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**CODE OF REGULATIONS
FOR
WASHINGTON HOUSE CONDOMINIUM**
The City of Newark
New Castle County, Delaware

ARTICLE I
PLAN OF OWNERSHIP

Section 1. Unit Ownership. The property located in the City of Newark, New Castle 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. §§ 2201-2243, as amended) (the "Act"), by the Declaration recorded in the Office of the Recorder of Deeds, in New Castle County, Delaware, simultaneously herewith, at Instrument No. 20081017-0069184, and shall hereinafter be known as "Washington House Condominium" (hereinafter called the "Condominium") and as shown on the Declaration Plan recorded in the Office of the Recorder of Deeds in New Castle County, Delaware, at Instrument No 20081017-0069183.

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

Section 3. Office. The office of the Condominium and of the Council shall be located at the Condominium or at such other place as may be designated from time to time by the Council.

ARTICLE II
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," (the "Association") organized as an unincorporated association to be called "**The Washington House Condominium Association of Unit Owners**," who 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

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 one hundred twenty (120) days of the end of the Developer Control Period, as set forth in the Declaration. At such meeting the persons designated by the Developer or their successors shall resign as members of the Council, and the Unit Owners shall elect a new Council. Thereafter, the next annual meeting of the Association of Owners shall be held within fourteen (14) months of the first annual meeting and thereafter annually. 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 III 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 twenty five percent (25%) of the aggregate interest in the undivided ownership of the Common Elements. 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 the 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; 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 noticed in advance by a written agenda. A sample agenda is 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, or in the name of a fiduciary. Conversion of any condominium unit to a

fractional interest or time share interest or any form of cooperative ownership is prohibited. Conveyance of each unit must be by fee simple title conveyance.

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 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 at or 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%) 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 thirty (30) of the Unit Owners shall constitute a quorum at all meetings of the Association of Owners. In the event a quorum is not present or represented at any properly noticed meeting of the Association of Owners, then the Unit Owners present in person or by proxy shall have the power to adjourn the meeting, without notice other than an announcement at the meeting, until a quorum shall be present and no other notice shall be required. At any meeting of the Association of Owners that had previously been adjourned for lack of a quorum, then the requirement for a quorum for any such meeting shall be reduced by one half (1/2) of the quorum required for the prior meeting that was adjourned.

Section 13. Conduct of Meeting. The President shall preside over all meetings of the Association of Owners and the Secretary-Treasurer shall cause the minutes for the meeting to be kept, 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.

ARTICLE HI
COUNCIL

Section I. Number and Onatification. Except as otherwise hereinafter provided in Article XV, Section 2 below, there shall be five (5) members of the Council, each of whom shall either be a resident of the State of Delaware or a Residential Unit Owner, but need not be both. The Owners of the Commercial Units and the Office Units are not eligible for membership on the Council.

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 a 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 installment 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) Mole-lug and amending Rules and Regulations respecting the *use* of the Property.

(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 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) 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.

(l) 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.

(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) Appoint an Enforcement Officer to monitor and enforce compliance with all occupancy, use, rental and sale restrictions that affect the Units and Common Elements.

(o) Make payment of sewer and water fees incurred by Unit Owners to the City of Newark, and bill the individual Unit Owners for their share of said fees based on the number of Fixtures within each Unit divided by the total number of plumbing Fixtures on the Property as determined by the Council from time to time. For this purpose, Fixture within each Unit means any plumbing-related feature within a Unit, including: sinks, bathtubs (with or without a shower head), showers, toilets, washing machines, dishwashers, and refrigerator ice makers.

(p) 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 may (but is not required to) 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), (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), (i) and (1) 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 Declarant to the Unit Owners, or otherwise, 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 two (2) members of the Council shall be fixed for three (3) years, the term of office for two (2) members of the Council shall be fixed at two (2) years, and the term of office of one (1) member of the Council shall be fixed at one (1) year. At the expiration of the initial term of each respective member of the Council, his successor shall be elected to serve for a term of three (3) years. The members of the Council shall hold office until their respective successors shall have been 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.

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 who is being replaced and until a successor shall be elected at a 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 forty-five (45) days thereafter at such time and place as shall be fixed by the majority of the members of the Council.

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) such meeting shall be held during each fiscal year. Notice of regular meetings of the Council shall be given to each Council member, by either mail, telecopy, or email.

Section 9. Special Meetings. Special meetings of the Council may be called by the President on twenty-four (24) hours' notice to each Council member given by either mail, telecopy, or email, which notice shall state the time, place and purpose of the meeting. Special meetings of the Council shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least two (2) Council members.

Section 10. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each regular 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 the 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 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. or her 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. Fidelity Bonds. The Council may require adequate fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

Section 13. Compensation. No member shall receive any compensation from the Condominium for acting as such.

Section 14. Conduct of Meeting. The President shall preside over all meetings of the Council and the Secretary-Treasurer shall cause to be kept 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 15. 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 16. 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.

ARTICLE IV OFFICERS

Section 1. Designation. The principal officers of the Condominium 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 Condominium shall be elected annually by the Council at the organization meeting of each new Council and shall hold office at the pleasure of the Council. Any vacancy in an office shall be filled by the Council at a regular meeting or special meeting called for such purpose.

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.

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 cause the minutes of all meetings of the Association of Owners and of the Council to be kept; 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 causing to be kept 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, Chocks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium for expenditures or obligations of over \$1,000.00, shall be executed by any two officers of the Condominium or by such other person or persons as may be designated by the Council. All such instruments for expenditures or obligations of less than \$1,000.00, may be executed by any one officer of the Condominium 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 1st of each year and terminating on December 31st of the year.

(b) Preparation and Approval of Budget. Each year, 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 send to each Unit Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Unit Owner, no later than 15 days 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 supply to all Unit Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the

amounts collected pursuant to the budget adopted by the Council for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, 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 in the succeeding six (6) months after the rendering of the accounting.

(d)Reserves. The Council may build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Council deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. 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 assessments, in an amount of \$1,000.00 per Unit is hereby levied to provide the initial working capital of the Condominium to be utilized by the Council pursuant to and for the purposes herein set forth. This assessment shall be payable by each Unit Owner upon the purchase of his Unit from the Developer. All such initial assessments shall be used by the Council for any purposes in connection with Common Expenses and thereafter, including, but not limited to working capital funds, for reserve contributions or to make up any budget deficits during the Developer Control Period or thereafter pursuant to and for the purposes herein set forth.

(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.

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 purchase; 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 tile 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 Owners which remain unpaid for more than thirty (30) days from the due date for payment thereof.

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, whether located inside or outside of the Units.

(2) All exterior walls and exterior surfaces (including the painting of the exterior surfaces) repair, of the roof, party walls and all other portions of the Units which contribute to the support of any building, such as the outside walls of a building and all fixtures which are not unit elements on the exterior thereof, the boundary walls of Units, floor joists and attached ceilings and walls, interior ceilings and interior floors of Units, and excluding the finishes on the surfaces of all walls, floors and ceilings of a Unit.

(3) 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; and including all catch basins and television master antenna systems, if any, located outside the specific boundaries of any Unit; the roof and all roof drainage pipes, gutters and leaders.

(4) All windows and exterior doors, including any doors from the individual Units leading to balconies, and any mechanical room doors that are located on Unit balconies.

(5) 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.

(b) By the Unit Owner. 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 interior doors;

(5) interior non-load bearing walls or partitions;

(6) all electrical outlets, lights or security systems exclusively serving the Unit (whether within or without the Unit);

(7) all stoves, refrigerators, dishwashers, microwaves, garbage disposals, 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;

(8) the plumbing system (including water and sewer lines) serving each Unit, commencing at the collector from the main supply line serving each Unit, and from the point at which the sewer lateral serving each unit joins with a lateral serving more than one unit whether within or without the Unit, and all plumbing fixtures including, but not limited to faucets, shower heads, sinks, tubs, shower stalls, toilets and the like whether within or a Unit;

(9) all interior stairs, stair wells, and stair carriages solely serving a Unit;

(10) any storage areas solely serving a Unit; and

(11) 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;

(12) 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.

(c) Manner of Repair and Replacement All repairs and replacements 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 ten percent (10%) of the Association's then current operating budget 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, and the cost thereof shall be charged and assessed as a Common Expense. Any additions, alterations or improvements costing ten percent (10%) of the Association's then current operating budget 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 RESIDENTIAL UNIT OWNER SHALL MAKE ANY 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 Residential Unit Owner for approval of a proposed addition, alteration or improvement in such Residential Unit Owner's Unit within sixty (60) days after such request, and its failure to do so within the stipulated time shall constitute a **denial** by the Council of the proposed addition, alteration or improvement. Commercial and Office Unit Owners do not need to apply to the Council to make alterations or improvements, but must submit to the Council all lawful permits necessary to make said alterations or improvements prior to starting construction. 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 the Members of the Council 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 Residential Unit shall be used for residential purposes only and the Common Elements shall be occupied and used in accordance with the provisions of the Declaration. Each Commercial or Office Unit shall be used for any commercial, office, recreational or professional activity permitted by the present zoning or other applicable laws or ordinances.

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 located within 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. If requested in writing by the Council, the Unit Owner shall, at all times, cause a key to his Unit to be in the possession of the Council or the Management Agent.

Section 10. Rules. Rules and Regulations and Rules of Conduct 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 the City of Newark. The City of Newark shall bill the Council, and the Council shall bill the Unit Owners quarterly for reimbursement based on the number of Fixtures contained in each Unit divided by the total number of plumbing Fixtures on the Property as determined by the Council from time to time.

Section 13. Water Service. Water service shall be supplied by The City of Newark Water Department. The City of Newark shall bill the Council, and the Council shall bill the Unit Owners quarterly for reimbursement based on the number of Fixtures contained in each Unit divided by the total number of plumbing Fixtures on the Property as determined by the Council from time to time.

Section 14. Parking Spaces. Those parking areas designated and identified on the Declaration Plan recorded simultaneously with the Declaration and this Code of Regulations shall be Common Elements. Such parking spaces shall be subject to such reasonable rules and regulations that may be promulgated from time to time by the Developer or Council. The cost of any maintenance, repairs and replacement of all such parking areas shall be a Common Expense.

Section 15. Roads, Driveways. The access areas and driveways shall be Common Elements. A non-exclusive easement over and across said areas for ingress, egress, and regress is retained by the Developer, its successors and assigns, for its use in the development of the Condominium for use by the operator of the Washington House Condominium.

Section 16. Unit Balconies. The cost of the maintenance, repairs and replacement balconies appurtenant to 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 mortgages 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 mortgagee-s. 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 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 mortgages upon the Units, and must be recorded among the land records of New Castle County.

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%) minus a deductible amount of ONE THOUSAND DOLLARS (\$1,000.00) per loss per occurrence (if said deductible amount is not objected to by any mortgagee) of the Condominium project with an "agreed amount" endorsement and a "Condominium replacement cost" endorsement, an "Inflation Guard" endorsement if available, "Building Ordinance" or "Law Endorsement" endorsement, if applicable, "Steam Boiler and Maximum Coverage" endorsement, if applicable and a "Special Condominium" endorsement and such other endorsements that may be required from time to time under Part II, Subject 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 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 Two Million (\$2,000,000.00) Dollars) and in such form as may be considered appropriate by the Council including, but not limited to, 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 as "Additional Insured" as their interests may appear.

(c) Each Commercial or Office Unit Owners are required to provide additional Public Liability insurance of at least ONE MILLION DOLLARS (\$1,000,000.00) for said Unit.

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

(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 alterations which are part of the buildings.

(ii) Floor coverings (including, but not limited to carpet, tile, finished wood or other materials), and wall and ceiling coverings (including, but not limited to paint, wall paper, bordering and millwork trim) are to be specifically excluded from the coverage provided by the Association of Owners, (other than those floor, wall and ceiling coverings that are expressly identified as Common Elements of the Condominium). Unit Owners shall be responsible for obtaining their own insurance coverage for any such floor, wall and ceiling coverings in their Units.

(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.

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 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 whom the Council or Association of Owners may enter into any insurance trust agreement, or any successor trustee, each of which 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.

(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.

(g) All policies shall contain the standard mortgagee 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. Each Unit Owner shall have the right, at his own expense, to obtain additional insurance for his own Unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability, provided that no Unit Owner shall be entitled to exercise his right to acquire or maintain such additional insurance coverage so as to decrease the amount which the Council, on behalf of all Unit Owners, may realize under any insurance policy which it may have in force on the property at any particular time or to cause any insurance coverage maintained by the council to be brought into contribution with such additional insurance coverage obtained by the Unit Owner, and provided further that all such additional policies shall contain 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) Any Unit Owner who obtains individual insurance policies covering any portion of the property, other than personal property belonging to such Unit Owner, shall be required to file a copy of such individual policy or policies with the Council within thirty (30) days after the purchase of such insurance.

Section 4. Insurance Trustee.

(a) The Council shall have the right 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 upon all insurance policies purchased by the Council shall 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 seventy-five percent (75%) of the Unit owners, excluding the Developer and his successors and assigns, and seventy-five percent (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, (but not including floor coverings including, but not limited to carpet, tile, finished wood or other materials, or wall and ceiling coverings including, but not limited to paint, wall paper, bordering and millwork trim or 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 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 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 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 I. 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 mortgagees. Expenses theretofore assessed by the Council against his Unit and payable prior to the date of conveyance, except permitted mortgagees.

Section 3. Residential Leases and Rental Agreements. Every Residential 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.

Section 4. Occupancy Restrictions. All Residential Unit Owners and occupants shall abide by the Declaration of Restrictions made by Washington Partners, LLC in favor of the City of Newark, and which, by way of overview and not limitation or modification, limits the number of tenant occupied residential units to twenty percent (20%) of all Residential Units in the Building, allows not more than two (2) persons who are unrelated to the Owner of said Unit by blood or adoption to occupy such Owner's Unit at any time (except temporary guests as therein set forth), allows a Residential Unit occupied by an Owner to be co-occupied by not more than one (1) unrelated border or roomer, and requires the filing of an annual certification with the City of Newark. Notwithstanding the twenty percent (20%) rental occupancy limitation set forth in this section, in the event of a foreclosure, a Mortgagee or its assignee has the right to lease the foreclosed Unit for a period of up to six (6) months within the first year after it obtains title to said Unit, subject to compliance with all registration, bond and Tenant conduct requirements set forth herein or in the Declaration.

Section 5. Registration; Preferences. No Residential Unit shall be rented without first being registered as a rental Unit with the Enforcement Officer. No Residential Unit shall be rented for a term of longer than two (2) years, at the end of which, re-registration and use of such Unit for rental purposes shall be subject to the following provisions. In

the event that Owners of more than 20% of the Residential Units have registered them for rental, the Enforcement Officer shall give preference to those Owners who have been occupying their Units and who are faced with a temporary employment assignment, temporary health problems, educational sabbatical or travel plans not exceeding two (2) years, or other reason not expected to exceed two (2) years, following which temporary period of time, such Owners plan to resume occupancy of their Units. A Unit that has been previously rented and is not otherwise entitled to preference as aforesaid at the end of its rental term, may be denied re-registration and re-rental for the following year if necessary to allow the registration and rental of any Unit that was not rented during the preceding year. No Unit from which the Enforcement Officer or Condominium Council has evicted the tenant may thereafter be registered and rented until twelve (12) months have transpired. In the event that the term of a two-year rental period is due to end and no other Unit Owners have registered their Units for rental, an Owner may petition the Enforcement Officer to rent their Unit for another two (2) year term.

Section 6. Bond; Enforcement Powers. As a condition of renting a Residential Unit or taking in a boarder or roomer, the Owner of such Unit shall post with the Council the sum of One Thousand Dollars (\$1,000.00) for its application towards the cost of enforcing compliance with these restrictions by the tenants, boarder or roomer of such Unit. Any sums not expended for enforcement purposes shall be refunded to the Unit Owner at the end of the rental, or occupancy by a boarder or roomer, provided the Unit does not remain registered for rental. Any shortfall shall be paid to the Council upon demand. Each Unit Owner who is renting or allowing occupancy of his or her Unit by a boarder or roomer shall also provide the Enforcement Officer with an irrevocable power of attorney, coupled with an interest, appointing the Enforcement Officer, and Condominium Council by its President, and the City of Newark by its Solicitor, each as the said Unit Owner's attorney in fact, for purpose of enforcing these restrictions including, without limitation, evicting the tenant, boarder or roomer in the Unit Owner's name, and shall provide the Enforcement Officer with a signed copy of the lease, roomer or boarder agreement, the terms of which shall acknowledge the rights and powers of the Enforcement Officer and Council hereunder. Each Lease or other occupancy agreement shall be conditioned upon the tenant's, roomer's or boarder's continued compliance with all applicable Rules and Regulations and provisions in the Condominium Documents, and all criminal laws and codes. The Council may from time to time provide Unit Owners with the required form of Power of Attorney and required language for inclusion in each and every Unit lease or roomer or boarder agreement.

ARTICLE IX MORTGAGES

Section I. 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, may 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.

Section 6. All mortgagees will receive timely written notice of any action provided for herein or in the Declaration that requires the consent of a specified percentage of mortgagees, and that implied approval is to be assumed when a mortgagee fails to submit a response to any written proposal for an amendment or an action within 60 days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

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, lessees 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 the legal rate of interest provided on judgments in the State of Delaware from the due date thereof.

(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 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 installments of such assessments may be accelerated, at the option of the Council and the then balance owing may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner by the Council or the managing agent.

(c) The lien for contributions 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. 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 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.

ARTICLE XII AMENDMENTS TO CODE OF REGULATIONS

Section 1. Amendments. Except as otherwise provided hereinabove or hereinbelow 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.

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 New Castle County, Delaware.

Section 3. 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 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 more than 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 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) Reduction in reserves for maintenance, repair and replacement of Common Elements.
- (d) Insurance or fidelity bonds.
- (e) Expansion or contraction of project or addition, annexation or withdrawal of property to or from 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) Reallocation of interests in general or limited Common Elements or rights to their use.
- (j) Convertibility of Units into Common Elements or vice versa.
- (k) Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit.
- (l) Any action to terminate the legal status of the project after substantial destruction or condemnation occurs.
- (m) Any provisions for express benefit of mortgage holders, insurers or guarantors.

Section 4. Mortgagees implied approval shall be assumed when a Mortgagee fails to submit a response to any written proposal for an amendment within sixty (60) days after it receives proper notice of the proposal, provided the notice was delivered by Registered or Certified Mail, with a return receipt requested.

ARTICLE X311
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 DECLARANT


The foregoing are the terms of this Code of Regulations, to the contrary notwithstanding, until the earlier of (i) four (4) months after the date on 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) three (3) 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 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 Declarant 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, Declarant may effect an appropriate corrective amendment without the approval of the Unit Owners upon Declarant'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 and consent shall be obtained from mortgagees holding, in the aggregate, first lien mortgages with respect to at least fifty-one percent (51%) of the Units. The failure of any first lien mortgagee to respond to notice of a proposed amendment to cure an ambiguity or to correct or supplement any provision, as aforesaid, within sixty (60) days after such notice to such mortgagee from Declarant shall be deemed to be a consent by such mortgagee, provided the notice was delivered by certified or registered mail, with a return receipt requested. 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 Declarant determines), the Council shall consist of one (1) and not more than three (3) persons, such individual(s) to be designated from time to time by Declarant.

IN WITNESS WHEREOF, the undersigned, as the initial member of the Council, has executed this instrument, under seal, this 16 day of October, 2008.

4/14/11 Ailj_

BY:  (SEAL)

WITNESS

DAVID N. SILLS, IV

STATE OF DELAWARE

: SS.

| COUNTY OF ~~New Castle~~
KENT

BE IT REMEMBERED, that on this **16** day of **Oct**, 2008, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, DAVID N. SILLS, IV, as the initial member of the Washington House 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.

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NOTARY PUBLIC