

CODE OF REGULATIONS
FOR
PERSIMMON PARK PLACE CONDOMINIUM

THIS IS A CODE OF REGULATIONS, made this 6th day of November, A.D. 1987, by the Council of PERSIMMON PARK PLACE CONDOMINIUM, pursuant to the provisions of the Unit Property Act (Title 25, Section 201, et. seq. of the Delaware Code).

ARTICLE I

APPLICABILITY

Section 1.1 Applicability.

This Code of Regulations applies to that property known as PERSIMMON PARK PLACE CONDOMINIUM which has been, by Declaration dated the 6th day of November, 1987, duly recorded in the Office of the Recorder of Deeds, at Dover, Kent County, Delaware, in Deed Book _____, Volume _____, Page _____, and the Declaration Plan, dated the 29th day of August, 1986 revised to October 2, 1987, and of record in the Office of the Recorder of Deeds, aforesaid, in Plot Book _____, Page _____ et. seq. submitted to the provisions of the Unit Property Act, Title 25, Section 2201, et seq. of the Delaware Code, as amended (hereinafter referred to as the "Unit Property Act"), as reference to the Declaration and Declaration Plan will more fully appear, said documents being incorporated herein by reference, and this Code of Regulations shall govern the administration, management, use and occupancy thereof.

All present and future Unit Owners, including owners of all numbered lots and the manufactured home situate thereon, all mortgagees, lessees and their employees and any other persons who may use the facilities of the Property in any manner are subject to this Code of Regulations, the Declaration, and to the Rules and Regulations established by the Council (hereinafter referred to as the "Council") as hereinafter set forth. The acceptance of a deed or conveyance or the entering into of a lease for purchase of a Condominium Unit Compartment and a numbered lot and

manufactured home or the act of occupancy of a manufactured home by any of the aforesaid persons shall constitute an agreement that this Code of Regulations, any Rules and Regulations promulgated hereunder, and the provisions of the Declaration as they may be amended from time to time, are accepted, ratified and will be complied with.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

Section 2.1 Definitions.

The terms set forth below shall have the following meanings in this Code of Regulations, unless the context clearly otherwise requires:

(a) "Lot and Manufactured Home" is as described in Section 4.04 of the Declaration.

(b) "Code of Regulations" means this document and such governing regulations as may be adopted from time to time pursuant hereto or to the Unit Property Act for the regulations and management of the Property, including such amendments hereto as may be adopted from time to time.

(c) "Condominium" means the Property.

(d) "Common Elements" are as defined in the Unit Property Act and are more fully described in Section 4.05 of the Declaration.

(e) "Common Expenses" shall mean and include:

(1) Expenses of administration, maintenance, repair and replacement of the Common Elements.

(2) Expenses agreed upon as common by all the unit owners.

(3) Expenses declared common by the Unit Property Act or by the Declaration or Code of Regulations.

(f) "Phase II" means the condominium unit compartments and common elements described in Schedule B of the Declaration which may become a part of the PERSIMMON PARK PLACE CONDOMINIUM.

(g) "Phase III" means the condominium unit compartments and common elements described in Schedule C of the Declaration which may become a part of the PERSIMMON PARK PLACE CONDOMINIUM.

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(h) "Phase IV" means the condominium unit compartments and common elements described in Schedule D of the Declaration which may become a part of the PERSIMMON PARK PLACE CONDOMINIUM.

(i) "Phase V" means the condominium unit compartments and common elements described in Schedule E of the Declaration which may become a part of the PERSIMMON PARK PLACE CONDOMINIUM.

(j) "Phase VI" means the condominium unit compartments and common elements described in Schedule F of the Declaration which may in part or in whole become a part of the PERSIMMON PARK PLACE CONDOMINIUM.

(k) "Expandable Condominium" means the remaining condominium unit compartments and the common element areas which may be built in the future on the land described in Schedules B through F of the Declaration, which are currently excepted from submission to the Unit Property Act, and which if constructed in whole, will result in an additional 611 units and which shall also include additional land to become a part of the common elements. Expandable Condominium is a descriptive term of the 611 units proposed to be built in the future after the establishment of a viable condominium comprised of the one hundred (100) units in Phase I and the amenities to be incorporated into and constructed as a part of Phase I.

(l) "Council" means that board or group of natural individuals of the number stated in this Code of Regulations who shall manage the business operations and affairs of the Property on behalf of the Unit Owners and in compliance with and subject to the Unit Property Act, the Declaration, and the Code of Regulations. The "Council" will be incorporated as "Persimmon Park Place Condominium Council, Inc." and will also have jurisdiction separately conferred over the numbered lots and manufactured homes which are conveyed contemporaneously with the condominium unit compartments.

(m) "Declarant" means Persimmon Park Place, L.P., a Delaware limited partnership, which has executed this Declaration.

(n) "Declaration" means that instrument dated November 6, 1987 and recorded in Deed Book _____, Volume _____, Page _____, whereby the Declarant submitted the Property to the provisions of the Unit Property Act.

(o) "Declaration Plan" means that survey of the Property bearing the date of the 29th day of August, 1986 and revised to October 2, 1987 and recorded in the Office of the Recorder of Deeds, aforesaid, in Plot Book _____, Page _____, which survey was prepared in accordance with Section 2219 and 2220 of the Unit Property Act.

(p) "Development" means all that certain tract, piece and parcel of land, lying and being situate in the City of Dover, East Dover Hundred, Kent County, Delaware, known as PERSIMMON PARK PLACE CONDOMINIUM more particularly shown on a plot of survey thereof prepared by Community Design and Development, Engineers of Clearwater, Florida, dated August 29, 1986, revised to October 2, 1987 and recorded in Plot-Book _____, Page _____ and being part of the same lands and premises granted and conveyed to Persimmon Park Place, L.P., a Delaware limited partnership, by deed of Pleasanton Park, Inc., a Delaware corporation, dated May 14, 1986 and recorded on May 16, 1986 in Kent County, Delaware in Deed Book B, Volume 42, Page 13.

(q) "Unit Property Act" shall mean Chapter 22 of Title 25 of the Delaware Code as the same may be amended from time to time.

All terms defined in the Unit Property Act and not otherwise defined herein are to be defined as set forth in said Act.

Section 2.2 Rules of Construction.

(a) All references in this Code of Regulations to designated "Articles", "Sections", and other subdivisions are to the designated articles, sections and other subdivisions of this Code of Regulations as originally executed unless otherwise indicated, such as when specific reference is made herein to designated "Articles", "Sections", and other subdivisions of the Declaration.

(b) Article and Section headings appearing herein are inserted for convenience only and do not purport to, and shall not be deemed to define, limit, or extend the scope of the respective articles and sections to which they pertain.

(c) The words "herein", "hereof", and "hereunder" and other words of similar import refer to the Code of Regulations as a whole and not to any particular article, section or subdivision unless the context indicates otherwise.

(d) Words of any gender shall be deemed and construed to include correlative words of the feminine, masculine, and neuter gender.

(e) Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa.

(f) This Code of Regulations is set forth to comply with the requirements of the Unit Property Act and all amendments thereto, and in the event of any conflict between the Code of Regulations and the provisions of the Unit Property Act, the provisions of such Act shall control. In the event of any conflict between the Code of Regulations and the Declaration, the provisions of the Declaration shall control.

ARTICLE III

COUNCIL

Section 3.1 Number and Qualification.

The affairs, administration and management of the Property and also of the numbered lots and manufactured homes affixed thereto conveyed and transferred contemporaneously with the condominium unit compartments shall be governed on behalf of the Unit Owners by a Council composed of five (5) natural individuals, all of whom shall be either residents of the State of Delaware or Unit Owners, but need not be both.

Section 3.2 Powers and Duties.

The Council shall have, on behalf of the Unit Owners, the power to manage the business operations and affairs of the Property and the business operations and affairs of the numbered lots and manufactured homes acquired and sold contemporaneously with the purchase of condominium unit compartments and for such purposes to engage employees and appoint agents and to define their duties and fix their compensation, enter into contracts, leases and other written instruments or documents and to authorize the execution thereof by officers elected by the Council, shall have such incidental powers as may be appropriate to the performance of their duties and shall have such other powers and duties as may be required under this Code of Regulations, the Declaration, the Unit Property Act, or as may be imposed upon it by the Unit Owners.

And further, in addition to the duties that may be imposed by the Declaration, this Code of Regulations, the Unit Property Act, or by resolution of the Unit Owners, the Council shall be vested with the following powers and duties:

- (a) Maintenance, repair, replacement, and landscaping of the Common Elements.
- (b) The enforcement of the provisions of this Code of Regulations.
- (c) The collection of the assessments for Common Expenses from the Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance, operation and repair and replacement of the Common Elements.
- (e) Adoption and amendment of rules and regulations covering the details of operation and use of the Property.
- (f) Opening of bank accounts on behalf of the Council and designating the signatories required therefor.
- (g) Obtaining of insurance for all property which is part of the Common Elements pursuant to the provisions of the Declaration relating thereto and this Code of Regulations.
- (h) Making of repairs, additions and improvements to or alterations of the Common Elements and repairs to and restoration of the Common Elements in accordance with the other provisions of this Code of Regulations, the Declaration or the Unit Property Act, after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.
- (i) The retention of such legal and accounting services necessary or proper in the operation of the condominium regime.

Section 3.3 Manager.

The Council may employ a Manager at a compensation established by Council, to perform such duties and services as Council shall authorize, including but not limited to the duties listed in Section 3.2 of this Article.

Section 3.4 Election of Council Members.

Declarant, subject to the further provisions of the Unit Property Act, shall initially from and after the date of the recording of the Declaration, be entitled to elect all members of the Council which shall

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consist of five (5) members. Four months after the condominium, including each of the expandable phases as described in Schedules B through F of the Declaration is 75% sold and settled by Declarant or by October 1, 1992, whichever date arrives first, Declarant shall no longer control appointment of the membership of the Council, except that Declarant shall have one member on the Council as long as it owns one condominium unit compartment. If Declarant shall convey title to all of the condominium unit compartments before the expiration of October 1, 1992, the Declarant shall no longer have the right to elect one member of the Council, as aforesaid. This provision shall not preclude the Declarant from participating as a condominium unit compartment owner in the election of Council members. Within thirty (30) days after the sale of 75% of the units in the condominium, including all expandable phases, as aforesaid, or within thirty (30) days from the expiration of October 1, 1992, whichever first occurs, the Council shall call for a special meeting of the Unit Owners to elect a Council member or members to replace those members or member elected to the Council exclusively by Declarant, and that member or members so elected by the Declarant shall resign at that time from the Council. Council members elected at said meeting shall be members of the Council for the remainder of the term of the member or members replaced and until a successor shall be elected.

In the event that at any time between the recording of the Declaration and October 1, 1992 Declarant irrevocably elects not to further expand the PERSIMMON PARK PLACE CONDOMINIUM, Declarant shall so advise the Secretary of Council in writing and upon such notification, the control of Council shall within thirty (30) days thereafter immediately and without additional notice become vested entirely in the Unit Owners free and clear of the right of Declarant except for Declarant's right to elect one member to Council so long as Declarant owns one unsold unit.

Each Council member shall be a natural person and shall either be a resident of the State of Delaware or a Unit Owner (including a director, officer or general partner of a Unit Owner which is a corporation, association or partnership) but need not be both.

Declarant may waive its aforesaid rights in whole or in part at any time by filing written notice with the Council.

Section 3.5 Election and Term of Office.

At the first annual meeting of the Unit Owners, the members of the Council as named in the Declaration shall resign and their successors shall be elected. The term of office of two (2) members of the initial Council elected at the said first annual meeting of the Unit Owners shall be fixed for three (3) years, the term of office of two (2) members of the said initial Council shall be fixed for two (2) years, and the term of office for the remaining member of the said initial Council shall be fixed for one (1) year. The term of office of any other Council member shall be three (3) years. At the expiration of the initial terms of office of each respective member of the Council, his or her successor shall be elected at the annual meeting of the Unit Owners to serve a term of three (3) years. The Council members shall hold office until their successors have been elected and qualified.

Section 3.6 Vacancies.

Subject to the provisions hereof, vacancies in the Council caused by any reason other than the removal of a member thereof by a vote of the Unit Owners shall be filled by vote of the remaining member or 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 of the Council present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Council until the next annual meeting of the Unit Owners, when a Council member shall be elected by the Unit Owners to fill such vacancy.

Section 3.7 Removal of Members of the Council.

Except with respect to Council members designated by Declarant pursuant to Section 3.4 hereof, at any annual or special meeting of the Unit Owners duly called, any one or more members of the Council may be removed with or without cause by majority vote 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 seven (7) days notice of the time, place and purpose of the aforesaid meeting and shall be given an opportunity to be heard at the meeting.

Section 3.8 Annual Member Meeting.

There shall be an annual meeting of the members of the Council, which meeting shall follow the annual meeting of the Unit Owners and shall be held within thirty (30) days thereafter at such time and place as shall be fixed by Council.

Section 3.9 Regular Meetings.

Regular meetings of the Council shall be held at such time and place as shall be determined from time to time by a majority of the Council, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Council shall be given to each member of the Council, personally or by mail, telephone, or telegraph, at least three (3) days prior to the day named for such meeting.

Section 3.10 Special Meetings.

Special meetings of the Council may be called by the President on three (3) days' notice to each member of the Council, given personally or by mail, telephone or telegraph, 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 in like manner, and on like notice, on the written request of at least two (2) members of the Council.

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Section 3.11 Waiver of Notice.

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

Section 3.12 Voting, Quorum, and Majority Vote.

Each Council member shall have one vote. At a meeting of the members of the Council where a quorum is present, the acts of a majority of the members of the Council present at the meeting shall be the acts of the Council. Except as may otherwise be stated, for purposes of this Code of Regulations and the Declaration, the term "quorum" of the Council shall mean three (3) members if the Council is composed of five (5) members, or more than 50 percent of the members of the Council if the Council shall be composed of less than five (5) members. Except as may otherwise be stated for purposes of this Code of Regulations and the Declaration, the term "majority" shall mean three (3) members if the Council is composed of five (5) members; otherwise, the term shall mean more than fifty (50) percent. If at any meeting of the Council there shall be less than a quorum present, the member or members present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without notice.

Section 3.13 Parliamentary Procedure.

At all meetings of the Council, Roberts Rules of Order, as then amended, shall be followed. In the event of conflict with this Code of Regulations or the Declaration, then this Code of Regulations or the Declaration shall prevail.

Section 3.14 Fidelity Bonds.

The Council may require that any one or all officers and employees of the Council handling or responsible for Council funds shall furnish adequate fidelity bonds. The premiums on such bonds may be assessed as a common expense.

Section 3.15 Compensation.

No member of the Council shall receive any compensation for acting as such, but may be reimbursed for necessary expenses incurred in regard to service as a Council member, as approved by the Council from time to time.

Section 3.16 Liability of Members of Council and Indemnity.

The liability of the members of Council shall be limited and determined in accordance with Section 11.06 of the Declaration, Section 13.1 of this Code, and the members of the Council shall be indemnified against any loss or damage in accordance with Sections 11.06 of the Declaration and Section 13.1 of this Code.

Section 3.17 Fiscal Year.

The Council shall establish a fiscal year consistent with the requirements of State and Federal tax authorities.

ARTICLE IV

OFFICERS

Section 4.1 Designation.

The principal officers of the Council shall be the President, the Vice President, the Secretary, and the 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 and Vice President, but no other officers, need be members of the Council.

Section 4.2 Election of Officers and Term.

The officers of the Council shall be elected by the Council at its annual meeting and shall hold office at the pleasure of the Council, and shall serve for a term of one (1) year.

Section 4.3 Removal of Officers.

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

Section 4.4 President.

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

Section 4.5 Vice President.

The Vice President shall be vested with all the powers required to perform all the duties of the President in the President's absence or disability and shall perform such other duties as may be prescribed by the Council.

Section 4.6 Secretary.

The Secretary shall keep the minutes of all meetings of the Council and the minutes of all meetings of the Unit Owners; he or she shall have charge of such books and papers as the Council may direct; and shall, in general, perform all the duties incident to the office of Secretary. The Secretary need not be a member of Council.

Section 4.7 Treasurer.

The Treasurer shall have responsibility for the Council funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Council pursuant to the requirements of 25 Del. C. Section 2218 of the Unit Property Act. He or she shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of, the Council in such depositories as may, from time to time, be designated by the Council. The Treasurer need not be a member of Council.

Section 4.8 Agreements, Contracts, Deeds, Checks, Etc.

All agreements, contracts, deeds, leases, checks and other instruments of the Council shall be executed by the President of the Council and the Secretary of the Council or by such other person or persons as may be designated by the Council to act for Council.

Section 4.9 Compensation of Officers.

No officer shall receive any compensation for acting as such.

Section 4.10 Vacancies.

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

ARTICLE V

THE UNIT OWNERS

Section 5.1 Annual Meetings of the Unit Owners.

The first annual meeting of the Unit Owners, as such Unit Owners, shall be called by the President of Council promptly thirty (30) days following four months after the condominium, including each of the expandable phases as described in Schedules B through F of the Declaration Plan is 75% sold and settled by Declarant, but in no event later than thirty (30) days after October 1, 1992, regardless of the number of units so conveyed. The Secretary shall thereupon give at least five (5) and not more than thirty (30)

days written notice thereof to all Unit Owners and such meeting shall be held on the date specified in such notice. Thereafter, annual meetings shall be called by the President and held in the month of May of each year. At each annual meeting, the Unit Owners shall elect by written, secret ballot the members of the Council and conduct such other business as may properly come before the meeting. Notwithstanding anything contained in this Section 5.1 to the contrary, in the event that the Declarant advises the Secretary of Council that it no longer wishes to pursue further expandable condominium areas then upon the receipt of such information through the giving of notice to Unit Owners called for by this Section shall occur within thirty (30) days of the receipt by the Secretary of such notice.

Section 5.2 Place of Meetings.

Meetings of the Unit Owners shall be held at the property, or at such other suitable place convenient to the Unit Owners as may be designated by the Council.

Section 5.3 Special Meetings.

It shall be the duty of the President to call a special meeting of the Unit Owners if so directed by resolution of the Council or after the first meeting at which Unit Owners may vote, upon a petition signed and presented to the Secretary by the Unit Owners owning in the aggregate at least one-half (1/2) of the undivided ownership in 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 5.4 Notice of Meetings.

It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each Unit Owner or Owners of record, at least ten (10) but not more than thirty (30) days prior to such meeting.

Section 5.5 Adjourned Meetings.

If any meeting of the Unit Owners cannot be organized because a quorum has not attended, the Unit Owners who are present either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 5.6 Waiver of Notice.

Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall be considered a waiver of notice thereof.

Section 5.7 Voting.

Voting shall be on a percentage basis and the percentage vote to which each Unit Owner is entitled is the number of votes equal to the percentage of ownership in the common elements assigned to its unit in the Declaration or any amendment thereto. Votes may be cast at all meetings either in person or by proxy. All such proxies shall be in writing and shall be delivered to the Secretary prior to the vote, and shall be revocable at any time by written notice to the Secretary. No proxy shall be valid for more than one (1) year from the date it was originally granted. The persons or entities from time to time entitled to exercise voting rights appurtenant to the units shall be those shown at the time of reference on a voting list to be continuously maintained by the Secretary, which list shall be closed for each meeting at the close of business on the business day next preceding the meeting date. Said list shall reflect the Unit Owner of record of each unit. The vote of each Unit Owner may only be cast as an entirety and may not be split or apportioned. If a unit is held in a fiduciary capacity, the fiduciary rather than the beneficiary shall be entitled to exercise the appurtenant voting right. The Voting List shall be kept at a place convenient to the property and may be inspected during regular business hours by any Unit Owner, Purchaser or First Mortgagee, and it shall be produced and kept

open to like inspection throughout each meeting of the Unit Owners. With respect to each of the units owned by Declarant, Declarant may vote in the same manner as any other Unit Owner. Council shall not be considered as a Unit Owner for the purpose of voting, or quorum, nor shall it be eligible to vote, except that this provision shall not apply to Declarant. A majority of the total percentage votes cast at a meeting at which a quorum is present shall be binding upon all Unit Owners for all purposes except when a higher percentage is required by this Code of Regulations, the Declaration or the Unit Property Act.

Section 5.8 Order of Business.

The order of business at all meetings of the Unit Owners shall be as follows (where and as applicable):

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of Committees.
- (f) Elections of inspectors of election.
- (g) Election of members of the Council.
- (h) Unfinished old business.
- (i) New business.

Section 5.9 Parliamentary Procedure.

At all meetings of the Unit Owners, Roberts Rules of Order, as then amended, shall be followed. In the event of conflict with this Code of Regulations, the Declaration or the Unit Property Act, then this Code of Regulations, the Declaration, or the Unit Property Act shall prevail.

Section 5.10 Quorum.

The presence, in person or by proxy, at any meeting of the Unit Owners having more than 50 percent of the total votes shall constitute a quorum.

Section 5.11 Proxies.

Votes may be cast in person or by proxy. Proxies must be filed with the Secretary at or before the time of each meeting. A Unit Owner may designate any person who need not be an owner to act as proxy. The designation of any such proxy shall be made, in writing, signed by the Unit Owner, and shall be revocable at any time by written notice to the Secretary by the Unit Owner designating the proxy.

ARTICLE VI

OPERATION OF THE PROPERTY

Section 6.1 The Determination of Common Expenses.

The Council shall, from time to time and at least annually, prepare a budget for the Condominium, determine the amount of the assessment payable by the Unit Owner to meet the Common Expenses of the Condominium, and allocate and assess such Common Expenses among the Unit Owners according to the percentage of undivided ownership of each in the Common Elements as established by the Declaration. The Common Expenses shall include but not necessarily be limited to (a) expenses of administration, maintenance, repair and replacement of the Common Elements; (b) expenses agreed upon as common by all Unit Owners; (c) the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Council pursuant to the provisions of the Declaration; and (d) such expenses as may be incurred by the Council in the performance of the duties and obligations imposed upon it hereunder, by the Declaration, or by the Unit Property Act; and (e) such expenses as may be declared Common Expenses by the Unit Property Act or by the Declaration or elsewhere in this Code of Regulations or any amendment thereto. The Common Expenses may also include an amount for working capital for the Condominium, for a general operating reserve, for a reserve fund for replacements and to make up any deficit in the Common Expenses for any prior year. The Council shall advise all Unit Owners promptly, in writing, of the amount of Common Expenses payable by each of

them respectively, as determined by the Council, as aforesaid, and shall furnish copies of each budget on which said Common Expenses are based to all Unit Owners and upon request or where required by the mortgage documents to their mortgagees.

Section 6.2 Payment of Common Expenses.

All Unit Owners shall be obligated to pay the Common Expenses quarterly in advance, or at such other time or times as the Council shall determine. A purchaser of a Unit shall be liable for the payment of Common Expenses assessed and unpaid against such Unit prior to the acquisition by purchaser of such Unit, except that a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit or a mortgagee of a Unit who purchases such Unit in lieu of foreclosure, shall not be liable for and such Unit shall not be subject to a lien for the payment of Common Expenses prior to the foreclosure sale. Collection of common expenses shall be as provided in Section 12.08 of the Declaration.

Section 6.3 Collection of Assessments.

The Council shall assess Common Expenses against the Unit Owners from time to time and at least annually, and shall take prompt action to collect any assessment due from any Unit Owners which remains unpaid for more than thirty (30) days from the due date for payment thereof in accordance with Section 12.08 of the Declaration.

Section 6.4 Default in Payment of Assessments.

In the event of default by any Unit Owner in paying to the Council the Common Expenses as determined by the Council, such Unit Owner shall be obligated to pay interest at the rate designated in 25 Del. C., Section 2233, or any amendments thereto, said interest to run from the 30th day following the adoption of a resolution duly adopted by the Council as to the amount assessed against any Unit. Any charge assessed against a Unit may be enforced by an action at law by the Council acting on behalf of the Unit

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Owners provided that each action when filed shall refer to the Unit Property Act and to the Unit against which the assessment is made and the Owner thereof. Any judgment against a Unit and its Owner shall be enforceable in the same manner as otherwise provided by law.

Section 6.5 Statement of Common Expenses.

The Council shall promptly provide any Unit Owner requesting, in writing, a written statement of all unpaid Common Expenses due from said Unit Owner.

Section 6.6 Insurance.

The Council shall be required to obtain and maintain to the extent obtainable, the insurance required by the Declaration and the Unit Property Act and this Code of Regulations.

Section 6.7 Repair or Reconstruction after Fire or Other Casualty.

In the event of damage or destruction of any common element as a result of fire or other casualty, repair and restoration of such common element shall be determined and carried out in accordance with the Declaration provisions appertaining thereto.

Section 6.8 Maintenance and Repair.

(a) All the repairs to each individual condominium unit compartment or numbered lot and manufactured home permanently affixed thereto not made Common Elements by the Declaration or Declaration Plan and all other accessories belonging to the Unit shall be repaired at the Unit Owner's expense.

(b) Council shall be obligated to enter into the appropriate contracts to maintain all utilities and drainage obligations and for the repair of any common elements.

(c) All maintenance, repairs and replacements to the Common Elements (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner) shall be made by the Council and be charged to all of the Unit Owners as Common Expense.

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Section 6.9 Restrictions on Use of Common Areas, Condominium Unit
Compartments, Numbered Lots and Manufactured Homes
Permanently Affixed Thereto

(a) Unit Owners shall not paint, stain, or otherwise change the color of any portion of the Common Elements.

(b) Each Unit Owner shall keep his Unit, numbered lot and manufactured home in a good state of preservation and cleanliness.

(c) A Unit Owner may not alter, destroy, relocate, change or add to the landscaping within the Common Elements without the prior written consent of the Council. All landscaping and all approvals by the Council of any changes, alterations, additions or destruction to the landscaping shall be based upon conformity with the overall landscaping scheme of the condominium and/or based upon consideration of the overall appearance of the condominium so as to protect the value of the Property and each Unit Owner's interest therein.

(d) No portion of any manufactured home (other than the entire manufactured home) shall be leased for any period. No Unit Owner shall lease a manufactured home unless such lease requires the Lessee to comply with the Declaration and the Code of Regulations, and providing that failure to comply constitutes a default under the lease.

(e) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within the manufactured home or on the numbered lot or upon the Common Elements, except that the keeping of small, orderly, domestic pets (e.g., dogs, cats, or caged birds), not to exceed one (1) per manufactured home without the approval of the Council, is permitted, subject to the rules and regulations adopted by the Council. Such pet shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried or leashed. Any Unit Owner who brings any pet upon any portion of the common elements shall be deemed to have indemnified and agreed to hold the Unit Owners, the Declarant, and the Council free and harmless from any loss, claim or liability of any kind or character whatsoever arising by reason of bringing such pet within the common elements. Any Unit Owner who keeps or maintains any pet upon any portions of the Common Elements shall be responsible for the prompt removal and disposal from the Property of all excrement of such pet.

Section 6.10 Rules and Regulations.

Rules and regulations concerning the use of the condominium unit compartments, numbered lots and manufactured homes and the Common Elements may be promulgated and amended by the Council from time to time. A majority vote of the Unit Owners at a meeting at which a quorum is present may overrule the Council's promulgation or amendment of any rule or regulation. Copies of such rules and regulations shall be furnished by the Council to each Unit Owner at least fifteen (15) days prior to the time when the same shall become effective.

Section 6.11 Parking Spaces and Regulation Thereof.

Each and every manufactured home in The Persimmon Park Place Condominium shall have on its lot available for the sole use of the owner or occupant three (3) parking spaces. These parking spaces situate as they are on each individual lot area are for the sole use of the owner of said lot and manufactured home.

Additionally, each manufactured home owner in The Persimmon Park Place Condominium shall have utilization on a first come first serve basis additional parking spaces which are contained in a common area situate in Phase I as depicted on the Declaration Plan. These additional parking spaces are provided as a convenience and are not to be in any way utilized for storage or abandoned vehicle purposes. All parking spaces are specifically subject to paragraph 9.01(i), 9.02(e) and 9.02(f) of the Declaration as well as to any other requirements applicable to parking as well as to any other provision of the Declaration, this Code of Regulations or the rules pertaining to the regulations and maintenance of parking areas.

Section 6.12 Disclaimer of Bailee Liability.

The Council, the Unit Owners as a whole, any Unit Owner, and the Declarant shall not be considered a bailee of any personal property stored on the Common Elements and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

6.13 Non-compliance with Code of Regulations, Rules, Restrictions, Etc.

Failure to comply with the Code of Regulations and with such rules governing the details of the use and operation of the condominium and the numbered lots and the manufactured homes and the use of the Common Elements as may be in effect from time to time and with the covenants, conditions and restrictions set forth in the Declaration or this Code of Regulations or in deeds or in the Declaration Plan shall be grounds for an action for recovery of damages or for injunctive relief or both, maintainable by any member of the Council on behalf of the Council or by the Council itself or the Unit Owners or in a proper case, by an aggrieved Unit Owner or by any person who holds a mortgage lien upon a Unit and numbered lot and manufactured home and is aggrieved by any such non-compliance.

ARTICLE VII

MORTGAGES

Section 7.1 Notice to Council.

A Unit Owner who mortgages his condominium unit compartment, numbered lot and manufactured home shall give the Council, through the Manager, (if any) or the Secretary of the Council in the event there is no Manager, the name and address of his Mortgagee and any guarantor of his mortgage and shall file a conformed copy of the note and mortgage with the Council, and the Council shall maintain such information in a book entitled "Mortgagees of Units".

Section 7.2 Notice of Unpaid Common Expenses.

The Council, whenever so requested, in writing, by a Mortgagee, shall promptly report any then unpaid common expenses due from or any other default by the Owner of the mortgaged condominium unit compartment, lot and manufactured home.

Section 7.3 Notice of Default, Casualty or Condemnation. The Council when giving notice to any Unit Owner of a default in paying an assessment for Common Expenses or any other default, shall simultaneously send a copy of such notice to the Mortgagee of such Unit. Each Mortgagee shall also be promptly notified of any casualty and of any taking in condemnation or by eminent domain and actions of the Unit Owners Association with respect

thereto. For purposes of this Section only, when notice is to be given to a Mortgagee, the Council shall also give such notice to the Federal Home Loan Mortgage Corporation, to the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmer's Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying Mortgages if the Council has notice of such participation.

Section 7.4 Notice of Amendment of Declaration or Regulations. The Council shall give notice to all Mortgagees at least seven days prior to the date on which the Unit Owners, in accordance with the provisions of this Code of Regulations, materially amend the Condominium Documents. A change or modification of any provision of the Condominium Documents which touches or concerns the following matters shall be deemed a material amendment: voting rights, assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair and replacement of common areas; responsibility for maintenance and repairs; reallocation of interests in the general or limited common areas, or rights to their use; boundaries of any unit; convertibility of units into common areas or vice versa; expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; insurance or fidelity bonds; leasing of units; imposition of any restrictions on a Unit Owner's right to sell or transfer his or her unit; a decision by the owners' association to establish self management when professional management had been required previously by an eligible mortgage holder; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or any provisions that expressly benefit mortgage holders, insurers or guarantors.

Section 7.5 Notice of Change in Managing Agent. The Council shall give notice to all Mortgagees at least thirty days prior to changing the Managing Agent.

Section 7.6 Mortgagees' Approvals. Unless at least fifty-one percent (51%) of the Mortgagees (based upon votes of Unit estates that are subject to mortgages held by eligible holders) and at least sixty-seven percent (67%) of the Unit Owners (other than the Declarant), have given their prior written approval, the Unit Owners Association shall not: (a) change any Unit's Percentage Interest in Common Expenses and Common Profits or in the Common Elements, except as provided in Section 2219(6) of the Unit Property Act; (b) partition, subdivide, abandon, encumber, sell or transfer the Common Elements of the Condominium (except for the granting of utility easements, etc. pursuant to Section 2215 of the Unit Property Act); (c) by act or omission withdraw the submission of the Property to the Unit Property Act, except as provided by Section 2229 of the Unit Property Act; (d) modify the method of determining and collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards; or (e) use hazard insurance proceeds for losses to the Condominium for any purpose other than repair, replacement or restoration except as provided in the condominium documents, (f) effect any other amendment deemed material in accordance.

Section 7.7 Other Rights of Mortgagees. All Mortgagees or their representatives shall have the right to attend and to speak at meetings of the Unit Owners Association. All such Mortgagees shall have the right to examine the books and records of the Condominium, and to require the submission of annual financial reports and other budgetary information. Mortgagees shall have the right to receive audited financial information; provided, however, that the cost and expense of any audit shall be borne exclusively by the requesting Mortgagee. Current copies of all Condominium Documents shall be available for inspection by Unit Owners and by Mortgagees or Guarantors during normal business hours at the office of Declarant.

Section 7.8 Notice. Mortgagees or Guarantors of the mortgages on any unit shall receive, as provided for below, timely written notice of the following:

- (a) Any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage;

(b) Any sixty (60) day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the owners association;

(d) Any proposed action that requires consent of a specified percentage of eligible mortgage holders.

A Mortgagee shall only be entitled to written notice of the foregoing if it has requested same in writing and gives the owner's association its name and address and the unit number address of the unit to which its mortgage attaches.

ARTICLE VIII

RECORDS

Section 8.1 Records and Audits.

The Council shall keep detailed records of the actions of the Council, minutes of the meetings of the Council, minutes of the meetings of the Unit Owners, and financial records and books of account for the Property, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit, which, among other things, shall contain the amount of each assessment of common expenses against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. An annual report of the receipts and expenditures of the Council, certified by an independent certified public accountant, shall be rendered by the Council to all Unit Owners promptly after the end of each fiscal year.

ARTICLE IX

INSURANCE TRUSTEE

Section 9.1 Designation of Insurance Trustee.

There shall be an insurance trustee to handle funds in excess of \$100,000.00. The insurance trustee shall be any Delaware state bank or trust company, or bank and trust company, having trust powers which has (and while so acting shall maintain) capital and surplus aggregating not less than \$5,000,000.00. The insurance trustee shall serve as such until its appointment as such is terminated by the Council, or until it shall resign its appointment and, in either case, until a successor meeting the

foregoing qualifications has been appointed by the Council and has accepted such appointment. The same procedure shall apply in the case of subsequent terminations by or resignations of one or more successor insurance trustees. The entity from time to time serving as such insurance trustee is hereinafter called the "Insurance Trustee". The Insurance Trustee shall not be liable for the payment of premiums, for the placement or renewal of insurance policies, for the sufficiency of the insurance coverage afforded, nor for the failure to collect insurance proceeds. Trustee shall cooperate with the Council in all matters concerning the policy, provided that, insofar as practicable, Trustee shall be relieved of all duties capable of being discharged by others, and provided further that in no event shall Trustee be required to take any action on its own initiative, or at its own expense, or which may reasonably expose it to liability. Trustee shall accept instructions from and rely on information given by only the Council, including information as to the names of Unit Owners and their respective shares of any distribution; except that as to the names of mortgagees, Trustee may rely on a certificate given by an attorney-at-law who has examined the Land Records to ascertain the names of mortgagees of record within thirty (30) days prior to distribution to Unit Owners and mortgagees; and Trustee shall have absolutely no liability for the consequences of following such instructions or relying on such information or certificate, regardless of any notices given or claim made, valid or not, to the contrary. Nevertheless, in the event of any dispute regarding distribution or proceeds, which in the Trustee's sole and good faith discretion threatens it with liability, Trustee may discharge its obligations hereunder by depositing the disputed amount with a Court of Law or Equity in Delaware by means of interpleader. The Trustee shall, upon instruction of the Council to such effect, make distribution in accordance with the requirements of this Code of Regulations.

ARTICLE X

ACTION BY WRITTEN CONSENT

Section 10. Written Consent.

So long as the Council is composed entirely of designees of the

Declarant pursuant to Section 3.4 of Article III, the members of the Council may act by unanimous written consent in lieu of a meeting. Thereafter, the Council shall act only at duly constituted meetings thereof.

ARTICLE XI

COUNCIL COMMITTEES

Section 11.1 Council Committees.

The Council may, from time to time, establish one or more standing or ad hoc committees as it may deem necessary or appropriate for the administration of the affairs of the Council. Each such committee shall have the discretionary, decision making or advisory powers with which the Council may invest it, provided, however, that the Council shall retain full responsibility for all acts undertaken by any committee within the authority granted to it. The members of any such committee shall be appointed from the members of Council or from those persons entitled to vote at any meeting of Unit Owners, or any combination thereof.

ARTICLE XII

EXECUTION OF INSTRUMENTS AND DOCUMENTS

Section 12.1 Execution of Instruments and Documents.

No agreement, check, deed, lease or other instrument or document shall be binding upon the Council unless entered into on its behalf by the Council and signed by the president and secretary or by any other person designated for such purpose by the Council.

ARTICLE XIII

LIABILITY AND INDEMNIFICATION

Section 13.1 Liabilities of Members of Council and Officers.

The members of the Council and the officers and any assistant officers of the Council:

(a) Shall not be liable to the Unit Owners as a result of their activities as such members, officers or assistant officers for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith;

(b) Shall have no personal liability in contract to any Unit Owner or any other person or entity under any agreement, instrument or transaction entered into by them in such capacity or capacities;

(c) Shall have no personal liability in tort to a Unit Owner or any other person or entity direct or imputed, except for their own willful misconduct or bad faith, for acts performed for them in such capacity or capacities; and

(d) Shall have no personal liability arising out of the use, misuse or condition of the Property, which might in any other way be assessed against or imputed to them as a result or by virtue of such capacity or capacities.

13.2 Indemnification by Unit Owners.

The Unit Owners shall indemnify and hold harmless any person and his heirs and personal representatives from and against any and all personal losses, liabilities and expenses, including counsel fees incurred or imposed or arising out of or in settlement of any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative instituted by any one or more Unit Owners or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member, officer or assistant officer of the Council, other than to the extent, if any, that such loss, liability or expense shall be attributable to his willful misconduct or bad faith, provided, in the case of any settlement, that the Council shall have approved the settlement, which approval shall not be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law by agreement, by the Declaration or this Code or by vote of Unit Owners or of

the Council, or otherwise. The costs, if any, of the indemnification by the Unit Owners set forth in this Section 13.2 of Article XIII shall be paid by the Council on behalf of the Unit Owners, shall constitute a Common Expense and shall be assessed and collectible as such, and not otherwise.

Section 13.3 Liabilities of Individual Unit Owners.

Each numbered lot owner and manufactured home owner and any lessees, sublessees or occupants of same shall be jointly and severally liable for losses, liabilities and expenses arising out of their own conduct or arising out of the ownership, occupancy, use, misuse or condition (except when the result of a condition affecting all or other parts of the Property) of said numbered lot and manufactured home.

Section 13.4 Language Concerning Liability in Agreements.

It is intended that in every agreement, deed, lease or other instrument entered into by the Council, the officers or assistant officers of the Council executing the same are acting only as agents for the Unit Owners and that the persons executing the same shall have no personal liability thereunder (except to the extent, if any, that they may also be Unit Owners at the time any such liability is assessed), that any claim by the other party or parties thereto in respect thereto or to the subject matter thereof shall be asserted against the Council which shall act on behalf of the Unit Owners in respect thereto, and that any liability thereunder or in respect of the subject matter thereof shall be a Common Expense. Pursuant hereto, every agreement, deed, lease or other instrument entered into by the Council shall contain the following language or such other specific language as the Council may by resolution, provide: "Any and all obligations contained herein or hereunder have been entered into on behalf of the Unit Owners of PERSIMMON PARK PLACE CONDOMINIUM by their duly authorized agents, and no such agent as a member of the Council of PERSIMMON PARK PLACE CONDOMINIUM shall be held to any personal liability in connection with said obligation, and any person dealing with any such agent shall look solely to the Council for the payment of any claim hereunder, or for the performance hereof." All obligations and liabilities created

by any such instrument shall be a Common Expense and shall be borne by those who are Unit Owners at the time such liability may be assessed by the Council as a Common Expense for which assessment each such Unit Owner shall be liable only to the extent of his Proportionate Interest as therein provided.

Section 13.5 Costs of Suit in Actions Brought by One or More Unit Owners on Behalf of all Unit Owners.

If any action is brought by one or more but less than all Unit Owners on behalf of all Unit Owners and recovery is had, the plaintiff's expense, including reasonable counsel fees, shall be a Common Expense, provided that if such action is brought against all other Unit Owners or against the Council, the officers, assistant officers, employees or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Unit Owners, the plaintiff's expenses, including counsel fees, shall not be charged to or borne by the other Unit Owners, as a Common Expense or otherwise.

Section 13.6 Notice of Suit and Opportunity to Defend.

Litigation instituted against the Council, or against the officers, assistant officers, employees or agents thereof in their respective capacities as such, or against the Property as a whole, shall be referred to the Council, which shall promptly give written notice thereof to the Unit Owners and the holders of any Mortgages whose names and addresses have been furnished to the Council. Such litigation shall be defended by the Council. The Unit Owners and such holders shall have no right to participate other than through the Council in such defense. Any Unit Owner who is served with legal process affecting solely his Unit or who receives knowledge thereof in any other fashion shall promptly give written notice thereof to the Council and to the holders of any Mortgage affected thereby. Such litigation shall be defended by such Unit Owner.

ARTICLE XIV

GENERAL INSURANCE PROVISIONS

Section 14.1 Property Insurance.

The Council shall, to the extent obtainable, continuously maintain

fire insurance with extended coverage endorsements as to such hazards and with such deductible features as to the Common Elements as the Council may deem appropriate. Said coverage shall insure against loss to the Common Elements, and all personal property of the Council, and shall insure the Council, each Unit Owner, each person who has entered into a binding agreement to purchase a Unit, and the holder of each first mortgage, as their respective interests may appear. Said insurance shall be in an amount equal to the full insurable value, on a replacement basis, of the Buildings, all additions, improvements or alterations thereto and of the said personal property, without deduction for depreciation, and is hereinafter called the "Replacement Value". The policies evidencing such insurance shall contain mortgagee endorsements in favor of the holder of each first mortgage, which endorsements shall be in the standard Delaware form modified, however, to make the loss payable provision in favor of such holders expressly subject and subordinate to the loss payment provisions (as herein provided in this Code) in favor of the Council and shall provide for the waiver by such holders of any right to settle losses with insurers. Before obtaining or renewing any policy and at least once every year, the Council shall determine the Replacement Value based on one or more appraisals from a reputable insurance company or appraiser. The said appraisal shall separately establish the Replacement Value for each unit and for each common element.

The Common Elements shall be insured in the amount of such appraised Replacement Value. The said insurance shall be maintained in one or more blanket policies, in the total amount of the total Replacement Value so established, which policies shall specify the amount of insurance allocated to each type property. The Council shall also carry such other property insurance, as it shall from time to time deem prudent, which insurance shall be in such amounts as the Council shall deem adequate. All policies of insurance carried pursuant to this Section 14.1 shall provide that the net proceeds thereof in the case of each loss shall be payable to the Council. All such policies shall contain waivers, to the extent obtainable, of any defense based on co-insurance or invalidity arising

from any acts of those whose interests are covered thereby.

Section 14.2 Disbursements of Property Insurance Proceeds, Condemnation Awards and Proceeds of Sale Upon Partition.

The net proceeds of all property insurance policies and the net award or other net proceeds from condemnation and the net proceeds of any sale upon partition shall be distributed by the Council, as follows:

(a) To pay or provide for the costs and expenses, direct and indirect, incurred by the Council in securing the proceeds or awards, in the administration of the process of repair and restoration, and in the distribution of the amounts thereof.

(b) In appropriate progress payments to the contractors, materialmen, engineers, architects or other persons engaged by the Council for the work and which have rendered services or furnished materials by such work, provided that where appropriate, waivers of mechanics' or materialmen's liens shall first be executed.

Section 14.3 Liability Insurance.

The Council shall, to the extent obtainable, continuously maintain a comprehensive public liability insurance in respect to the ownership, operation or maintenance of the common elements, and any personal property owned or controlled by Council, with such limits, which shall not be less than \$1,000,000.00 for personal injury or death as to any person and to all persons, and \$200,000.00 for property damage for each occurrence, as the Council may determine before obtaining or renewing any policy. Said insurance shall cover the Council and each member and officer thereof, each Unit Owner, the occupants of Units, and the assistant officers, employees and agents (including any managing agent) of the Council provided, however, that such insurance shall not cover the liability of any Unit Owner for acts occurring solely within his Unit or away from the Property. Each policy evidencing such insurance shall also cover cross-liability claims of any one or more or group of insureds. As to any proceeds which might be payable to any person or entity covered by such insurance, the Council shall

be the named insured in all such policies and the net proceeds thereof shall be paid to the Council, which shall distribute the same to those whose interests are covered thereby as their respective interests shall appear.

Section 14.4 General Insurance Provisions.

All policies of insurance carried under Sections 14.1 and 14.3 of this Article XIV shall, to the extent obtainable: *

(a) Provide that all adjustments of loss shall be made only by the Council.

(b) Contain waivers by the insurers of all rights by way of subrogation to the claims or rights of any one or more other named insureds or persons covered or benefited by such policies against any one or more other named insureds or persons so covered or benefited thereby provided, however, that the insurer may be subrogated to the rights of a mortgagee against its mortgagor.

(c) Provide that the coverage afforded to any and all other named insureds or persons covered or benefited by such policies shall not be affected by the acts, negligence or omissions of any one or more named insureds or persons so covered or benefited thereby.

(d) Provide that the insureds' rights of cancellation are vested solely in the Council, that such policies shall not be canceled or modified by the insurer without at least thirty (30) days prior written notice to the Council and to each Mortgagee, and that such policies shall not be canceled or substantially modified (except for additions to the Property or increases in coverage) by the Council without like notice to each Mortgagee.

Section 14.5 Workmen's Compensation, Fidelity and Other Insurance.

The Council, with the Council being the named insured, shall carry workmen's compensation insurance in amounts as required by law and shall also carry fidelity insurance covering such officers, assistant officers, managers, trustees, employees, agents and volunteers of and for the Council and in such amounts as the Council shall deem necessary or advisable, but in no event less than one and one-half times the Council's annual operating expenses and reserves. The Council may also obtain and maintain such other types of insurance as it deems necessary or advisable for the protection of

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Council and its officers, assistant officers, employees and agents, including but not limited to errors and omissions insurance.

Section 14.6 Notice of and Right to Participate in Condemnation Proceedings.

Whenever any proceedings are instituted which could result in the permanent or temporary taking, injury or destruction of all or part of the Common Elements, by the power of or a power in the nature of eminent domain or by an action or deed in lieu of condemnation, the Council and each Unit Owner shall be entitled to notice thereof and the Council shall and the Unit Owners at their expense may participate in such proceedings. In any such proceedings, damages shall be determined for such taking, injury or destruction as a whole and not for each Unit Owner's interest therein. The award in such proceedings shall be payable to the Council alone and no Unit Owner nor mortgagee shall be entitled to demand or receive same except as in this Code provided.

ARTICLE XV

MISCELLANEOUS

Section 15.1 Notices.

All notices shall be sent by registered or certified mail, postage pre-paid, addressed as follows:

(a) To the Council, at the Property or at such other address (including without limitation the address of any managing agent) as the Council may from time to time designate by written notice to all Unit Owners.

(b) To the Unit Owners, at their respective addresses at the Property, or at such other addresses, as they may from time to time designate by written notice to the Council; and

(c) To the holders of first mortgages and liens, at their addresses on the register to be maintained, or at such other addresses as they may from time to time designate by written notice to the Council. All notices shall be deemed to have been given when so mailed, except notices of change of address shall be deemed to have been given when received.

Section 15.2 No Waiver.

No provision contained in this Code of Regulations shall be deemed to have been abrogated or waived by reason of any failure to enforce the same irrespective of the number of violations or breaches which may occur.

Section 15.3 Partial Invalidity.

The invalidity of any provision of this Code of Regulations shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Code of Regulations, and in such event, all of the other provisions shall continue in full force and effect as if such invalid provision had never been included herein.

Section 15.4 Governing Law.

This Declaration shall be construed and controlled by and under the laws of the State of Delaware.

Section 15.5 Effective Date.

This Code of Regulations shall take effect upon recordation.

Section 15.6 Interpretation.

The provisions of this Code shall be liberally construed in order to effectuate a uniform plan for development and operation of a condominium project as expressed in the Declaration. The headings preceding the various paragraphs of this Code are intended solely for the convenience of readers hereof and shall not be deemed relevant in the interpretation of this Code.

This Code of Regulations shall, to all reasonable extent be deemed to be consistent with and supplementary to the provisions of the Act. Any conflict between the Declaration and this Code of Regulations shall, if not otherwise resolvable, be resolved in favor of the Declaration. Any provisions of this Code of regulations which may not be directly or indirectly provided for or permitted by the Act, but which is not specifically prohibited by the Act, or by any other statute or rule of law, shall, if not enforceable under the Act, be deemed to be a contractual undertaking

and obligation, voluntarily assumed, by each and every Unit Owner, as the entirety of Unit Owners may be constituted from time to time, and such contractual undertaking and obligation shall be in consideration of the said assumption by each and every other Unit Owner, and same may be enforced in the same manner as any other contractual undertaking and obligation. No provision in this Code shall be deemed invalid, waived, abrogated or no longer enforceable by reason of the passage of time or of any failure to enforce same, irrespective of the length of time passed or the number of failures of enforcement of one or more such provisions.

ARTICLE XVI

AMENDMENTS

Section 16.1 Amendments. Approval of Mortgagees.

The Council has authority to make, alter, amend and repeal this Code of Regulations. However, within fifteen (15) days of such making, alteration, amendment, or repeal, the Council shall notify the Unit Owners of such action and a majority of the Unit Owners shall have the right to change any such action at a duly constituted special meeting of the Unit Owners therefor. Notwithstanding the above amendment authority this Code of Regulations contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions in this Code of Regulations are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by Mortgages. Accordingly, no amendment or modification of this Code of Regulations impairing or affecting such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of any construction mortgage lender of the developer or anyone extending a line of credit to the developer and fifty-one percent (51%) of all other mortgagees of units.

IN WITNESS WHEREOF, the members of the Council have hereunto set their
Hands and Seals, this 6th day of November, A.D. 1987.

Witness:

Josephine M. Strong
(has to all five)

COUNCIL OF PERSIMON PARK PLACE - PHASE I

By Raymond J. Clatworthy (SEAL)

By George F. Gardner, III (SEAL)

By Richard M. Appleby, Jr. (SEAL)

By Robert S. Appleby (SEAL)

By Alan O. Thompson (SEAL)

STATE OF DELAWARE *
* SS:
COUNTY OF KENT *

BE IT REMEMBERED, That on this 6th day of November, A.D. 1987,
personally came before me, a Notary Public, for the State and County aforesaid,
RAYMOND J. CLATWORTHY, GEROGE F. GARDNER, III, RICHARD M. APPLEBY, JR.,
ROBERT S. APPLEBY and ALAN O. THOMPSON, parties to this Indenture, known to
me personally to be such, and they acknowledged this Code of Regulations to be
their Act and Deed.

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

RECEIVED FOR RECORD

Nov 9 12 41 PM '87

MICHAEL T. SOO
RECORDER OF DEEDS
KENT COUNTY, DELAWARE

\$3.00 STATE DOCUMENT FEE PAID

Josephine M. Strong
Notary Public

WILMINGTON TRUST COMPANY as first lienholder hereby consents to

the execution and recording of this Code of Regulations.

Witness:

WILMINGTON TRUST COMPANY

Richard Conway
Asst. Secy

By Davis H. Truax (SEAL)
Davis H. Truax, Vice President

Attest: Kenneth J. Green (SEAL)
Secretary

STATE OF DELAWARE *
* SS:
COUNTY OF NEW CASTLE *

BE IT REMEMBERED, That on this 6th day of November, A.D. 1987,
personally came before me, the Subscriber, a Notary Public for the State and
County aforesaid, DAVIS H. TRUAX, Vice President of Wilmington Trust Company,
a corporation existing under the laws of the State of Delaware, party to this
Indenture, known to me personally to be such, and acknowledged this Indenture to
be his act and deed and the act and deed of said corporation; that the signature
of the Vice President thereto is in his own proper handwriting and the seal
affixed is the common and corporate seal of said corporation and that his act
of sealing, executing, acknowledging and delivering said Indenture was duly
authorized by a resolution of the Board of Directors of said corporation.

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

NOT. BY PUBLIC
Nov 9 1987

William B. ...