pool - Ladders, Rails	8,195
Swimming Pool - Pool Cover	8,482
Swimming Pool - Pump	2,732
Swimming Pool - Waterline Tile	8,398
Swimming Pool - Whitecoat	20,640
Building Components	
Pool House - Emergency Lights	339
Pool House - Exterior Doors	2,076
Pool House - Exterior Lights	492
Pool House - Fan/Light Combo	350
Pool House - Key Entry System	1,093
Pool House - Shower	1,093
Grounds Components	
Well Pump/Control	2,732
Total for 2026	\$67,802
<i>No Replacement in 2027</i>	
Replacement Year 2028	
Recreation/Pool	
Swimming Pool - Furniture	5,796
Total for 2028	\$5,796

**Villas at Bay Crossing
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2029</i>	
Replacement Year 2030	
Grounds Components	
Bulletin Boards at Mailboxes	6,272
Total for 2030	\$6,272
Replacement Year 2031	
Streets/Asphalt	
Access Road (31.5%) Asphalt Paving - Overlay	22,558
Asphalt Paving - Overlay	409,673
Recreation/Pool	
Swimming Pool - Pool Cover	9,833
Building Components	
Condominiums - Emergency Lights	5,700
Condominiums - Exit Lights	3,078
Pool House - Key Entry System	1,267
Pool House - Roof Shingles	3,794
Grounds Components	
Aerators/Pumps	6,587
Doors	
Condominiums - Utility Doors	7,221
Signs	
Access Road (31.5%) Entry Sign	3,547
Entry Sign	3,547
Total for 2031	\$476,806
Replacement Year 2032	
Building Components	
Bird/ Rodent Control Allowance	11,091
Grounds Components	
Irrigation System	5,219
Total for 2032	\$16,310
Replacement Year 2033	
Recreation/Pool	
Swimming Pool - Furniture	6,720
Total for 2033	\$6,720

**Villas at Bay Crossing
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2034</i>	
<i>No Replacement in 2035</i>	
Replacement Year 2036	
Fencing/Security	
Perimeter Fence - PVC 8'	83,698
Recreation/Pool	
Swimming Pool - Concrete Deck	54,853
Swimming Pool - Filter	3,818
Swimming Pool - Perimeter Fence	19,385
Swimming Pool - Pool Cover	11,399
Swimming Pool - Pump	3,671
Swimming Pool - Waterline Tile	11,286
Swimming Pool - Whitecoat	27,739
Building Components	
Condominiums - Corridor Decking	261,516
Condominiums - Fire Alarm	22,909
Condominiums - Railings	96,218
Condominiums - Stair Treads	71,018
Condominiums - Unit Decks - Railings	54,982
Condominiums - Unit Decks - Vinyl Deck Mem.	55,511
Pool House - Flourescent Lights	587
Pool House - Key Entry System	1,469
Pool House - Toilets	1,248
Pool House - Wash Basin	955
Pool House - Windows	1,586
Mailboxes	
Mailboxes	5,874
Total for 2036	\$789,722
Replacement Year 2037	
Grounds Components	
Dumpster Enclosures	56,722
Total for 2037	\$56,722
Replacement Year 2038	
Recreation/Pool	
Swimming Pool - Furniture	7,790

**Villas at Bay Crossing
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2038 continued...</i>	
Building Components	
Condominiums - Exterior Door/Ceiling Lights	16,826
Grounds Components	
Aerators/Pumps	8,101
Total for 2038	\$32,717
 Replacement Year 2039	
Building Components	
Pool House - Hot Water Heater	2,888
Total for 2039	\$2,888
 <i>No Replacement in 2040</i>	
 Replacement Year 2041	
Streets/Asphalt	
Asphalt Paving - Seal Coat	88,091
Recreation/Pool	
Swimming Pool - Ladders, Rails	12,768
Swimming Pool - Pool Cover	13,215
Building Components	
Pool House - Key Entry System	1,702
Total for 2041	\$115,777
 Replacement Year 2042	
Building Components	
Bird/ Rodent Control Allowance	14,905
Grounds Components	
Concrete Sidewalk - 6%	2,367
Total for 2042	\$17,272
 Replacement Year 2043	
Recreation/Pool	
Swimming Pool - Furniture	9,031
Grounds Components	
Access Road (31.5%) Concrete Curbs - 6%	6,863

**Villas at Bay Crossing
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2043 continued...</i>	
Concrete Curbs - 6%	14,991
Total for 2043	\$30,884
<i>No Replacement in 2044</i>	
Replacement Year 2045	
Grounds Components	
Aerators/Pumps	9,964
Bulletin Boards at Mailboxes	9,772
Total for 2045	\$19,736
Replacement Year 2046	
Recreation/Pool	
Swimming Pool - Coping	15,062
Swimming Pool - Filter	5,131
Swimming Pool - Pool Cover	15,320
Swimming Pool - Pump	4,934
Swimming Pool - Waterline Tile	15,167
Swimming Pool - Whitecoat	37,279
Building Components	
Condominiums - Shutters - pair - Phase1	29,604
Condominiums - Trim and Soffit - Phase1	135,885
Condominiums - Vinyl Siding - Phase1	236,870
Pool House - Emergency Lights	612
Pool House - Exterior Doors	3,750
Pool House - Exterior Lights	888
Pool House - Fan/Light Combo	632
Pool House - Key Entry System	1,974
Pool House - Shower	1,974
Pool House - Trim and Soffit	2,238
Pool House - Vinyl Siding	11,273
Villas Type 1 - Vinyl Siding - Phase1	96,644
Villas Type 2 - Vinyl Siding - Phase1	132,090
Grounds Components	
Well Pump/Control	4,934

**Villas at Bay Crossing
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2046 continued...</i>	
Gutters and Downspouts	
Condominiums - Gutter and Downspouts	50,510
Pool House - Gutter and Downspout	1,727
Villas Type 1 - Gutter and Downspout	34,198
Villas Type 2 - Gutter and Downspout	21,449
Total for 2046	\$860,144
Replacement Year 2047	
Building Components	
Condominiums - Shutters - pair - Phase2	30,492
Condominiums - Trim and Soffit - Phase2	139,962
Condominiums - Vinyl Siding - Phase2	243,976
Villas Type 1 - Vinyl Siding - Phase2	99,543
Villas Type 2 - Vinyl Siding - Phase2	136,053
Total for 2047	\$650,026
Replacement Year 2048	
Recreation/Pool	
Swimming Pool - Furniture	10,469
Building Components	
Condominiums - Shutters - pair - Phase3	31,407
Condominiums - Trim and Soffit - Phase3	144,161
Condominiums - Vinyl Siding - Phase3	251,295
Villas Type 1 - Vinyl Siding - Phase3	102,529
Villas Type 2 - Vinyl Siding - Phase3	140,134
Grounds Components	
Concrete Sidewalk - 6%	2,827
Total for 2048	\$682,822
Replacement Year 2049	
Grounds Components	
Access Road (31.5%) Concrete Curbs - 6%	8,195
Concrete Curbs - 6%	17,900
Total for 2049	\$26,095

**Villas at Bay Crossing
Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2050</i>	
Replacement Year 2051	
Streets/Asphalt	
Asphalt Paving - Seal Coat	118,387
Recreation/Pool	
Swimming Pool - Pool Cover	17,760
Building Components	
Pool House - Ceramic Tile	5,045
Pool House - Key Entry System	2,288
Total for 2051	\$143,479
Replacement Year 2052	
Building Components	
Bird/ Rodent Control Allowance	20,031
Condominiums Shingle Roof Replacement	471,991
Villas Type 1 - Roof Shingles	313,370
Villas Type 2 - Roof Shingles	235,166
Grounds Components	
Aerators/Pumps	12,254
Irrigation System	9,426
Total for 2052	\$1,062,238

**Villas at Bay Crossing
Asset Summary Report**

Description	Asset ID	Next Replacement	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
Streets/Asphalt									
Access Road (31.5%) Asphalt Paving..	1016	2031	17,807	25	0	8	22,558	7123 @	2.50
Asphalt Paving - Overlay	1002	2031	323,400	25	0	8	409,673	129360 @	2.50
Asphalt Paving - Seal Coat	1001	2041	51,744	10	0	18	88,091	129360 @	0.40
Fencing/Security									
Perimeter Fence - PVC 8'	1007	2036	56,994	30	0	13	83,698	1239 @	46.00
Recreation/Pool									
Swimming Pool - Concrete Deck	1064	2036	37,352	30	0	13	54,853	2668 @	14.00
Swimming Pool - Coping	1061	2026	7,632	20	0	3	8,340	144 @	53.00
Swimming Pool - Filter	1066	2026	2,600	10	0	3	2,841	1 @	2,600.00
Swimming Pool - Furniture	1067	2028	5,000	5	0	5	5,796	1 @	5,000.00
Swimming Pool - Ladders, Rails	1063	2026	7,500	15	5	3	8,195	3 @	2,500.00
Swimming Pool - Perimeter Fence	1068	2036	13,200	30	0	13	19,385	240 @	55.00
Swimming Pool - Pool Cover	1062	2026	7,762	5	10	3	8,482	1035 @	7.50
Swimming Pool - Pump	1065	2026	2,500	10	10	3	2,732	1 @	2,500.00
Swimming Pool - Structure	1058	<i>Unfunded</i>							
Swimming Pool - Waterline Tile	1060	2026	7,685	10	10	3	8,398	145 @	53.00
Swimming Pool - Whitecoat	1059	2026	18,889	10	10	3	20,640	1035 @	18.25
Building Components									
Balcony Deck Restoration	1072	<i>Unfunded</i>							
Bird/ Rodent Control Allowance	1069	2032	8,500	10	0	9	11,091	1 @	8,500.00
Condominiums - Corridor Decking	1024	2036	178,080	30	0	13	261,516	8904 @	20.00
Condominiums - Corridor Structure	1025	<i>Unfunded</i>							
Condominiums - Domestic Water Pip..	1035	<i>Unfunded</i>							
Condominiums - Emergency Lights	1032	2031	4,500	25	0	8	5,700	30 @	150.00
Condominiums - Exit Lights	1033	2031	2,430	25	0	8	3,078	18 @	135.00
Condominiums - Exterior Door/Ceili..	1031	2038	10,800	20	0	15	16,826	3 @	3,600.00
Condominiums - Fire Alarm	1034	2036	15,600	30	0	13	22,909	3 @	5,200.00
Condominiums - Railings	1026	2036	65,520	30	0	13	96,218	1008 @	65.00
Condominiums - Shutters - pair - Ph..	1021	2046	15,000	40	0	23	29,604	180 @	250.00
Condominiums - Shutters - pair - Ph..	1021	2047	15,000	40	1	24	30,492	180 @	250.00
Condominiums - Shutters - pair - Ph..	1021	2048	15,000	40	2	25	31,407	180 @	250.00
Condominiums - Stair Treads	1027	2036	48,360	30	0	13	71,018	372 @	130.00
Condominiums - Trim and Soffit - P..	1022	2046	68,852	40	0	23	135,885	14754 @	14.00
Condominiums - Trim and Soffit - P..	1022	2047	68,852	40	1	24	139,962	14754 @	14.00
Condominiums - Trim and Soffit - P..	1022	2048	68,852	40	2	25	144,161	14754 @	14.00
Condominiums - Unit Decks - Railings	1030	2036	37,440	30	0	13	54,982	576 @	65.00
Condominiums - Unit Decks - Struct..	1029	<i>Unfunded</i>							
Condominiums - Unit Decks - Vinyl ..	1028	2036	37,800	30	0	13	55,511	21 @	1,800.00
Condominiums - Unit Decks - Vinyl ..	1073	2053	19,800	30	0	30	48,060	11 @	1,800.00
Condominiums - Vinyl Siding - Phase1	1020	2046	120,020	40	0	23	236,870	42360 @	8.50
Condominiums - Vinyl Siding - Phase2	1020	2047	120,020	40	1	24	243,976	42360 @	8.50

**Villas at Bay Crossing
Asset Summary Report**

Description	Asset ID	Next Replacement	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
<i>Building Components continued...</i>									
Condominiums - Vinyl Siding - Phase3	1020	2048	120,020	40	2	25	251,295	42360 @	8.50
Condominiums Shingle Roof Replace..	1018	2052	200,287	30	0	29	471,991	38150 @	5.25
Pool House - Ceramic Tile	1048	2051	2,205	45	0	28	5,045	49 @	45.00
Pool House - Emergency Lights	1056	2026	310	20	0	3	339	2 @	155.00
Pool House - Exterior Doors	1046	2026	1,900	20	0	3	2,076	2 @	950.00
Pool House - Exterior Lights	1053	2026	450	20	0	3	492	3 @	150.00
Pool House - Fan/Light Combo	1055	2026	320	20	0	3	350	1 @	320.00
Pool House - Fluorescent Lights	1054	2036	400	30	0	13	587	2 @	200.00
Pool House - Hot Water Heater	1051	2024	1,800	15	3	1	1,854	1 @	1,800.00
Pool House - Key Entry System	1057	2026	1,000	5	0	3	1,093	1 @	1,000.00
Pool House - Roof Shingles	1042	2031	2,995	25	0	8	3,794	363 @	8.25
Pool House - Shower	1052	2026	1,000	20	0	3	1,093	1 @	1,000.00
Pool House - Toilets	1049	2036	850	30	0	13	1,248	1 @	850.00
Pool House - Trim and Soffit	1045	2046	1,134	40	0	23	2,238	84 @	13.50
Pool House - Vinyl Siding	1044	2046	5,712	40	0	23	11,273	672 @	8.50
Pool House - Wash Basin	1050	2036	650	30	0	13	955	1 @	650.00
Pool House - Windows	1047	2036	1,080	30	0	13	1,586	3 @	360.00
Villas Type 1 - Roof Shingles	1036	2052	132,977	30	0	29	313,370	25329 @	5.25
Villas Type 1 - Vinyl Siding - Phase1	1038	2046	48,968	40	0	23	96,644	17283 @	8.50
Villas Type 1 - Vinyl Siding - Phase2	1038	2047	48,968	40	1	24	99,543	17283 @	8.50
Villas Type 1 - Vinyl Siding - Phase3	1038	2048	48,968	40	2	25	102,529	17283 @	8.50
Villas Type 2 - Roof Shingles	1039	2052	99,792	30	0	29	235,166	19008 @	5.25
Villas Type 2 - Vinyl Siding - Phase1	1041	2046	66,929	40	0	23	132,090	23622 @	8.50
Villas Type 2 - Vinyl Siding - Phase2	1041	2047	66,929	40	1	24	136,053	23622 @	8.50
Villas Type 2 - Vinyl Siding - Phase3	1041	2048	66,929	40	2	25	140,134	23622 @	8.50
Grounds Components									
Access Road (31.5%) Concrete Curb..	1015	2043	3,800	6	24	20	6,863	76 @	50.00
Aerators/Pumps	1006	2024	5,200	7	5	1	5,356	2 @	2,600.00
Bulletin Boards at Mailboxes	1071	2030	5,100	15	0	7	6,272	3 @	1,700.00
Concrete Curbs - 6%	1014	2043	8,300	6	24	20	14,991	166 @	50.00
Concrete Sidewalk - 6%	1013	2042	1,350	6	24	19	2,367	100 @	13.50
Domestic Water - Mains - 10%	1008	<i>Unfunded</i>							
Dumpster Enclosures	1070	2037	37,500	20	0	14	56,722	5 @	7,500.00
Irrigation System	1011	2032	4,000	20	0	9	5,219	1 @	4,000.00
Sanitary sewer - Mains - 10%	1009	<i>Unfunded</i>							
Storm Water - Structure and Pipe (1..	1010	<i>Unfunded</i>							
Storm Water Ponds (2) - Dredging	1005	<i>Unfunded</i>							
Well Pump/Control	1012	2026	2,500	20	0	3	2,732	1 @	2,500.00
Gutters and Downspouts									
Condominiums - Gutter and Downsp..	1019	2046	25,593	40	0	23	50,510	2694 @	9.50
Pool House - Gutter and Downspout	1043	2046	875	40	0	23	1,727	100 @	8.75

**Villas at Bay Crossing
Asset Summary Report**

Description	Asset ID	Next Replacement	Current Cost	Useful Life	Adjustment	Remaining	Future Cost	Quantity	Unit Cost
<i>Gutters and Downspouts continued...</i>									
Villas Type 1 - Gutter and Downspout	1037	2046	17,328	40	0	23	34,198	1824 @	9.50
Villas Type 2 - Gutter and Downspout	1040	2046	10,868	40	0	23	21,449	1144 @	9.50
Doors									
Condominiums - Utility Doors	1023	2031	5,700	25	0	8	7,221	6 @	950.00
Mailboxes									
Mailboxes	1003	2036	4,000	30	0	13	5,874	1 @	4,000.00
Signs									
Access Road (31.5%) Entry Sign	1017	2031	2,800	25	0	8	3,547	1 @	2,800.00
Entry Sign	1004	2031	2,800	25	0	8	3,547	1 @	2,800.00

**Villas at Bay Crossing
Detail Report by Category**

Access Road (31.5%) Asphalt Paving - Overlay - 2031

Asset ID	1016	7,123 square feet	@ \$2.50
		Asset Actual Cost	\$17,807.50
Access Road (31.5%)		Percent Replacement	100%
Category	Streets/Asphalt	Future Cost	\$22,558.01
Placed in Service	January 2006	Assigned Reserves	\$12,109.10
Useful Life	25		
Replacement Year	2031	Annual Assessment	\$539.77
Remaining Life	8	Interest Contribution	<u>\$93.03</u>
		Reserve Allocation	\$632.80

Mill 2" of existing asphalt and replace with 2" of new

Asphalt Paving - Overlay - 2031

Asset ID	1002	129,360 square feet	@ \$2.50
		Asset Actual Cost	\$323,400.00
Site Components		Percent Replacement	100%
Category	Streets/Asphalt	Future Cost	\$409,673.44
Placed in Service	January 2006	Assigned Reserves	\$3,776.52
Useful Life	25		
Replacement Year	2031	Annual Assessment	\$22,449.65
Remaining Life	8	Interest Contribution	<u>\$370.39</u>
		Reserve Allocation	\$22,820.05

Mill 2" of existing asphalt and replace with 2" of new

Asphalt Paving - Seal Coat - 2041

Asset ID	1001	129,360 square feet	@ \$0.40
		Asset Actual Cost	\$51,744.00
Site Components		Percent Replacement	100%
Category	Streets/Asphalt	Future Cost	\$88,090.70
Placed in Service	January 2021	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2041	Annual Assessment	\$2,091.21
Remaining Life	18	Interest Contribution	<u>\$32.04</u>
		Reserve Allocation	\$2,123.25

Crackfill, sealcoat two coats, restripe

Streets/Asphalt - Total Current Cost	\$392,951
Assigned Reserves	\$15,886
Fully Funded Reserves	\$237,195

**Villas at Bay Crossing
Detail Report by Category**

Perimeter Fence - PVC 8' - 2036

Asset ID	1007	1,239 lineal feet	@ \$46.00
Site Components		Asset Actual Cost	\$56,994.00
Category	Fencing/Security	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$83,697.61
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2036	Annual Assessment	\$2,800.40
Remaining Life	13	Interest Contribution	<u>\$42.91</u>
		Reserve Allocation	\$2,843.30

Fencing/Security - Total Current Cost	\$56,994
Assigned Reserves	\$0
Fully Funded Reserves	\$32,297

Villas at Bay Crossing
Detail Report by Category

Swimming Pool - Concrete Deck - 2036

Asset ID	1064	2,668 square feet	@ \$14.00
	Swimming Pool	Asset Actual Cost	\$37,352.00
Category	Recreation/Pool	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$54,852.67
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2036	Annual Assessment	\$1,835.29
Remaining Life	13	Interest Contribution	<u>\$28.12</u>
		Reserve Allocation	\$1,863.41

Swimming Pool - Coping - 2026

Asset ID	1061	144 square feet	@ \$53.00
	Swimming Pool	Asset Actual Cost	\$7,632.00
Category	Recreation/Pool	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$8,339.69
Useful Life	20	Assigned Reserves	\$6,487.20
Replacement Year	2026	Annual Assessment	\$257.61
Remaining Life	3	Interest Contribution	<u>\$49.36</u>
		Reserve Allocation	\$306.96

Swimming Pool - Filter - 2026

Asset ID	1066	1 each	@ \$2,600.00
	Swimming Pool	Asset Actual Cost	\$2,600.00
Category	Recreation/Pool	Percent Replacement	100%
Placed in Service	January 2016	Future Cost	\$2,841.09
Useful Life	10	Assigned Reserves	\$1,820.00
Replacement Year	2026	Annual Assessment	\$147.57
Remaining Life	3	Interest Contribution	<u>\$15.00</u>
		Reserve Allocation	\$162.57

**Villas at Bay Crossing
Detail Report by Category**

Swimming Pool - Furniture - 2028

Asset ID	1067	1 lot	@ \$5,000.00
Swimming Pool		Asset Actual Cost	\$5,000.00
Category	Recreation/Pool	Percent Replacement	100%
Placed in Service	January 2023	Future Cost	\$5,796.37
Useful Life	5	Assigned Reserves	<i>none</i>
Replacement Year	2028	Annual Assessment	\$518.66
Remaining Life	5	Interest Contribution	<u>\$7.95</u>
		Reserve Allocation	\$526.60

Swimming Pool - Ladders, Rails - 2026

Asset ID	1063	3 each	@ \$2,500.00
Swimming Pool		Asset Actual Cost	\$7,500.00
Category	Recreation/Pool	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$8,195.45
Useful Life	15	Assigned Reserves	\$6,375.00
Adjustment	5	Annual Assessment	\$253.15
Replacement Year	2026	Interest Contribution	<u>\$48.50</u>
Remaining Life	3	Reserve Allocation	\$301.66

Swimming Pool - Perimeter Fence - 2036

Asset ID	1068	240 lineal feet	@ \$55.00
Swimming Pool		Asset Actual Cost	\$13,200.00
Category	Recreation/Pool	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$19,384.64
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2036	Annual Assessment	\$648.58
Remaining Life	13	Interest Contribution	<u>\$9.94</u>
		Reserve Allocation	\$658.52

Villas at Bay Crossing
Detail Report by Category

Swimming Pool - Pool Cover - 2026

Asset ID	1062	1,035 square feet	@ \$7.50
		Asset Actual Cost	\$7,762.50
Category	Swimming Pool	Percent Replacement	100%
	Recreation/Pool	Future Cost	\$8,482.29
Placed in Service	January 2011	Assigned Reserves	\$6,210.00
Useful Life	5		
Adjustment	10	Annual Assessment	\$321.53
Replacement Year	2026	Interest Contribution	<u>\$48.40</u>
Remaining Life	3	Reserve Allocation	<u>\$369.93</u>

Swimming Pool - Pump - 2026

Asset ID	1065	1 each	@ \$2,500.00
		Asset Actual Cost	\$2,500.00
Category	Swimming Pool	Percent Replacement	100%
	Recreation/Pool	Future Cost	\$2,731.82
Placed in Service	January 2006	Assigned Reserves	\$2,125.00
Useful Life	10		
Adjustment	10	Annual Assessment	\$84.38
Replacement Year	2026	Interest Contribution	<u>\$16.17</u>
Remaining Life	3	Reserve Allocation	<u>\$100.55</u>

Swimming Pool - Structure

Asset ID	1058	980 square feet	@ \$95.00
		Asset Actual Cost	\$93,100.00
Category	Swimming Pool	Percent Replacement	100%
	Recreation/Pool	Future Cost	\$246,932.41
Placed in Service	January 2006	Assigned Reserves	<i>none</i>
Useful Life	50		
Replacement Year	2056	<i>No Future Assessments</i>	
Remaining Life	33		

Unfunded at request of the Association. Exceeds horizon.

**Villas at Bay Crossing
Detail Report by Category**

Swimming Pool - Waterline Tile - 2026

Asset ID	1060	145 lineal feet	@ \$53.00
Category	Swimming Pool	Asset Actual Cost	\$7,685.00
Placed in Service	Recreation/Pool	Percent Replacement	100%
Useful Life	January 2006	Future Cost	\$8,397.61
Adjustment	10	Assigned Reserves	\$6,532.25
Replacement Year	10	Annual Assessment	\$259.40
Remaining Life	2026	Interest Contribution	<u>\$49.70</u>
	3	Reserve Allocation	\$309.10

Swimming Pool - Whitecoat - 2026

Asset ID	1059	1,035 square feet	@ \$18.25
Category	Swimming Pool	Asset Actual Cost	\$18,888.75
Placed in Service	Recreation/Pool	Percent Replacement	100%
Useful Life	January 2006	Future Cost	\$20,640.25
Adjustment	10	Assigned Reserves	\$16,055.44
Replacement Year	10	Annual Assessment	\$637.56
Remaining Life	2026	Interest Contribution	<u>\$122.16</u>
	3	Reserve Allocation	\$759.72

Recreation/Pool - Total Current Cost	\$110,120
Assigned Reserves	\$45,605
Fully Funded Reserves	\$74,251

**Villas at Bay Crossing
Detail Report by Category**

Balcony Deck Restoration

Asset ID	1072	Asset Actual Cost	
		Percent Replacement	100%
Category	Building Components	Future Cost	
Placed in Service	January 2023	Assigned Reserves	<i>none</i>
No Useful Life			
<i>No Future Assessments</i>			

Bird/ Rodent Control Allowance - 2032

		1 lot	@ \$8,500.00
Asset ID	1069	Asset Actual Cost	\$8,500.00
		Percent Replacement	100%
Category	Building Components	Future Cost	\$11,090.57
Placed in Service	January 2022	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2032	Annual Assessment	\$543.62
Remaining Life	9	Interest Contribution	<u>\$8.33</u>
		Reserve Allocation	\$551.95

This allowance is for replacing dryer vent screening and other measures to prevent roosting and building entry by birds and rodents.

Condominiums - Corridor Decking - 2036

		8,904 square feet	@ \$20.00
Asset ID	1024	Asset Actual Cost	\$178,080.00
Condominiums - 3 Buildings		Percent Replacement	100%
Category	Building Components	Future Cost	\$261,516.48
Placed in Service	January 2006	Assigned Reserves	<i>none</i>
Useful Life	30		
Replacement Year	2036	Annual Assessment	\$8,749.95
Remaining Life	13	Interest Contribution	<u>\$134.06</u>
		Reserve Allocation	\$8,884.01

Villas at Bay Crossing
Detail Report by Category

Condominiums - Corridor Structure

		8,904 square feet	@ \$40.00
Asset ID	1025	Asset Actual Cost	\$356,160.00
Condominiums - 3 Buildings		Percent Replacement	100%
Category	Building Components	Future Cost	\$944,655.72
Placed in Service	January 2006	Assigned Reserves	<i>none</i>
Useful Life	50		
Replacement Year	2056	<i>No Future Assessments</i>	
Remaining Life	33		

Unfunded at request of the Association. Exceeds study horizon.

Condominiums - Domestic Water Piping - Re-line

		72 each	@ \$6,900.00
Asset ID	1035	Asset Actual Cost	\$496,800.00
Condominiums - 3 Buildings		Percent Replacement	100%
Category	Building Components	Future Cost	\$1,317,680.14
Placed in Service	January 2006	Assigned Reserves	<i>none</i>
Useful Life	50		
Replacement Year	2056	<i>No Future Assessments</i>	
Remaining Life	33		

Unfunded at request of the Association. Exceeds horizon.

Condominiums - Emergency Lights - 2031

		30 each	@ \$150.00
Asset ID	1032	Asset Actual Cost	\$4,500.00
Condominiums - 3 Buildings		Percent Replacement	100%
Category	Building Components	Future Cost	\$5,700.46
Placed in Service	January 2006	Assigned Reserves	\$3,060.00
Useful Life	25		
Replacement Year	2031	Annual Assessment	\$136.40
Remaining Life	8	Interest Contribution	<u>\$23.51</u>
		Reserve Allocation	\$159.91

Unfunded at request of the Association

Villas at Bay Crossing
Detail Report by Category

Condominiums - Exit Lights - 2031

Asset ID	1033	18 each	@ \$135.00
Condominiums - 3 Buildings		Asset Actual Cost	\$2,430.00
Category Building Components		Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$3,078.25
Useful Life	25	Assigned Reserves	\$1,652.40
Replacement Year	2031	Annual Assessment	\$73.66
Remaining Life	8	Interest Contribution	<u>\$12.70</u>
		Reserve Allocation	\$86.35

Unfunded at request of the Association

Condominiums - Exterior Door/Ceiling Lights - 2038

Asset ID	1031	3 lot	@ \$3,600.00
Condominiums - 3 Buildings		Asset Actual Cost	\$10,800.00
Category Building Components		Percent Replacement	100%
Placed in Service	January 2018	Future Cost	\$16,826.05
Useful Life	20	Assigned Reserves	<i>none</i>
Replacement Year	2038	Annual Assessment	\$484.46
Remaining Life	15	Interest Contribution	<u>\$7.42</u>
		Reserve Allocation	\$491.89

Property Manager reports that the lights were replaced in 2018 in all three buildings at a cost of \$3,000 per building.

Condominiums - Fire Alarm - 2036

Asset ID	1034	3 each	@ \$5,200.00
Condominiums - 3 Buildings		Asset Actual Cost	\$15,600.00
Category Building Components		Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$22,909.13
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2036	Annual Assessment	\$766.50
Remaining Life	13	Interest Contribution	<u>\$11.74</u>
		Reserve Allocation	\$778.25

**Villas at Bay Crossing
Detail Report by Category**

Condominiums - Railings - 2036

Asset ID	1026	1,008 lineal feet	@ \$65.00
Condominiums - 3 Buildings		Asset Actual Cost	\$65,520.00
Category Building Components		Percent Replacement	100%
Placed in Service January 2006		Future Cost	\$96,218.33
Useful Life 30		Assigned Reserves	<i>none</i>
Replacement Year 2036		Annual Assessment	\$3,219.32
Remaining Life 13		Interest Contribution	<u>\$49.32</u>
		Reserve Allocation	\$3,268.64

Railings represent a significant source of liability for the Association. Railings should be inspected quarterly for loose fasteners and attachment soundness. Any needed repairs should be made immediately.

Condominiums - Shutters - pair - Phase1 - 2046

Asset ID	1021	180 each	@ \$250.00
Condominiums - 3 Buildings		Asset Actual Cost	\$15,000.00
Category Building Components		Percent Replacement	33.33%
Placed in Service January 2006		Future Cost	\$29,603.80
Useful Life 40		Assigned Reserves	<i>none</i>
Replacement Year 2046		Annual Assessment	\$540.26
Remaining Life 23		Interest Contribution	<u>\$8.28</u>
		Reserve Allocation	\$548.54

Remove and Dispose of existing and replace with new. One building per year for three years beginning in 2036

Condominiums - Shutters - pair - Phase2 - 2047

Asset ID	1021	180 each	@ \$250.00
Condominiums - 3 Buildings		Asset Actual Cost	\$15,000.00
Category Building Components		Percent Replacement	33.33%
Placed in Service January 2006		Future Cost	\$30,491.91
Useful Life 40		Assigned Reserves	<i>none</i>
Adjustment 1		Annual Assessment	\$531.38
Replacement Year 2047		Interest Contribution	<u>\$8.14</u>
Remaining Life 24		Reserve Allocation	\$539.52

Remove and Dispose of existing and replace with new. One building per year for three years

Villas at Bay Crossing
Detail Report by Category

Condominiums - Shutters - pair - Phase2 continued...

beginning in 2036

Condominiums - Shutters - pair - Phase3 - 2048

Asset ID	1021	180 each	@ \$250.00
Condominiums - 3 Buildings		Asset Actual Cost	\$15,000.00
Category Building Components		Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$31,406.67
Useful Life	40	Assigned Reserves	<i>none</i>
Adjustment	2	Annual Assessment	\$523.54
Replacement Year	2048	Interest Contribution	<u>\$8.02</u>
Remaining Life	25	Reserve Allocation	\$531.57

Remove and Dispose of existing and replace with new. One building per year for three years beginning in 2036

Condominiums - Stair Treads - 2036

Asset ID	1027	372 each	@ \$130.00
Condominiums - 3 Buildings		Asset Actual Cost	\$48,360.00
Category Building Components		Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$71,018.29
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2036	Annual Assessment	\$2,376.16
Remaining Life	13	Interest Contribution	<u>\$36.41</u>
		Reserve Allocation	\$2,412.57

Condominiums - Trim and Soffit - Phase1 - 2046

Asset ID	1022	14,754 linear feet	@ \$14.00
Condominiums - 3 Buildings		Asset Actual Cost	\$68,852.00
Category Building Components		Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$135,885.38
Useful Life	40	Assigned Reserves	<i>none</i>
Replacement Year	2046	Annual Assessment	\$2,479.88
Remaining Life	23	Interest Contribution	<u>\$37.99</u>
		Reserve Allocation	\$2,517.87

Remove and Dispose of existing and replace with new. One building per year for three years

Villas at Bay Crossing
Detail Report by Category

Condominiums - Trim and Soffit - Phase1 continued...

beginning in 2036

Condominiums - Trim and Soffit - Phase2 - 2047

		14,754 linear feet	@ \$14.00
Asset ID	1022	Asset Actual Cost	\$68,852.00
Condominiums - 3 Buildings		Percent Replacement	33.33%
Category	Building Components	Future Cost	\$139,961.94
Placed in Service	January 2006	Assigned Reserves	<i>none</i>
Useful Life	40		
Adjustment	1	Annual Assessment	\$2,439.09
Replacement Year	2047	Interest Contribution	<u>\$37.37</u>
Remaining Life	24	Reserve Allocation	\$2,476.46

Remove and Dispose of existing and replace with new. One building per year for three years
beginning in 2036

Condominiums - Trim and Soffit - Phase3 - 2048

		14,754 linear feet	@ \$14.00
Asset ID	1022	Asset Actual Cost	\$68,852.00
Condominiums - 3 Buildings		Percent Replacement	33.33%
Category	Building Components	Future Cost	\$144,160.80
Placed in Service	January 2006	Assigned Reserves	<i>none</i>
Useful Life	40		
Adjustment	2	Annual Assessment	\$2,403.14
Replacement Year	2048	Interest Contribution	<u>\$36.82</u>
Remaining Life	25	Reserve Allocation	\$2,439.96

Remove and Dispose of existing and replace with new. One building per year for three years
beginning in 2036

**Villas at Bay Crossing
Detail Report by Category**

Condominiums - Unit Decks - Railings - 2036

Asset ID	1030	576 lineal feet	@ \$65.00
Condominiums - 3 Buildings		Asset Actual Cost	\$37,440.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$54,981.90
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2036	Annual Assessment	\$1,839.61
Remaining Life	13	Interest Contribution	<u>\$28.19</u>
		Reserve Allocation	\$1,867.80

Railings represent a significant source of liability for the Association. Railings should be inspected quarterly for loose fasteners and attachment soundness. Any needed repairs should be made immediately.

Condominiums - Unit Decks - Structure

Asset ID	1029	3,072 square feet	@ \$40.00
Condominiums - 3 Buildings		Asset Actual Cost	\$122,880.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$325,918.95
Useful Life	50	Assigned Reserves	<i>none</i>
Replacement Year	2056	<i>No Future Assessments</i>	
Remaining Life	33		

Unfunded at request of the Association. Exceeds study horizon.

Condominiums - Unit Decks - Vinyl Deck Mem. - 2036

Asset ID	1028	21 each	@ \$1,800.00
Condominiums - 3 Buildings		Asset Actual Cost	\$37,800.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$55,510.57
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2036	Annual Assessment	\$1,857.30
Remaining Life	13	Interest Contribution	<u>\$28.46</u>
		Reserve Allocation	\$1,885.76

**Villas at Bay Crossing
Detail Report by Category**

Condominiums - Unit Decks - Vinyl Deck Mem. - 2053

Asset ID	1073	11 each	@ \$1,800.00
Condominiums - 3 Buildings		Asset Actual Cost	\$19,800.00
Category Building Components		Percent Replacement	100%
Placed in Service	January 2023	Future Cost	\$48,059.79
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2053	Annual Assessment	\$655.72
Remaining Life	30	Interest Contribution	<u>\$10.05</u>
		Reserve Allocation	\$665.76

The following units had the vinyl deck membrane replaced as part of a water intrusion remediation project in 2023: 1201,1204,1301,1302,1306, 1308, 2203, 2307, 4205, 4304, 4307. The work was performed by Riptide Restoration 302-841-9031, estimate VILLA_DE_BALCONY_SER

Condominiums - Vinyl Siding - Phase1 - 2046

Asset ID	1020	42,360 square feet	@ \$8.50
Condominiums - 3 Buildings		Asset Actual Cost	\$120,020.00
Category Building Components		Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$236,869.85
Useful Life	40	Assigned Reserves	<i>none</i>
Replacement Year	2046	Annual Assessment	\$4,322.82
Remaining Life	23	Interest Contribution	<u>\$66.23</u>
		Reserve Allocation	\$4,389.05

Remove and dispose of existing and replace with new. One building per year for three years beginning in 2036

Condominiums - Vinyl Siding - Phase2 - 2047

Asset ID	1020	42,360 square feet	@ \$8.50
Condominiums - 3 Buildings		Asset Actual Cost	\$120,020.00
Category Building Components		Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$243,975.95
Useful Life	40	Assigned Reserves	<i>none</i>
Adjustment	1	Annual Assessment	\$4,251.72
Replacement Year	2047	Interest Contribution	<u>\$65.14</u>
Remaining Life	24	Reserve Allocation	\$4,316.87

Remove and dispose of existing and replace with new. One building per year for three years

**Villas at Bay Crossing
Detail Report by Category**

Condominiums - Vinyl Siding - Phase2 continued...

beginning in 2036

Condominiums - Vinyl Siding - Phase3 - 2048

Asset ID	1020	42,360 square feet	@ \$8.50
Condominiums - 3 Buildings		Asset Actual Cost	\$120,020.00
Category Building Components		Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$251,295.23
Useful Life	40	Assigned Reserves	<i>none</i>
Adjustment	2	Annual Assessment	\$4,189.05
Replacement Year	2048	Interest Contribution	<u>\$64.18</u>
Remaining Life	25	Reserve Allocation	\$4,253.23

Remove and dispose of existing and replace with new. One building per year for three years beginning in 2036

Condominiums Shingle Roof Replacement - 2052

Asset ID	1018	38,150 square feet	@ \$5.25
Condominiums - 3 Buildings		Asset Actual Cost	\$200,287.50
Category Building Components		Percent Replacement	100%
Placed in Service	January 2022	Future Cost	\$471,990.61
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2052	Annual Assessment	\$6,685.87
Remaining Life	29	Interest Contribution	<u>\$102.44</u>
		Reserve Allocation	\$6,788.30

Pool House - Ceramic Tile - 2051

Asset ID	1048	49 square feet	@ \$45.00
Pool House		Asset Actual Cost	\$2,205.00
Category Building Components		Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$5,044.88
Useful Life	45	Assigned Reserves	<i>none</i>
Replacement Year	2051	Annual Assessment	\$74.28
Remaining Life	28	Interest Contribution	<u>\$1.14</u>
		Reserve Allocation	\$75.42

Villas at Bay Crossing
Detail Report by Category

Pool House - Emergency Lights - 2026

Asset ID	1056	2 each	@ \$155.00
	Pool House	Asset Actual Cost	\$310.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$338.75
Useful Life	20	Assigned Reserves	\$263.50
Replacement Year	2026	Annual Assessment	\$10.46
Remaining Life	3	Interest Contribution	<u>\$2.00</u>
		Reserve Allocation	\$12.47

Unfunded at request of the Association

Pool House - Exterior Doors - 2026

Asset ID	1046	2 each	@ \$950.00
	Pool House	Asset Actual Cost	\$1,900.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$2,076.18
Useful Life	20	Assigned Reserves	\$1,615.00
Replacement Year	2026	Annual Assessment	\$64.13
Remaining Life	3	Interest Contribution	<u>\$12.29</u>
		Reserve Allocation	\$76.42

Pool House - Exterior Lights - 2026

Asset ID	1053	3 each	@ \$150.00
	Pool House	Asset Actual Cost	\$450.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$491.73
Useful Life	20	Assigned Reserves	\$382.50
Replacement Year	2026	Annual Assessment	\$15.19
Remaining Life	3	Interest Contribution	<u>\$2.91</u>
		Reserve Allocation	\$18.10

**Villas at Bay Crossing
Detail Report by Category**

Pool House - Fan/Light Combo - 2026

Asset ID	1055	1 each	@ \$320.00
	Pool House	Asset Actual Cost	\$320.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$349.67
Useful Life	20	Assigned Reserves	\$272.00
Replacement Year	2026	Annual Assessment	\$10.80
Remaining Life	3	Interest Contribution	<u>\$2.07</u>
		Reserve Allocation	\$12.87

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Pool House - Flourescent Lights - 2036

Asset ID	1054	2 each	@ \$200.00
	Pool House	Asset Actual Cost	\$400.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$587.41
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2036	Annual Assessment	\$19.65
Remaining Life	13	Interest Contribution	<u>\$0.30</u>
		Reserve Allocation	\$19.95

Pool House - Hot Water Heater - 2024

Asset ID	1051	1 each	@ \$1,800.00
	Pool House	Asset Actual Cost	\$1,800.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$1,854.00
Useful Life	15	Assigned Reserves	\$1,700.00
Adjustment	3	Annual Assessment	\$64.47
Replacement Year	2024	Interest Contribution	<u>\$12.89</u>
Remaining Life	1	Reserve Allocation	\$77.36

**Villas at Bay Crossing
Detail Report by Category**

Pool House - Key Entry System - 2026

Asset ID	1057	1 each	@ \$1,000.00
	Pool House	Asset Actual Cost	\$1,000.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2021	Future Cost	\$1,092.73
Useful Life	5	Assigned Reserves	\$400.00
Replacement Year	2026	Annual Assessment	\$102.76
Remaining Life	3	Interest Contribution	<u>\$4.37</u>
		Reserve Allocation	\$107.14

Pool House - Roof Shingles - 2031

Asset ID	1042	363 square feet	@ \$8.25
	Pool House	Asset Actual Cost	\$2,994.75
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$3,793.66
Useful Life	25	Assigned Reserves	\$2,036.43
Replacement Year	2031	Annual Assessment	\$90.77
Remaining Life	8	Interest Contribution	<u>\$15.65</u>
		Reserve Allocation	\$106.42

Small quantity

Pool House - Shower - 2026

Asset ID	1052	1 each	@ \$1,000.00
	Pool House	Asset Actual Cost	\$1,000.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$1,092.73
Useful Life	20	Assigned Reserves	\$850.00
Replacement Year	2026	Annual Assessment	\$33.75
Remaining Life	3	Interest Contribution	<u>\$6.47</u>
		Reserve Allocation	\$40.22

Villas at Bay Crossing
Detail Report by Category

Pool House - Toilets - 2036

Asset ID	1049	1 each	@ \$850.00
Category	Pool House	Asset Actual Cost	\$850.00
Placed in Service	Building Components	Percent Replacement	100%
Useful Life	January 2006	Future Cost	\$1,248.25
Replacement Year	30	Assigned Reserves	<i>none</i>
Remaining Life	2036	Annual Assessment	\$41.76
	13	Interest Contribution	<u>\$0.64</u>
		Reserve Allocation	\$42.40

Pool House - Trim and Soffit - 2046

Asset ID	1045	84 lineal feet	@ \$13.50
Category	Pool House	Asset Actual Cost	\$1,134.00
Placed in Service	Building Components	Percent Replacement	100%
Useful Life	January 2006	Future Cost	\$2,238.05
Replacement Year	40	Assigned Reserves	<i>none</i>
Remaining Life	2046	Annual Assessment	\$40.84
	23	Interest Contribution	<u>\$0.63</u>
		Reserve Allocation	\$41.47

Pool House - Vinyl Siding - 2046

Asset ID	1044	672 square feet	@ \$8.50
Category	Pool House	Asset Actual Cost	\$5,712.00
Placed in Service	Building Components	Percent Replacement	100%
Useful Life	January 2006	Future Cost	\$11,273.12
Replacement Year	40	Assigned Reserves	<i>none</i>
Remaining Life	2046	Annual Assessment	\$205.73
	23	Interest Contribution	<u>\$3.15</u>
		Reserve Allocation	\$208.88

Pool House - Wash Basin - 2036

Asset ID	1050	1 each	@ \$650.00
Category	Pool House	Asset Actual Cost	\$650.00
Placed in Service	Building Components	Percent Replacement	100%
Useful Life	January 2006	Future Cost	\$954.55
Replacement Year	30	Assigned Reserves	<i>none</i>
Remaining Life	2036	Annual Assessment	\$31.94
	13	Interest Contribution	<u>\$0.49</u>
		Reserve Allocation	\$32.43

**Villas at Bay Crossing
Detail Report by Category**

Pool House - Windows - 2036

Asset ID	1047	3 each	@ \$360.00
	Pool House	Asset Actual Cost	\$1,080.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$1,586.02
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2036	Annual Assessment	\$53.07
Remaining Life	13	Interest Contribution	<u>\$0.81</u>
		Reserve Allocation	\$53.88

Villas Type 1 - Roof Shingles - 2052

Asset ID	1036	25,329 square feet	@ \$5.25
	Villas - 3 type 1	Asset Actual Cost	\$132,977.25
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2022	Future Cost	\$313,369.60
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2052	Annual Assessment	\$4,438.96
Remaining Life	29	Interest Contribution	<u>\$68.01</u>
		Reserve Allocation	\$4,506.97

Villas Type 1 - Vinyl Siding - Phase1 - 2046

Asset ID	1038	17,283 square feet	@ \$8.50
	Villas - 3 type 1	Asset Actual Cost	\$48,968.50
Category	Building Components	Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$96,643.57
Useful Life	40	Assigned Reserves	<i>none</i>
Replacement Year	2046	Annual Assessment	\$1,763.72
Remaining Life	23	Interest Contribution	<u>\$27.02</u>
		Reserve Allocation	\$1,790.75

Remove and dispose of existing and replace with new. One building per year for three years beginning in 2036

**Villas at Bay Crossing
Detail Report by Category**

Villas Type 1 - Vinyl Siding - Phase2 - 2047

Asset ID	1038	17,283 square feet	@ \$8.50
	Villas - 3 type 1	Asset Actual Cost	\$48,968.50
Category	Building Components	Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$99,542.88
Useful Life	40	Assigned Reserves	<i>none</i>
Adjustment	1	Annual Assessment	\$1,734.72
Replacement Year	2047	Interest Contribution	<u>\$26.58</u>
Remaining Life	24	Reserve Allocation	\$1,761.29

Remove and dispose of existing and replace with new. One building per year for three years beginning in 2036

Villas Type 1 - Vinyl Siding - Phase3 - 2048

Asset ID	1038	17,283 square feet	@ \$8.50
	Villas - 3 type 1	Asset Actual Cost	\$48,968.50
Category	Building Components	Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$102,529.16
Useful Life	40	Assigned Reserves	<i>none</i>
Adjustment	2	Annual Assessment	\$1,709.14
Replacement Year	2048	Interest Contribution	<u>\$26.19</u>
Remaining Life	25	Reserve Allocation	\$1,735.33

Remove and dispose of existing and replace with new. One building per year for three years beginning in 2036

**Villas at Bay Crossing
Detail Report by Category**

Villas Type 2 - Roof Shingles - 2052

Asset ID	1039	19,008 square feet	@ \$5.25
	Villas - 2 type 2	Asset Actual Cost	\$99,792.00
Category	Building Components	Percent Replacement	100%
Placed in Service	January 2022	Future Cost	\$235,166.38
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2052	Annual Assessment	\$3,331.19
Remaining Life	29	Interest Contribution	<u>\$51.04</u>
		Reserve Allocation	\$3,382.23

Association reports that these roofs are problematic and will need to be replaced sooner than anticipated.

Villas Type 2 - Vinyl Siding - Phase1 - 2046

Asset ID	1041	23,622 square feet	@ \$8.50
	Villas - 2 type 2	Asset Actual Cost	\$66,929.00
Category	Building Components	Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$132,090.17
Useful Life	40	Assigned Reserves	<i>none</i>
Replacement Year	2046	Annual Assessment	\$2,410.62
Remaining Life	23	Interest Contribution	<u>\$36.93</u>
		Reserve Allocation	\$2,447.55

Remove and dispose of existing and replace with new. One building per year for three years beginning in 2036

Villas Type 2 - Vinyl Siding - Phase2 - 2047

Asset ID	1041	23,622 square feet	@ \$8.50
	Villas - 2 type 2	Asset Actual Cost	\$66,929.00
Category	Building Components	Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$136,052.88
Useful Life	40	Assigned Reserves	<i>none</i>
Adjustment	1	Annual Assessment	\$2,370.97
Replacement Year	2047	Interest Contribution	<u>\$36.33</u>
Remaining Life	24	Reserve Allocation	\$2,407.29

Remove and dispose of existing and replace with new. One building per year for three years

**Villas at Bay Crossing
Detail Report by Category**

Villas Type 2 - Vinyl Siding - Phase2 continued...

beginning in 2036

Villas Type 2 - Vinyl Siding - Phase3 - 2048

Asset ID	1041	23,622 square feet	@ \$8.50
	Villas - 2 type 2	Asset Actual Cost	\$66,929.00
Category	Building Components	Percent Replacement	33.33%
Placed in Service	January 2006	Future Cost	\$140,134.46
Useful Life	40	Assigned Reserves	<i>none</i>
Adjustment	2	Annual Assessment	\$2,336.02
Replacement Year	2048	Interest Contribution	<u>\$35.79</u>
Remaining Life	25	Reserve Allocation	\$2,371.81

Remove and dispose of existing and replace with new. One building per year for three years beginning in 2036

Building Components - Total Current Cost	\$1,843,001
Assigned Reserves	\$12,232
Fully Funded Reserves	\$650,488

**Villas at Bay Crossing
Detail Report by Category**

Access Road (31.5%) Concrete Curbs - 6% - 2043

Asset ID	1015	76 lineal feet	@ \$50.00
		Asset Actual Cost	\$3,800.00
Access Road (31.5%)		Percent Replacement	100%
Category	Grounds Components	Future Cost	\$6,863.22
Placed in Service	January 2013	Assigned Reserves	<i>none</i>
Useful Life	6		
Adjustment	24	Annual Assessment	\$145.59
Replacement Year	2043	Interest Contribution	<u>\$2.23</u>
Remaining Life	20	Reserve Allocation	\$147.82

Concrete curbs are a long-life component with a useful life of 50-65 years if left undisturbed by subsurface conditions, severe ground freezing, harsh chemicals, or mechanical damage. Since these deleterious conditions do occur from time to time, it is wise to make an allowance for periodic partial replacement. We have programmed to replace 6% of the curbs every six years, beginning in 2025. The work includes removing and disposing of the existing concrete, repairing the subgrade, forming and pouring new concrete.

Unfunded at request of the Association

Aerators/Pumps - 2024

Asset ID	1006	2 each	@ \$2,600.00
		Asset Actual Cost	\$5,200.00
Site Components		Percent Replacement	100%
Category	Grounds Components	Future Cost	\$5,356.00
Placed in Service	January 2012	Assigned Reserves	\$4,766.67
Useful Life	7		
Adjustment	5	Annual Assessment	\$252.25
Replacement Year	2024	Interest Contribution	<u>\$37.23</u>
Remaining Life	1	Reserve Allocation	\$289.48

Bulletin Boards at Mailboxes - 2030

Asset ID	1071	3 each	@ \$1,700.00
		Asset Actual Cost	\$5,100.00
Site Components		Percent Replacement	100%
Category	Grounds Components	Future Cost	\$6,272.36
Placed in Service	January 2015	Assigned Reserves	\$2,720.00
Useful Life	15		
Replacement Year	2030	Annual Assessment	\$216.82
Remaining Life	7	Interest Contribution	<u>\$22.36</u>
		Reserve Allocation	\$239.18

Villas at Bay Crossing
Detail Report by Category

Concrete Curbs - 6% - 2043

		166 lineal feet	@ \$50.00
Asset ID	1014	Asset Actual Cost	\$8,300.00
	Site Components	Percent Replacement	100%
Category	Grounds Components	Future Cost	\$14,990.72
Placed in Service	January 2013	Assigned Reserves	<i>none</i>
Useful Life	6		
Adjustment	24	Annual Assessment	\$318.01
Replacement Year	2043	Interest Contribution	<u>\$4.87</u>
Remaining Life	20	Reserve Allocation	\$322.88

Concrete curbs are a long-life component with a useful life of 50-65 years if left undisturbed by subsurface conditions, severe ground freezing, harsh chemicals, or mechanical damage. Since these deleterious conditions do occur from time to time, it is wise to make an allowance for periodic partial replacement. We have programmed to replace 6% of the curbs every six years, beginning in 2043. The work includes removing and disposing of the existing concrete, repairing the subgrade, forming and pouring new concrete.

Unfunded at request of the Association

Concrete Sidewalk - 6% - 2042

		100 square feet	@ \$13.50
Asset ID	1013	Asset Actual Cost	\$1,350.00
	Site Components	Percent Replacement	100%
Category	Grounds Components	Future Cost	\$2,367.23
Placed in Service	January 2012	Assigned Reserves	<i>none</i>
Useful Life	6		
Adjustment	24	Annual Assessment	\$53.05
Replacement Year	2042	Interest Contribution	<u>\$0.81</u>
Remaining Life	19	Reserve Allocation	\$53.86

Concrete sidewalks are a long-life component with a useful life of 50-65 years if left undisturbed by subsurface conditions, severe ground freezing, harsh chemicals, or mechanical damage. Since these deleterious conditions do occur from time to time, it is wise to make an allowance for periodic partial replacement. We have programmed to replace 6% of the sidewalks every six years, beginning in 2042. The work includes removing and disposing of the existing concrete, repairing the subgrade, forming and pouring new concrete.

Unfunded at request of the Association

**Villas at Bay Crossing
Detail Report by Category**

Domestic Water - Mains - 10%

Asset ID	1008	1 lot	@ \$26,500.00
Site Components		Asset Actual Cost	\$26,500.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$43,800.46
Useful Life	34	Assigned Reserves	<i>none</i>
Replacement Year	2040	<i>No Future Assessments</i>	
Remaining Life	17		

Unfunded at request of the Association

Dumpster Enclosures - 2037

Asset ID	1070	5 each	@ \$7,500.00
Site Components		Asset Actual Cost	\$37,500.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	January 2017	Future Cost	\$56,722.11
Useful Life	20	Assigned Reserves	<i>none</i>
Replacement Year	2037	Annual Assessment	\$1,756.04
Remaining Life	14	Interest Contribution	<u>\$26.90</u>
		Reserve Allocation	\$1,782.95

Irrigation System - 2032

Asset ID	1011	1 lot	@ \$4,000.00
Site Components		Asset Actual Cost	\$4,000.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	January 2012	Future Cost	\$5,219.09
Useful Life	20	Assigned Reserves	<i>none</i>
Replacement Year	2032	Annual Assessment	\$255.82
Remaining Life	9	Interest Contribution	<u>\$3.92</u>
		Reserve Allocation	\$259.74

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**Villas at Bay Crossing
Detail Report by Category**

Sanitary sewer - Mains - 10%

Asset ID	1009	Asset Actual Cost	1 lot @ \$37,000.00
Site Components		Asset Actual Cost	\$37,000.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$59,374.14
Useful Life	33	Assigned Reserves	<i>none</i>
Replacement Year	2039	<i>No Future Assessments</i>	
Remaining Life	16		

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Storm Water - Structure and Pipe (10%)

Asset ID	1010	Asset Actual Cost	1 lot @ \$9,500.00
Site Components		Asset Actual Cost	\$9,500.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$14,800.69
Useful Life	32	Assigned Reserves	<i>none</i>
Replacement Year	2038	<i>No Future Assessments</i>	
Remaining Life	15		

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Storm Water Ponds (2) - Dredging

Asset ID	1005	Asset Actual Cost	958 cubic yards @ \$85.00
Site Components		Asset Actual Cost	\$81,430.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$88,980.76
Useful Life	20	Assigned Reserves	<i>none</i>
Replacement Year	2026	<i>No Future Assessments</i>	
Remaining Life	3		

Unfunded at request of the Association

**Villas at Bay Crossing
Detail Report by Category**

Well Pump/Control - 2026

Asset ID	1012	1 lot	@ \$2,500.00
Site Components		Asset Actual Cost	\$2,500.00
Category	Grounds Components	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$2,731.82
Useful Life	20	Assigned Reserves	\$2,125.00
Replacement Year	2026	Annual Assessment	\$84.38
Remaining Life	3	Interest Contribution	<u>\$16.17</u>
		Reserve Allocation	\$100.55

Unfunded at request of the Association

Grounds Components - Total Current Cost	\$67,750
Assigned Reserves	\$9,612
Fully Funded Reserves	\$27,590

**Villas at Bay Crossing
Detail Report by Category**

Condominiums - Gutter and Downspouts - 2046

Asset ID	1019	2,694 lineal feet	@ \$9.50
Condominiums - 3 Buildings		Asset Actual Cost	\$25,593.00
Category	Gutters and Downspouts	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$50,510.00
Useful Life	40	Assigned Reserves	<i>none</i>
Replacement Year	2046	Annual Assessment	\$921.80
Remaining Life	23	Interest Contribution	<u>\$14.12</u>
		Reserve Allocation	\$935.92

Pool House - Gutter and Downspout - 2046

Asset ID	1043	100 lineal feet	@ \$8.75
Pool House		Asset Actual Cost	\$875.00
Category	Gutters and Downspouts	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$1,726.89
Useful Life	40	Assigned Reserves	<i>none</i>
Replacement Year	2046	Annual Assessment	\$31.52
Remaining Life	23	Interest Contribution	<u>\$0.48</u>
		Reserve Allocation	\$32.00

Villas Type 1 - Gutter and Downspout - 2046

Asset ID	1037	1,824 lineal feet	@ \$9.50
Villas - 3 type 1		Asset Actual Cost	\$17,328.00
Category	Gutters and Downspouts	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$34,198.31
Useful Life	40	Assigned Reserves	<i>none</i>
Replacement Year	2046	Annual Assessment	\$624.11
Remaining Life	23	Interest Contribution	<u>\$9.56</u>
		Reserve Allocation	\$633.67

**Villas at Bay Crossing
Detail Report by Category**

Villas Type 2 - Gutter and Downspout - 2046

Asset ID	1040	1,144 lineal feet	@ \$9.50
	Villas - 2 type 2	Asset Actual Cost	\$10,868.00
Category	Gutters and Downspouts	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$21,448.94
Useful Life	40	Assigned Reserves	<i>none</i>
Replacement Year	2046	Annual Assessment	\$391.44
Remaining Life	23	Interest Contribution	<u>\$6.00</u>
		Reserve Allocation	\$397.44

Gutters and Downspouts - Total Current Cost	\$54,664
Assigned Reserves	\$0
Fully Funded Reserves	\$23,232

**Villas at Bay Crossing
Detail Report by Category**

Condominiums - Utility Doors - 2031

Asset ID	1023	6 each	@ \$950.00
Condominiums - 3 Buildings		Asset Actual Cost	\$5,700.00
Category	Doors	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$7,220.59
Useful Life	25	Assigned Reserves	\$3,876.00
Replacement Year	2031	Annual Assessment	\$172.77
Remaining Life	8	Interest Contribution	<u>\$29.78</u>
		Reserve Allocation	\$202.55

Doors - Total Current Cost	\$5,700
Assigned Reserves	\$3,876
Fully Funded Reserves	\$3,876

**Villas at Bay Crossing
Detail Report by Category**

Mailboxes - 2036

Asset ID	1003	1 lot	@ \$4,000.00
Site Components		Asset Actual Cost	\$4,000.00
Category	Mailboxes	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$5,874.13
Useful Life	30	Assigned Reserves	<i>none</i>
Replacement Year	2036	Annual Assessment	\$196.54
Remaining Life	13	Interest Contribution	<u>\$3.01</u>
		Reserve Allocation	\$199.55

Mailboxes - Total Current Cost	\$4,000
Assigned Reserves	\$0
Fully Funded Reserves	\$2,267

**Villas at Bay Crossing
Detail Report by Category**

Access Road (31.5%) Entry Sign - 2031

Asset ID	1017	1 each	@ \$2,800.00
Access Road (31.5%)		Asset Actual Cost	\$2,800.00
Category	Signs	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$3,546.96
Useful Life	25	Assigned Reserves	\$1,904.00
Replacement Year	2031	Annual Assessment	\$84.87
Remaining Life	8	Interest Contribution	<u>\$14.63</u>
		Reserve Allocation	\$99.50

Entry Sign - 2031

Asset ID	1004	1 each	@ \$2,800.00
Site Components		Asset Actual Cost	\$2,800.00
Category	Signs	Percent Replacement	100%
Placed in Service	January 2006	Future Cost	\$3,546.96
Useful Life	25	Assigned Reserves	\$1,904.00
Replacement Year	2031	Annual Assessment	\$84.87
Remaining Life	8	Interest Contribution	<u>\$14.63</u>
		Reserve Allocation	\$99.50

Signs - Total Current Cost	\$5,600
Assigned Reserves	\$3,808
Fully Funded Reserves	\$3,808

**Villas at Bay Crossing
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1008	Domestic Water - Mains - 10%	2040	2-48
1070	Dumpster Enclosures	2037	2-48

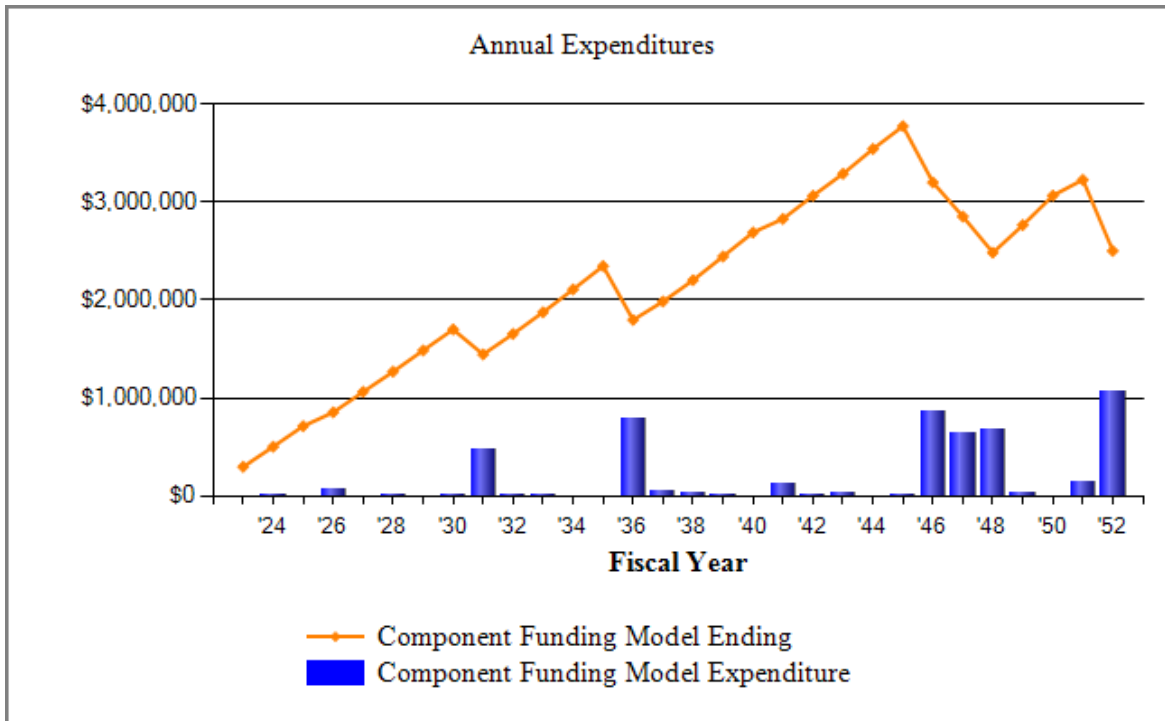
**Villas at Bay Crossing
Category Detail Index**

Asset ID	Description	Replacement	Page
1004	Entry Sign	2031	2-55
1011	Irrigation System	2032	2-48
1003	Mailboxes	2036	2-54
1007	Perimeter Fence - PVC 8'	2036	2-24
1048	Pool House - Ceramic Tile	2051	2-37
1056	Pool House - Emergency Lights	2026	2-38
1046	Pool House - Exterior Doors	2026	2-38
1053	Pool House - Exterior Lights	2026	2-38
1055	Pool House - Fan/Light Combo	2026	2-39
1054	Pool House - Flourescent Lights	2036	2-39
1043	Pool House - Gutter and Downspout	2046	2-51
1051	Pool House - Hot Water Heater	2024	2-39
1057	Pool House - Key Entry System	2026	2-40
1042	Pool House - Roof Shingles	2031	2-40
1052	Pool House - Shower	2026	2-40
1049	Pool House - Toilets	2036	2-41
1045	Pool House - Trim and Soffit	2046	2-41
1044	Pool House - Vinyl Siding	2046	2-41
1050	Pool House - Wash Basin	2036	2-41
1047	Pool House - Windows	2036	2-42
1009	Sanitary sewer - Mains - 10%	2039	2-49
1010	Storm Water - Structure and Pipe (10%)	2038	2-49
1005	Storm Water Ponds (2) - Dredging	2026	2-49
1064	Swimming Pool - Concrete Deck	2036	2-25
1061	Swimming Pool - Coping	2026	2-25
1066	Swimming Pool - Filter	2026	2-25
1067	Swimming Pool - Furniture	2028	2-26
1063	Swimming Pool - Ladders, Rails	2026	2-26
1068	Swimming Pool - Perimeter Fence	2036	2-26
1062	Swimming Pool - Pool Cover	2026	2-27
1065	Swimming Pool - Pump	2026	2-27
1058	Swimming Pool - Structure	2056	2-27
1060	Swimming Pool - Waterline Tile	2026	2-28
1059	Swimming Pool - Whitecoat	2026	2-28
1036	Villas Type 1 - Roof Shingles	2052	2-42
1037	Villas Type 1 - Gutter and Downspout	2046	2-51
1038	Villas Type 1 - Vinyl Siding - Phase1	2046	2-42
1038	Villas Type 1 - Vinyl Siding - Phase2	2047	2-43

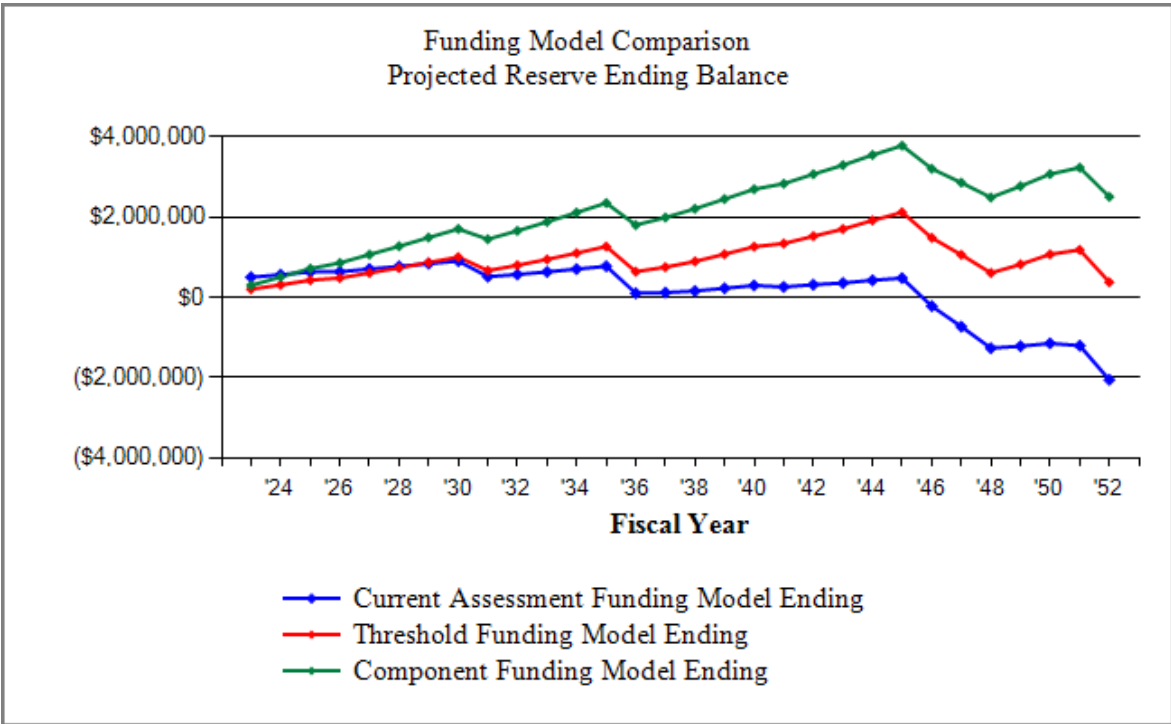
**Villas at Bay Crossing
Category Detail Index**

Asset ID	Description	Replacement	Page
1038	Villas Type 1 - Vinyl Siding - Phase3	2048	2-43
1040	Villas Type 2 - Gutter and Downspout	2046	2-52
1039	Villas Type 2 - Roof Shingles	2052	2-44
1041	Villas Type 2 - Vinyl Siding - Phase1	2046	2-44
1041	Villas Type 2 - Vinyl Siding - Phase2	2047	2-44
1041	Villas Type 2 - Vinyl Siding - Phase3	2048	2-45
1012	Well Pump/Control	2026	2-50
Total Funded Assets		74	
Total Unfunded Assets		<u>9</u>	
Total Assets		83	

**Villas at Bay Crossing
Annual Asset Expenditure Charts**

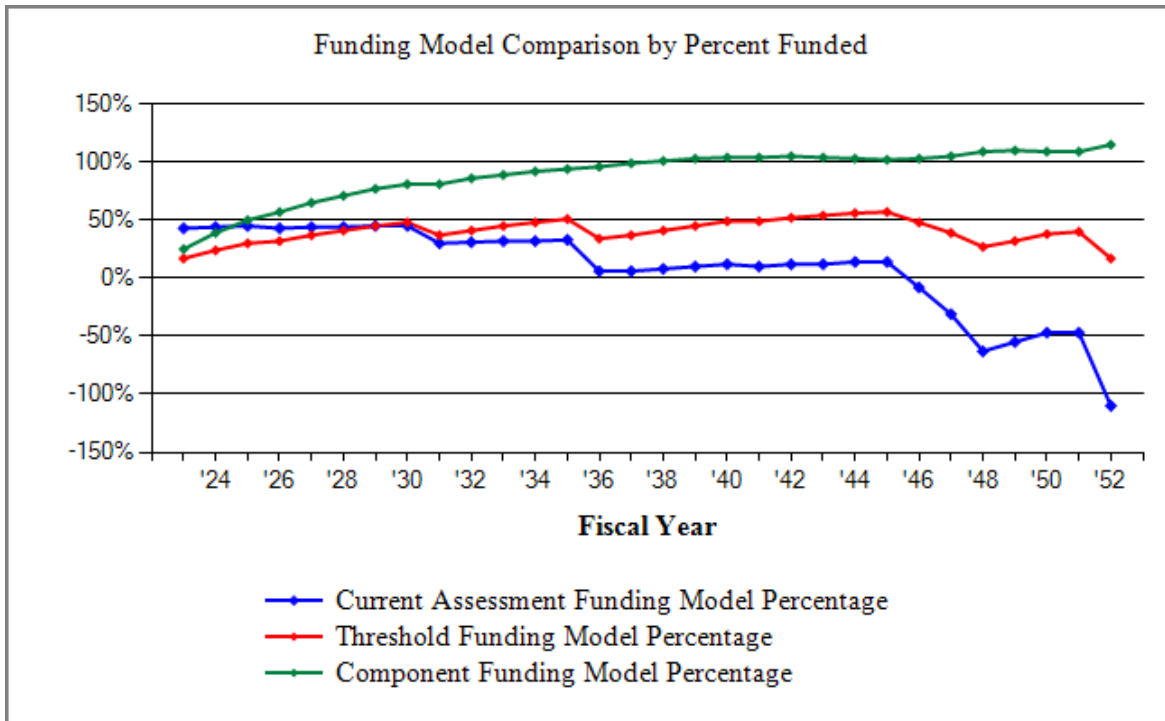


Villas at Bay Crossing
Funding Model Reserve Ending Balance Comparison Chart



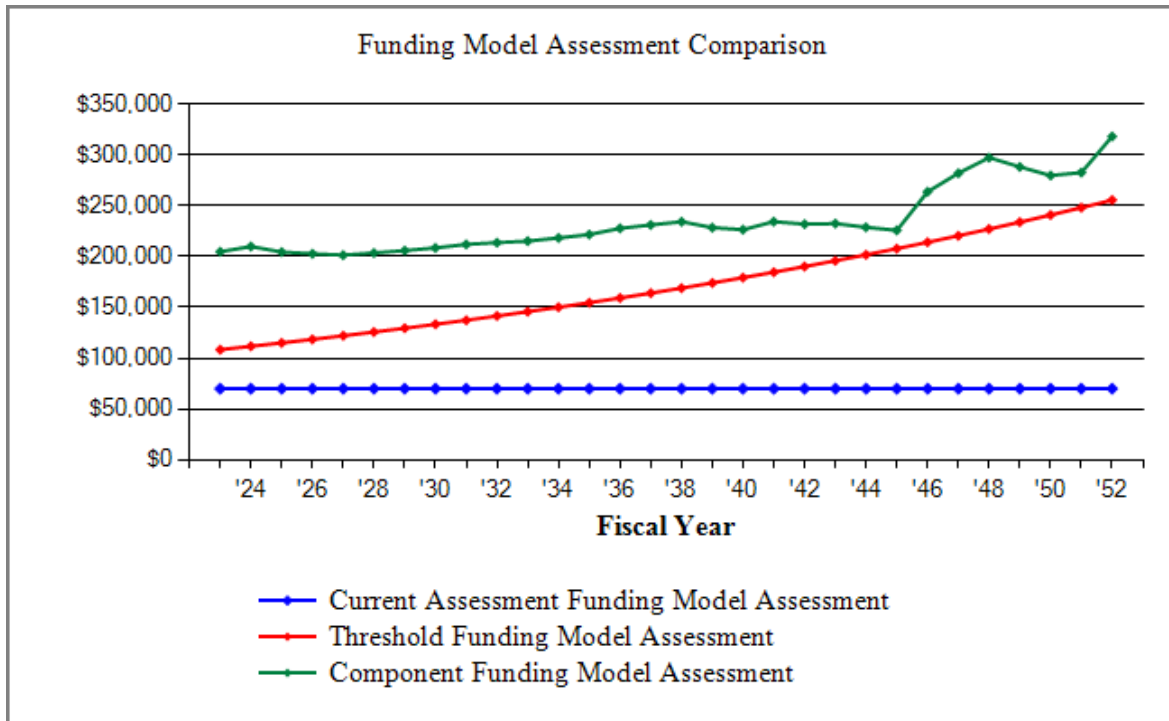
The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

Villas at Bay Crossing
Funding Model Comparison By Percent Funded Chart



The chart above compares the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) by the percentage fully funded over 30 years. This allows your association to view and then choose the funding model that might best fit your community's needs.

**Villas at Bay Crossing
Funding Model Annual Assessment Comparison Chart**



The chart above compares the annual assessment of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**Villas at Bay Crossing
Spread Sheet**

Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Aerators/Pumps		5,330							6,336	
Pool House - Hot Water Heater		1,845								
Pool House - Emergency Lights				334						
Pool House - Exterior Doors				2,046						
Pool House - Exterior Lights				485						
Pool House - Fan/Light Combo				345						
Pool House - Key Entry System				1,077					1,218	
Pool House - Shower				1,077						
Swimming Pool - Coping				8,219						
Swimming Pool - Filter				2,800						
Swimming Pool - Ladders, Rails				8,077						
Swimming Pool - Pool Cover				8,359					9,458	
Swimming Pool - Pump				2,692						
Swimming Pool - Waterline Tile				8,276						
Swimming Pool - Whitecoat				20,341						
Well Pump/Control				2,692						
Swimming Pool - Furniture						5,657				
Bulletin Boards at Mailboxes								6,062		
Access Road (31.5%) Asphalt Paving - Overlay									21,697	
Access Road (31.5%) Entry Sign									3,412	
Asphalt Paving - Overlay									394,031	
Condominiums - Emergency Lights									5,483	
Condominiums - Exit Lights									2,961	
Condominiums - Utility Doors									6,945	
Entry Sign									3,412	
Pool House - Roof Shingles									3,649	
Bird/ Rodent Control Allowance										10,615
Irrigation System										4,995
Condominiums - Corridor Decking										
Condominiums - Fire Alarm										
Condominiums - Railings										
Condominiums - Stair Treads										
Condominiums - Unit Decks - Railings										
Condominiums - Unit Decks - Vinyl Deck Mem.										

**Villas at Bay Crossing
Spread Sheet**

Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Mailboxes										
Perimeter Fence - PVC 8'										
Pool House - Fluorescent Lights										
Pool House - Toilets										
Pool House - Wash Basin										
Pool House - Windows										
Swimming Pool - Concrete Deck										
Swimming Pool - Perimeter Fence										
Dumpster Enclosures										
Condominiums - Exterior Door/Ceiling Lights										
Asphalt Paving - Seal Coat										
Concrete Sidewalk - 6%										
Access Road (31.5%) Concrete Curbs - 6%										
Concrete Curbs - 6%										
Condominiums - Gutter and Downspouts										
Condominiums - Shutters - pair - Phase1										
Condominiums - Trim and Soffit - Phase1										
Condominiums - Vinyl Siding - Phase1										
Pool House - Gutter and Downspout										
Pool House - Trim and Soffit										
Pool House - Vinyl Siding										
Villas Type 1 - Gutter and Downspout										
Villas Type 1 - Vinyl Siding - Phase1										
Villas Type 2 - Gutter and Downspout										
Villas Type 2 - Vinyl Siding - Phase1										
Condominiums - Shutters - pair - Phase2										
Condominiums - Trim and Soffit - Phase2										
Condominiums - Vinyl Siding - Phase2										
Villas Type 1 - Vinyl Siding - Phase2										
Villas Type 2 - Vinyl Siding - Phase2										
Condominiums - Shutters - pair - Phase3										
Condominiums - Trim and Soffit - Phase3										
Condominiums - Vinyl Siding - Phase3										
Villas Type 1 - Vinyl Siding - Phase3										

**Villas at Bay Crossing
Spread Sheet**

Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Villas Type 2 - Vinyl Siding - Phase3										
Pool House - Ceramic Tile										
Condominiums Shingle Roof Replacement										
Villas Type 1 - Roof Shingles										
Villas Type 2 - Roof Shingles										
Condominiums - Unit Decks - Vinyl Deck Mem.										
Balcony Deck Restoration	<i>Unfunded</i>									
Storm Water Ponds (2) - Dredging	<i>Unfunded</i>									
Storm Water - Structure and Pipe (10%)	<i>Unfunded</i>									
Sanitary sewer - Mains - 10%	<i>Unfunded</i>									
Domestic Water - Mains - 10%	<i>Unfunded</i>									
Condominiums - Corridor Structure	<i>Unfunded</i>									
Condominiums - Domestic Water Piping - Re-line	<i>Unfunded</i>									
Condominiums - Unit Decks - Structure	<i>Unfunded</i>									
Swimming Pool - Structure	<i>Unfunded</i>									
Year Total:	7,175			66,819		5,657		6,062	458,600	15,611

**Villas at Bay Crossing
Spread Sheet**

Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Aerators/Pumps										
Pool House - Hot Water Heater						7,531				
Pool House - Emergency Lights						2,672				
Pool House - Exterior Doors										
Pool House - Exterior Lights										
Pool House - Fan/Light Combo										
Pool House - Key Entry System				1,379					1,560	
Pool House - Shower										
Swimming Pool - Coping										
Swimming Pool - Filter				3,584						
Swimming Pool - Ladders, Rails									11,697	
Swimming Pool - Pool Cover				10,701					12,107	
Swimming Pool - Pump				3,446						
Swimming Pool - Waterline Tile				10,594						
Swimming Pool - Whitecoat				26,038						
Well Pump/Control										
Swimming Pool - Furniture	6,400					7,241				
Bulletin Boards at Mailboxes										
Access Road (31.5%) Asphalt Paving - Overlay										
Access Road (31.5%) Entry Sign										
Asphalt Paving - Overlay										
Condominiums - Emergency Lights										
Condominiums - Exit Lights										
Condominiums - Utility Doors										
Entry Sign										
Pool House - Roof Shingles										
Bird/ Rodent Control Allowance										13,589
Irrigation System										
Condominiums - Corridor Decking				245,485						
Condominiums - Fire Alarm				21,505						
Condominiums - Railings				90,320						
Condominiums - Stair Treads				66,665						
Condominiums - Unit Decks - Railings				51,611						
Condominiums - Unit Decks - Vinyl Deck Mem.				52,108						

**Villas at Bay Crossing
Spread Sheet**

Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Mailboxes				5,514						
Perimeter Fence - PVC 8'				78,567						
Pool House - Fluorescent Lights				551						
Pool House - Toilets				1,172						
Pool House - Wash Basin				896						
Pool House - Windows				1,489						
Swimming Pool - Concrete Deck				51,490						
Swimming Pool - Perimeter Fence				18,196						
Dumpster Enclosures					52,987					
Condominiums - Exterior Door/Ceiling Lights						15,642				
Asphalt Paving - Seal Coat									80,703	
Concrete Sidewalk - 6%										2,158
Access Road (31.5%) Concrete Curbs - 6%										
Concrete Curbs - 6%										
Condominiums - Gutter and Downspouts										
Condominiums - Shutters - pair - Phase1										
Condominiums - Trim and Soffit - Phase1										
Condominiums - Vinyl Siding - Phase1										
Pool House - Gutter and Downspout										
Pool House - Trim and Soffit										
Pool House - Vinyl Siding										
Villas Type 1 - Gutter and Downspout										
Villas Type 1 - Vinyl Siding - Phase1										
Villas Type 2 - Gutter and Downspout										
Villas Type 2 - Vinyl Siding - Phase1										
Condominiums - Shutters - pair - Phase2										
Condominiums - Trim and Soffit - Phase2										
Condominiums - Vinyl Siding - Phase2										
Villas Type 1 - Vinyl Siding - Phase2										
Villas Type 2 - Vinyl Siding - Phase2										
Condominiums - Shutters - pair - Phase3										
Condominiums - Trim and Soffit - Phase3										
Condominiums - Vinyl Siding - Phase3										
Villas Type 1 - Vinyl Siding - Phase3										

**Villas at Bay Crossing
Spread Sheet**

Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Villas Type 2 - Vinyl Siding - Phase3										
Pool House - Ceramic Tile										
Condominiums Shingle Roof Replacement										
Villas Type 1 - Roof Shingles										
Villas Type 2 - Roof Shingles										
Condominiums - Unit Decks - Vinyl Deck Mem.										
Balcony Deck Restoration	<i>Unfunded</i>									
Storm Water Ponds (2) - Dredging	<i>Unfunded</i>									
Storm Water - Structure and Pipe (10%)	<i>Unfunded</i>									
Sanitary sewer - Mains - 10%	<i>Unfunded</i>									
Domestic Water - Mains - 10%	<i>Unfunded</i>									
Condominiums - Corridor Structure	<i>Unfunded</i>									
Condominiums - Domestic Water Piping - Re-line	<i>Unfunded</i>									
Condominiums - Unit Decks - Structure	<i>Unfunded</i>									
Swimming Pool - Structure	<i>Unfunded</i>									
Year Total:	6,400	741,311	52,987	30,414	2,672	106,067	15,747			

Villas at Bay Crossing Spread Sheet

Description	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Aerators/Pumps			8,952							10,641
Pool House - Hot Water Heater				547						
Pool House - Emergency Lights				3,353						
Pool House - Exterior Doors				794						
Pool House - Exterior Lights				565						
Pool House - Fan/Light Combo									1,996	
Pool House - Key Entry System				1,765						
Pool House - Shower				1,765						
Swimming Pool - Coping				13,468						
Swimming Pool - Filter				4,588						
Swimming Pool - Ladders, Rails										
Swimming Pool - Pool Cover				13,698					15,498	
Swimming Pool - Pump				4,412						
Swimming Pool - Waterline Tile				13,561						
Swimming Pool - Whitecoat				33,331						
Well Pump/Control				4,412						
Swimming Pool - Furniture	8,193					9,270				
Bulletin Boards at Mailboxes			8,780							
Access Road (31.5%) Asphalt Paving - Overlay										
Access Road (31.5%) Entry Sign										
Asphalt Paving - Overlay										
Condominiums - Emergency Lights										
Condominiums - Exit Lights										
Condominiums - Utility Doors										
Entry Sign										
Pool House - Roof Shingles										17,394
Bird/ Rodent Control Allowance										8,186
Irrigation System										
Condominiums - Corridor Decking										
Condominiums - Fire Alarm										
Condominiums - Railings										
Condominiums - Stair Treads										
Condominiums - Unit Decks - Railings										
Condominiums - Unit Decks - Vinyl Deck Mem.										

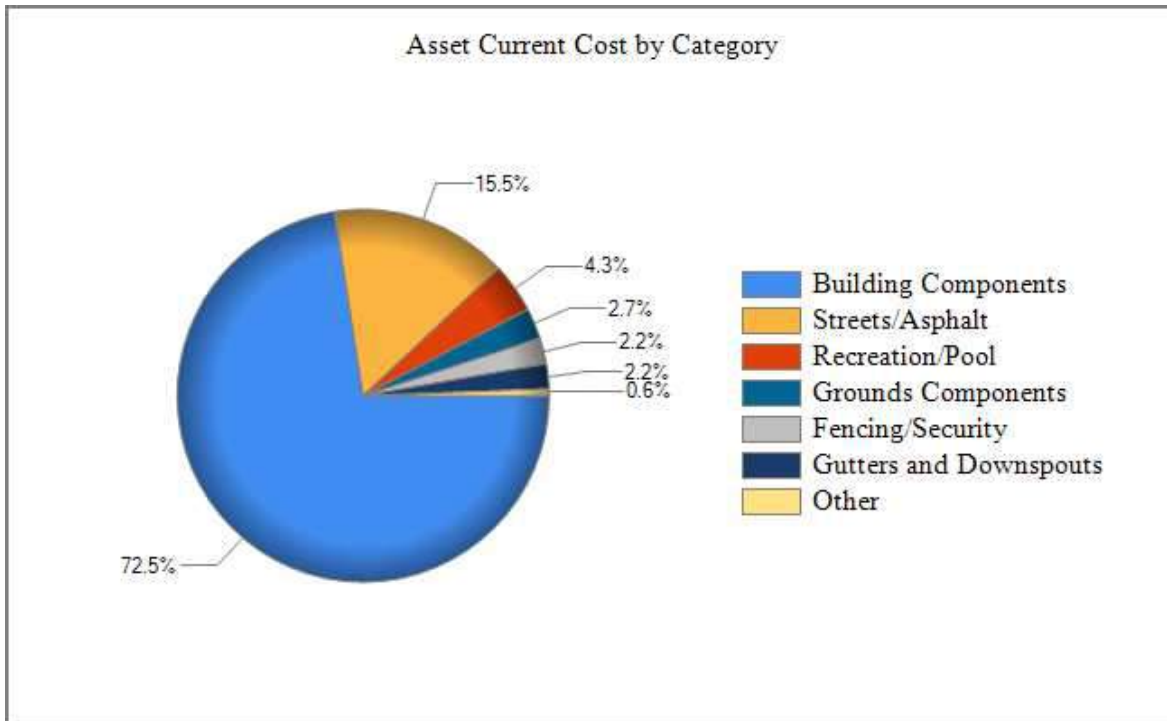
Villas at Bay Crossing Spread Sheet

Description	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Mailboxes										
Perimeter Fence - PVC 8'										
Pool House - Fluorescent Lights										
Pool House - Toilets										
Pool House - Wash Basin										
Pool House - Windows										
Swimming Pool - Concrete Deck										
Swimming Pool - Perimeter Fence										
Dumpster Enclosures										
Condominiums - Exterior Door/Ceiling Lights									103,307	
Asphalt Paving - Seal Coat										
Concrete Sidewalk - 6%						2,503				
Access Road (31.5%) Concrete Curbs - 6%							7,221			
Concrete Curbs - 6%	6,227						15,772			
	13,601									
Condominiums - Gutter and Downspouts				45,162						
Condominiums - Shutters - pair - Phase1				26,469						
Condominiums - Trim and Soffit - Phase1				121,497						
Condominiums - Vinyl Siding - Phase1				211,789						
Pool House - Gutter and Downspout				1,544						
Pool House - Trim and Soffit				2,001						
Pool House - Vinyl Siding				10,079						
Villas Type 1 - Gutter and Downspout				30,577						
Villas Type 1 - Vinyl Siding - Phase1				86,410						
Villas Type 2 - Gutter and Downspout				19,178						
Villas Type 2 - Vinyl Siding - Phase1				118,104						
Condominiums - Shutters - pair - Phase2					27,131					
Condominiums - Trim and Soffit - Phase2					124,534					
Condominiums - Vinyl Siding - Phase2					217,083					
Villas Type 1 - Vinyl Siding - Phase2					88,571					
Villas Type 2 - Vinyl Siding - Phase2					121,056					
Condominiums - Shutters - pair - Phase3						27,809				
Condominiums - Trim and Soffit - Phase3						127,648				
Condominiums - Vinyl Siding - Phase3						222,510				
Villas Type 1 - Vinyl Siding - Phase3						90,785				

**Villas at Bay Crossing
Spread Sheet**

Description	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Villas Type 2 - Vinyl Siding - Phase3						124,083			4,402	
Pool House - Ceramic Tile										409,870
Condominiums Shingle Roof Replacement										272,126
Villas Type 1 - Roof Shingles										204,215
Villas Type 2 - Roof Shingles										
Condominiums - Unit Decks - Vinyl Deck Mem.										
Balcony Deck Restoration										
Storm Water Ponds (2) - Dredging										
Storm Water - Structure and Pipe (10%)										
Sanitary sewer - Mains - 10%										
Domestic Water - Mains - 10%										
Condominiums - Corridor Structure										
Condominiums - Domestic Water Piping - Re-line										
Condominiums - Unit Decks - Structure										
Swimming Pool - Structure										
Year Total:	28,020	17,732	769,066	578,375	604,607	22,994			125,203	922,432

**Villas at Bay Crossing
Asset Current Cost by Category**



Villas at Bay Crossing Condominium Association

Resolutions and Policies



PCAM

Premier Community Association Management

VILLAS AT BAY CROSSING CONDOMINIUM ASSOCIATION
PET POLICY
EFFECTIVE MAY 1, 2019

A. Home Owners & Yearly Renters living at VBC prior to May 1, 2019 & who currently own pets are "grandfathered" related to Pet size.

B. Any Home Owner & Yearly Renter may keep up to 2 small & orderly domestic pets (i.e., dogs, cats, or caged birds).

C. From the Humane Society & VBC's Declarations:

1. Pets must be confined to the pet owner's unit and must not be allowed to roam free or be tethered. Pets must not be left unattended on patios, porch, or deck. Pets in transit are to be carried, restrained by a leash, or placed in an animal carrier.

2. Persons who walk pets are responsible for immediately cleaning up after their animals and discarding securely bagged pet droppings in the following designated areas only:

a. Designated Pet Stations are located throughout community with bags & disposal can.

b. Violations may be subjected to fines as outlined on Pet Signs within the community.

3. No grooming (i.e., washing, combing) of pets are allowed in common areas.

4. Pet owners are responsible for any damage caused by their pets.

5. No pet shall be allowed to become a nuisance or create any unreasonable disturbance. Examples of nuisance behavior for the purposes of this policy are:

a. Pets whose unruly/aggressive behavior causes or can potentially cause personal injury or property damage.

b. Pets who make noise continuously and/or incessantly for a period of 10 minutes or intermittently for 2 or more hours to the disturbance of any person at any time of day or night.

6. Notwithstanding any other provision herein, disabled (physical or emotional) individuals may keep assistance animals in their units. Furthermore, nothing herein shall hinder full access to the apartments and the common areas by individuals with disabilities.

7. Home Owners are responsible for the pets of renters or guests who visit their unit.

8. Pet caregivers shall indemnify the association and hold it harmless against loss or liability of any kind arising from their pet(s).

9. Any Home Owner observing an infraction of any of these rules, should put in writing either by (a) letter; or (b) Help Desk Ticket (help@spmde.com) to the Management Company for follow-up.

References: (a) Page 21 of VBC's Declaration; (b) Information from The Humane Society of the United States (www.humanesociety.org)

VBC's Neighbor-to-Neighbor Disputes Policy

Policy Statement:

Every resident has the right to quiet & safe enjoyment in their homes and community. Every resident should be able to live peacefully without being annoyed; harassed; or interfered with.

Policy Statement:

Homeowners and other residents shall not engage in any:

- (1) abusive or harassing behavior. either verbal or physical; or
- (2) any form of intimidation; or
- (3) any form of aggression

directed at other Homeowner, residents, guests, occupants, &/or renters.

Policy Statement:

Generally, the association & Board of Directors will not get involved in minor altercations between neighbors. However, when the dispute escalates and it appears one homeowner is deliberately harassing another in ways that go against VBC's Policies, Rules & Regulations, then the association & BODs may get involved.

Definition of Hostile Environment Harassment:

When a homeowner is subjected to unwelcome conduct so severe or pervasive it interferes with or deprives the owner the right to use and enjoy their home.

Action Steps that May be Taken:

Seek legal counsel to help with the following:

- (1) Investigating the incident (the nature of the unwelcome conduct; the context in which the incidents occur; the severity; scope; frequency; duration; location of the conduct; and the relationships of the people involved).
- (2) Sending the parties a cease and desist notice.
- (3) Conducting Mediation with all parties.
- (4) Present recommendations to &/or hold a hearing for the BODs.
- (5) Billing all legal, mediation & incidental fees equally among all parties. In addition, fines for policy violations may be charged.
- (6) Filing a lawsuit against the responsible homeowners.

Reference:


"HOA Responsibility for Neighbor-to-Neighbor Disputes & Harassment", Allison Rebecca Penn, All Property Management, July 15, 2019

Villas at Bay Crossing

HARDSHIP DELINQUENCY COLLECTION POLICY

The "Hardship Delinquency/Collection Policy" was developed during the National COVID-19 Crisis. Following the Federal Government's lead, hardship as the result of being unemployed &/or loss of income due to Federal, State & Local quarantines.

1. This policy will be in effect starting for the April 2020 monthly assessments until such time as the quarantines are lifted.
2. For anyone in the service industry &/or private business, who was negatively impacted by businesses being temporarily closed, may request approval from the Board of Directors (BODs) for leniency in late fees & interests applied for delayed monthly assessments. In addition, a payment plan to catch up on past due monthly assessments can be individually determined with BODs approval.
3. With your request, please submit the reason for your request; your occupation; & your proposed payment plan.
4. With BODs approval of your request, your delinquent accounts will not be forwarded to the Attorney. Nor, would your pool pass be deactivated for non-payment.
5. Homeowners will still be responsible for Violation Fines assessed for non-compliance with VBC's Rules & Regulations.



President of VBC's BODs

Approved:
Effective Date:

March 24, 2020
April 1, 2020

Villas At Bay Crossing Condominiums DELINQUENCY COLLECTION POLICY

This Delinquency/Collection Policy was duly adopted by the Board of Directors (referred to as the Board) of the Villas at Bay Crossing Condominium Association pursuant to and consistent with the Condominium governing documents and applicable Delaware Law, as follows:

1. Unless otherwise determined by the Board, all condominium assessments and other unit charges (e.g., assessments and special assessments &/or Fines) are due, without demand or setoff, on the 1st day of the month and must be received by 15th of the month.
2. Any such amounts not paid in full by the 15th of the month shall be deemed delinquent and a late charge in the amount of \$50 will be added to the Assessments. Any such delinquent amount not paid in full by the 15th of the month shall also accrue interest charges of 18% per annum. Said fee(s) shall be immediately due and payable together with the unpaid delinquent amounts and late charges. The sum of any and all unpaid assessments, late charges and interest fees and fines must be paid to bring Assessment up to date.
3. Any such delinquent amounts, late charge and interest and fines not paid in full by the end of the following month shall be referred by the Board to legal counsel for collection proceedings. Such proceedings may include the acceleration of the assessments for the remainder of the fiscal year. All collection costs, legal fees, court costs and related shall be added to the owner's account as the responsibility of the delinquent owner.
4. When a delinquent account is referred to legal counsel for collection proceedings, the delinquent unit owner shall be deemed not to be in good standing with the Association, which status shall render such unit owner may not be eligible to vote, or run for or serve in an elected office or on a committee of the Association. Such status shall also cause the automatic suspension of certain unit owner's privileges, as may be determined from time to time by the Board, and consideration of requests for approval of alterations or architectural changes may be denied for the unit. The Unit Owner's Pool Pass Access will be deactivated until the account is rectified.
5. Any unit owner not in good standing and whose unit is leased, shall be deemed to have assigned the rents from the unit to the Association as security for payment of condominium assessments, and the tenant of such unit, upon written request from the Association, shall pay the rents due under the lease to the Association instead of to the unit owner/landlord to be applied to the delinquent account until otherwise notified by the Association.
6. The Board may require a security deposit or advance payment of assessments from any chronically delinquent unit owner. Chronically delinquent shall be defined as 3 or more past due payments within a rotating twelve-month period.

All owners of a unit shall be jointly and severally liable for payment of all condominium assessments and other charges for that unit.

Revised Date: July 27, 2019
Effective Date: August 1, 2019
Original Date: August 21, 2016



Violation and Fine Policy

Board Resolution

Villas at Bay Crossing Condominium Association, Inc.

Background

Pursuant to the governing documents for Villas at Bay Crossing Condominium Association, specifically, Article III, Section 2 Powers & Duties provides the elected Board of Directors to enact administrative affairs of the Condominium. Section 2(f) provides the power to the elected Board of Directors to make rules for the betterment of the Association.

Now Therefore

The Board of Directors (also referred to as the Board) wishes to adopt a Violation and Fine Policy for the betterment and enjoyment for the Community pursuant to and consistent with the Condominium governing documents and applicable Delaware Law, as follows:

Any and all residents that violates the governing documents (includes Pet, Pool, Summary of Rules & Regulations Policies & Rental Registration Form. As well as, Enabling Documents, plus any future Policy) may be subject to:

- First Notice: Written Notice (regular or electronic communication), with 14 days (date of letter) to comply, sent to the legal address for the owner.
- Second Notice: Certified letter, with 7 days (date of letter) to comply, sent to the legal address for the owner. Will receive a \$50 Fine. Plus, pool pass will be deactivated until issue rectified
- Third Notice: \$100.00 Fine with Letter to owner. Compliance immediately expected.
- Fourth Notice: \$250.00 Fine with Letter to owner. Compliance immediately expected.

Tenants

The owner of the unit is liable for any fines / violations that may occur, even when a unit is rented or occupied by a non-owner (i.e., family member / non-owner).

This policy was voted and approved at the Quarterly Meeting of the Board of Directors as noted below


Date of Meeting Approval: 7/27/19

Date Effective: 8-1-19

Pamela Malska - President



Memorandum

TO: All Owners – Villas at Bay Crossing
FROM: Stuart Galkin, Property Manager 
DATE: July 29, 2019
RE: New Policies

At the most recent quarterly meeting of the Board of Director, a few new and updated policies were passed. Specifically:

- New Violation & Fine Policy
- One Time Capital Contribution Policy
- Delinquency Policy

A copy of which is attached and has been placed on the web site.



Villas at Bay Crossing Board Resolution

Background

Whereas Villas at Bay Crossing currently has a onetime capital contribution due upon transfer of owners in the amount equal to two times (2x) the monthly condominium fees.

Now Therefore

The Board of Directors has voted to modify this policy on all future transfer of owner in the amount of 0.005 of the agreed to selling price of the property. Example of calculation ($\$250,000 - \text{Agreed to selling price at transfer of ownership} \times 0.005 = \$1,250.00$). This said amount will be deposited into the Reserve Account for the Association and not to be used or placed in normal operating funds.

This policy shall take effect October 1, 2019. Notices will be mailed to owners of record as of August 1, 2019.

Adopted and approved by the Board of Directors on July 27, 2019

-President

A Signature You Can Trust™

20375 John J. Williams, Lewes, DE 19958
(302) 260-9595 • (302) 727-5292 FAX • www.spmde.com • info@spmde.com

Violation and Fine Policy

Board Resolution

Villas at Bay Crossing Condominium Association, Inc.

Background

Pursuant to the governing documents for Villas at Bay Crossing Condominium Association, specifically, Article III, Section 2 Powers & Duties provides the elected Board of Directors to enact administrative affairs of the Condominium. Section 2(f) provides the power to the elected Board of Directors to make rules for the betterment of the Association.

Now Therefore

The Board of Directors (also referred to as the Board) wishes to adopt a Violation and Fine Policy for the betterment and enjoyment for the Community pursuant to and consistent with the Condominium governing documents and applicable Delaware Law, as follows:

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Tenants

The owner of the unit is liable for any fines / violations that may occur, even when a unit is rented or occupied by a non-owner (i.e., family member / non-owner).

This policy was voted and approved at the Quarterly Meeting of the Board of Directors as noted below

Date of Meeting Approval: 7/26/19

Date Effective: 8-1-19

Patricia Malsack - President

Villas At Bay Crossing Condominiums DELINQUENCY COLLECTION POLICY

This Delinquency/Collection Policy was duly adopted by the Board of Directors (referred to as the Board) of the Villas at Bay Crossing Condominium Association pursuant to and consistent with the Condominium governing documents and applicable Delaware Law, as follows:

1. Unless otherwise determined by the Board, all condominium assessments and other unit charges (e.g., assessments and special assessments &/or Fines) are due, without demand or setoff, on the 1st day of the month and must be received by 15th of the month.
2. Any such amounts not paid in full by the 15th of the month shall be deemed delinquent and a late charge in the amount of \$50 will be added to the Assessments. Any such delinquent amount not paid in full by the 15th of the month shall also accrue interest charges of 18% per annum. Said fee(s) shall be immediately due and payable together with the unpaid delinquent amounts and late charges. The sum of any and all unpaid assessments, late charges and interest fees and fines must be paid to bring Assessment up to date.
3. Any such delinquent amounts, late charge and interest and fines not paid in full by the end of the following month shall be referred by the Board to legal counsel for collection proceedings. Such proceedings may include the acceleration of the assessments for the remainder of the fiscal year. All collection costs, legal fees, court costs and related shall be added to the owner's account as the responsibility of the delinquent owner.
4. When a delinquent account is referred to legal counsel for collection proceedings, the delinquent unit owner shall be deemed not to be in good standing with the Association, which status shall render such unit owner may not be eligible to vote, or run for or serve in an elected office or on a committee of the Association. Such status shall also cause the automatic suspension of certain unit owner's privileges, as may be determined from time to time by the Board, and consideration of requests for approval of alterations or architectural changes may be denied for the unit. The Unit Owner's Pool Pass Access will be deactivated until the account is rectified.
5. Any unit owner not in good standing and whose unit is leased, shall be deemed to have assigned the rents from the unit to the Association as security for payment of condominium assessments, and the tenant of such unit, upon written request from the Association, shall pay the rents due under the lease to the Association instead of to the unit owner/landlord to be applied to the delinquent account until otherwise notified by the Association.
6. The Board may require a security deposit or advance payment of assessments from any chronically delinquent unit owner. Chronically delinquent shall be defined as 3 or more past due payments within a rotating twelve-month period.

All owners of a unit shall be jointly and severally liable for payment of all condominium assessments and other charges for that unit.

Revised Date: July 27, 2019
Effective Date: August 1, 2019
Original Date: August 21, 2016





Villas of Bay Crossing

Board Resolution 06.2022

Board of Directors: (A) Number & Qualifications & (B) Election & Term of Office

Background: Based on past years' experiences and recommendations from Homeowners, Villas of Bay Crossing has made revisions to the 2004 Code of Regulations regarding the Board of Directors (A) Number & Qualifications & (B) Election & Term of Office.

Therefore:

(A). Article III Council; Section 1. Number and Qualification shall read:

Except as otherwise hereinafter provided in Article XIV, Section 2 below, there shall be three (3) members of the Council, one of whom shall be a Full-time resident of VBC and the other 2 shall either be a resident of the State of Delaware or Unit Owner, but need not be both. In addition, only one member per household may hold office at any one time.

(B). Article III Council; Section 4. Election and Term of Office shall read:

At the first annual meeting of the Association of Owners and at any time in the further that the cycle of offices requires to be reset, the term of office one (1) member of the Council shall be fixed for three (3) years, the term of office for one (1) member of the Council shall be fixed at two (2) years, and the term of office of the Transitional Council Member shall be fixed at one (1) year. At the expiration of the initial term of each respective member of the Council, his or her successor shall be elected to serve for a term of three (3) years. No Unit Owner shall be permitted to serve more than two (2) consecutive terms; provided, however (and subject to the foregoing limitation) a Unit Owner, after having served two (2) consecutive terms and having been off the Council for a minimum of two (2) years, may be subsequently elected to serve up to two (2) consecutive terms thereafter. The members of the Council shall hold office until their respective successors shall have been selected by the Association of Owners and at the end of the Calendar Year. Any Unit Owner to be nominated for a position on the Board of Directors will be required to complete a standard nomination form & submit any supporting documentation by the end of July. The nominees will then introduce themselves and explain their interest in taking office at the August BOD/Homeowners Meeting. Election & results will be held at the November Annual Homeowner's Meeting.

Effective Date: July 18,
2022

Brenda Dunning

Officer Signature: _____

Villas at Bay Crossing Condominium Association

Rules and Regulations



PCAM

Premier Community Association Management

Villas of Bay Crossing

Summary of Rules & Regulations from Code of Regulations & Declaration

May 1, 2019

Use of Residential Units:

Each Residential Unit & the Residential Common Elements shall be occupied & used as follows:

- (a) No part of the Unit shall be used for other than residential housing & related common purposes for which they were designated.
- (b) No immoral, improper, offensive or unlawful use shall be made of &/or in the Unit or any part thereof.
- (c) Nothing shall be done in any Unit or in, on, or to the Common Elements which will impair the structural integrity.
- (d) No "For Sale" or "For Rent" or other window display or advertising may be maintained on any part of Unit or VBC Property.
- (e) No Home Owner can change the exterior appearance (i.e., painting; staining; adding fixtures; or other alterations) of Common Elements adjacent to their Unit without permission from Board of Directors.
- (f) No clothing, towels, sheets, or other items may be hung, draped, or allowed to be placed upon or over decks, rails, patios, or porches of Units.
- (g) No trailers, campers, recreational vehicles, boats & other large vehicles shall be parked on VBC property.
- (h) No junk or derelict vehicle or other vehicle which current registration plates are not displayed shall be kept upon any of VBC property.
- (i) No woodstoves, kerosene heaters, or fireplace inserts shall be located within or without the Unit.
- (j) No grills, whether charcoal, gas, or otherwise shall not be used upon the decks, balconies, porches or patios, except on ground level porches or patios if permitted by the State Fire Marshal,
- (k) No exercise equipment, coolers, sporting or recreational equipment or any Home Owner personal property shall be placed or stored within the Common Areas (i.e., steps &/or stairwells) leading to Units. Bicycles may be stored in the provided Bicycle Racks, as long as, they do not encroach on walking path.
- (m) Under no circumstances shall the Building Attic &/or maintenance closets be used for any type of storage.

- (n) All window coverings must appear white or “off white” when viewed from the exterior.
- (o) During winter or cold months, all Units shall be heated at a level of not less than 60 degrees to maintain heated water pipes.
- (p) If, due to gross negligence or willful misconduct of a Unit Owner, or any member of his family, guest, renter or visitor of a member (whether authorized or unauthorized by the Unit Owner), damage is caused to any Common Elements or Limited Common Elements, or another Home Owner’s Unit, then the Unit Owner shall pay for such damages & be liable for all costs & expenses.
- (‘r) All Home Owners shall be responsible for taking prompt action to address all water leakage & water penetration incidents, where the penetration is or is believed to be resulting from a Unit component & providing timely notification (within 24 hours of incident) to the Management Company.
- (s) Must adhere to the following Policies:
- (1) Delinquency Collection Policy;
 - (2) Pet Policy;
 - (3) Pool Policy;
 - (4) Rental Registration Form.

Reference:

VBC’s Code of Regulations;

VBC’s Declaration

Villas at Bay Crossing Condominium Association

Rules and Regulations - Additional



PCAM

Premier Community Association Management

Villa at Bay Crossing Condominiums

Pool Rule – 2019 Season

Pool Use Is Restricted To The Members, Their Guests, and Renters Of:

Villas at Bay Crossing Condominium Association & Creekwood Annex (with paid membership)

Members are responsible for their guests and renters.

Owners are responsible to notify guests/renters of the rules. Owners will be responsible for any damages other than normal wear & tear.

Card Access

To gain entrance to the pool area, you will need an access card supplied by management. Please note that your card will be deactivated if:

Your monthly assessment is not received by the end of the month after the due date. Upon payment of your monthly assessment in full, your access card will be reactivated on the next business day.

Opening the gate and letting others into the pool that are not permitted use of this amenity.

All persons must use the facilities at their own risk. No Lifeguard on Duty.

Pool Rules.

- **Pool Hours 8 Am to 10 PM Daily. No Exceptions.**
- **No Diving; No Horseplay**
- **No glass containers are permitted inside the pool area.**
- **No animals are permitted inside the pool area.**
- **No smoking is permitted inside the pool area.**
- **Children under the age of 16 must be accompanied by an adult over the age of 18 years age.**
- **Persons with open sores, rashes or other infectious diseases are not permitted in the pool**
- **Personal flotation devices and pool toys are permitted at your own risk.**
- **Proper attire required. No cut-offs or street clothes allowed in the pool. Babies must wear swim diapers.**
- **Keep area clean. Put down umbrellas and tie back when not in use. Return chairs back before leaving.**

Please report any violations of the above rules; or problems with the pool &/or pool area at Villas at Bay Crossing "Help Desk":

help@spmde.com