

Tax & Parcel #1-35 19.00 69.07

Tax & Parcel #1-35 19.00 69.08

BY-LAWS

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OF

THE VILLAGE OF CINDERBERRY PROPERTY OWNERS ASSOCIATION INC.

Village of Cinderberry, Georgetown, Delaware

September 2010

Return To: Legum &
Norman, Inc; 50 Cascade
Lane, Rehoboth Beach, DE
19971

Article I – Purpose

The general purpose of the Village of Cinderberry Property Owners Association, Inc. (known as the Association in this document) is to efficiently preserve the values and amenities in the Village of Cinderberry, a Common Interest Community, and to maintain and administer the property (i.e., Common Area as defined in the Declaration of Covenants, Conditions and Restrictions) including any community facilities, common lands and recreation amenities; administering and enforcing the covenants and restrictions; and levying, collecting and disbursing the assessments and charges according to the Declaration of Covenants, Conditions and Restrictions for the Village of Cinderberry dated October 14, 2003 as recorded in Book 02928, page 102 in the Office of the Recorder of Deeds of Sussex County in Georgetown, Delaware. In addition to the Declaration of Covenants, Conditions and Restrictions, the Association is also governed by Title 8 of the Delaware Code, and the appropriate portions of the Delaware Uniform Common Interest Ownership Act (Title 25, Chapter 81), also known as DUCIOA that are specified in Section 81-119 of DUCIOA, and all other sections for issues that are not addressed in the governing documents of the Village of Cinderberry that are applicable to the Village of Cinderberry Property Owners Association, Inc. and the Delaware Uniform Property Act, Title 25, Chapter 22.

Section 1- The Association: The Association shall also have the power to provide the following:

(a.) Insect and pest control to the extent the Executive Board deems necessary or desirable, and whether or not it supplements any service provided by any government or other agency;

(b.) Enforcement of all covenants and restrictions affecting the Village of Cinderberry;

(c.) Establish and operate the Architectural Review Board per Article VII, Section 7.2 of the Declaration of Covenants, Conditions and Restrictions.

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(d.) Prudent and appropriate Insurance coverage of the actions taken on behalf of the Association by its Executive Board members and officers, and of such other persons, properties, and activities as the Executive Board deems appropriate.

(e.) Perform any of the functions or services delegated to the Association in any instrument applicable to the Village of Cinderberry.

(f.) Perform any and all other services the Executive Board deems necessary or desirable to further the interests of the Village of Cinderberry, of the Owners, or of both.

(g.) Operation, care and maintenance of all Common Area and Open Space Amenities as described in the Declaration of Covenants, Conditions, and Restrictions.

(h.) Construction of such improvements in open spaces and the Common Area as the Executive Board deems necessary or desirable to serve the convenience or other interest of the members.

(i.) Adopt and amend recorded bylaws consistent with DUCIOA § 81-306, and adopt rules and regulations consistent with DUCIOA § 81-320 and these Bylaws.

(j.) Adopt and amend budgets and collect assessments for common expenses, including funds for the repair and replacement reserve, from unit owners and invest any funds of the Association.

(k.) Hire and discharge managing agents and other employees, agents, and independent contractors.

(l.) Institute, defend, or intervene in litigation, arbitration, mediation or administrative proceedings in its own name on behalf of itself or two (2) or more unit owners on matters affecting the common interest community subject to, in the case of litigation involving the declarant, the provisions of DUCIOA § 81-321.

(n.) Make contracts and incur liabilities.

(o.) Regulate the use, maintenance, repair, replacement, and modification of Common Area.

(p.) Suspend any privileges of unit owners, other than the right of a unit owner to vote on any matter submitted to a vote of unit owners, or services provided to unit owners by the Association (other than those necessary for the habitability of the owner's unit) for non-payment of assessments; may impose charges for late payment of assessments; and, after notice and an opportunity to

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be heard, may levy reasonable fines for violations of the Declaration, Bylaws and Rules of the Association.

(q.) Exercise any other powers conferred by the Declaration of Covenants, Conditions, or Restrictions, these By-Laws, Title 8 of the Delaware Code, or the appropriate portions of the Delaware Uniform Common Interest Ownership Act (Title 25, Chapter 81), and any other powers necessary for the governance and operation of the Association.

Article II – Membership

Section 1 – Qualifications: A member is an Unit Owner of the Village of Cinderberry; provided, however, that any such person or entity which holds a lien or security interest on an owner's interest in a unit for performance of an obligation shall not be a member unless and until such person or entity has succeeded to such owner's interest by enforcement of such lien or security.

(a.) Membership may not be separated from ownership of a unit. Conveyance of a unit shall, without the need to specifically provide therein, terminate membership of the Grantor in the Association with respect to the unit conveyed; and by accepting the conveyance, the Grantee shall accept membership in the Association.

Section 2 – Association Meetings: An annual meeting of the regular members shall be held at least once each year. Special meetings of the regular members may be called by the President of the Executive Board or, by a majority of the Executive Board or, by a member petition of at least 20 percent (%) of all regular members qualified to vote.

(a.) Except in cases of emergency meetings, which may be held without prior notice, the Secretary shall announce the meeting at least fifteen (15) and no more than thirty (30) calendar days in advance. The notice of any meeting shall be delivered to each member by either (i) hand delivery to the member; (ii) sent prepaid by United States mail to the mailing address of member unless that person has designated in writing a different mailing address in which case it shall be sent to the designated address; or (iii) sent by electronic means provided the member gives the Association prior written authorization to provide that notice, together with an electronic address. The ineffectiveness of a good faith effort to deliver notice by any authorized means does not invalidate action taken at a meeting or in lieu of a meeting.

(b.) The notice of any meeting must state the time and place of the meeting and the items on the agenda, or must state the website address where the agenda is located. The notice must include (i) a statement of the general nature of any

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proposed amendment to the declaration or By-Laws; (ii) a statement that in the absence of objection from any unit owner present at the meeting, the President may add items to the agenda; (iii) any budget changes; and (iv) any proposal to remove an officer or member of the Executive Board. The agenda may be posted on the website of the Association, in lieu of being included in the notice, provided that the Association shall provide by any means described in Section 2 (a) of the By-Laws, furnish to any member who so requests a copy of the agenda before the meeting. Only matters described in the meeting notice can be considered at a special meeting.

(c.) Regardless of the agenda, members shall be given a reasonable opportunity at any meeting to offer comments to the Executive Board regarding any matter affecting the common interest community.

(d.) If the Association does not notify the members of a special meeting within at least fifteen (15) and no more than 30 calendar days after the requisite number or percentage of members requested the Secretary to do so, the requesting members may directly notify all the members of that meeting.

(e.) Meetings of the Association shall be held at a suitable time and place convenient to the Members as may be designated by the Executive Board.

Section 3 – Association Voting: Members shall be all unit owners who shall be entitled to the percentage vote as set out in and according to the Declaration of Covenants, Conditions and Restrictions dated December 14, 2003 and recorded in the Office of the Recorder of Deeds, in and for Sussex County, in Georgetown, Delaware, in Deed Book 02928, page 102. When more than one person holds an interest in any unit, all such persons shall be members. The vote of such unit shall be exercised as they among themselves determine, however, that unit shall have only one (1) vote.

(a.) Votes allocated to a unit can be cast by a proxy duly executed by a unit owner. If a unit is owned by more than one person, the vote of such unit shall be exercised as they among themselves determine, however, that unit shall have only one (1) vote. If the owners cannot agree which owner shall cast the vote before the call of the noticed meeting, each owner can register a protest to the casting of votes by the other owners of the unit through a duly executed proxy, however, that Unit's vote shall not be cast. A unit owner may revoke a proxy given pursuant to this Section only by actual notice of revocation in writing to the person presiding over a meeting of the Association. A proxy is void if it is not dated or appears or states to be revocable without notice. A proxy is only good for the meeting specified in the meeting notice. A majority of the votes cast in person, by proxy or by ballot at a meeting of members where a quorum (See Article II, Section 4 (a.)) is present shall determine the outcome of any action of the Association

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where a vote is taken, so long as the number of votes cast in favor comprise at least a majority of the number of votes required for a quorum for that meeting.

(b.) Association members shall have the right to vote for the election and removal of Directors and upon such other matters with respect to where a vote of members is required under the Declaration or under provisions of Title 8 of the Delaware Code, and the appropriate portions of the Delaware Uniform Common Interest Ownership Act (Title 25, Chapter 81).

(b.) Any action that the Association may take at any meeting of members can be taken without a meeting if the Association delivers a written or electronic ballot to every member entitled to vote on the matter. A ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(1.) All solicitations for votes by ballot must: (A) indicate the number of responses needed to meet the quorum requirements; (B) state the percentage of approvals necessary to approve each matter other than election of directors; (C) specify the time by which a ballot must be delivered to the association in order to be counted, which time shall not be less than three (3) calendar days after the date that the association delivers the ballot; and (D) describe procedures (including time and size and manner) by when unit owners wishing to deliver information to all unit owners regarding the subject of the vote may do so.

(2.) Approval by the ballot is valid only if: (A) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action; and (B) the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes by ballot.

(3.) A ballot shall not be revoked after delivery to the Association by the death, disability or revocation by the person who cast that vote.

Section 4.-Association Quorum: A quorum is present throughout any meeting of the Association if:

(a.) Persons entitled to cast at least 20 percent of the votes in the association are present in person, by proxy or by ballot at the beginning of the meeting.

(b.) Ballots solicited in accordance with Article II, Section 3 (b.) are delivered to the Secretary in a timely manner by persons who, together with those persons present in person or by proxy or ballot at the beginning of the meeting, would comprise a quorum for that meeting.

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Article III – Executive Board

Section 1 – Composition: The Executive Board shall consist of five (5) unit owners in good standing in The Village of Cinderberry who shall be elected at an Annual Meeting of the Association.

(a.) The Executive Board may act in all instances on behalf of the Association as specified in the Declaration of Covenants, Conditions, and Restrictions, these By-Laws, the Articles of Incorporation as amended, all portions of the Delaware Uniform Common Interest Ownership Act (DUCIOA), Title 25, Chapter 81 that are specified in Section 81-119 of DUCIOA and all other sections for issues that are not addressed in the governing documents of the Village of Cinderberry and the Delaware Uniform Property Act, Title 25, Chapter 22, and Title 8 of the Delaware Code.

(b.) Officers and members shall exercise the degree of care and loyalty required of an officer or director of a nonprofit corporation organized under Delaware law (Title 8 of the Delaware Code) and the Articles of Incorporation as amended.

(c.) The Association shall obtain adequate fidelity bonds for each member of the Executive Board. The premiums of such bonds shall constitute an expense of the Association.

(d.) The members of the Executive Board shall not be liable to the Association members for any mistake of judgment, negligence, or otherwise /except for their own individual willful misconduct or bad faith. The Association members shall indemnify the members of the Executive Board according to Title 8, Section 145 of the Delaware Code.

(e.) The Executive Board may not act on behalf of the Association to amend the Declaration of Covenants, Conditions, and Restrictions or these By-Laws, to terminate the common interest community, or to elect members of the Executive Board or determine the qualifications, powers and duties, or terms of office of the Executive Board members, but the Executive Board may fill vacancies in its membership for the unexpired portion of any term.

(f.) The principal officers who are also elected Executive Board members of the Association shall be the President, the Vice President, the Secretary, and the Treasurer each of whom shall serve for one-year terms coinciding with the corporate fiscal year, without limitations on successive terms. The principal officers shall be elected by the Executive Board.

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Section 2 – Tenure: The Executive Board shall be divided in two (2) classes for the purpose of establishing the terms of office of each Board member. Initially, the Executive Board will determine the class of each Board member.

(a.) Initially, the term of office for the first class of Board members will expire at the next annual meeting after the By-Laws are approved and adopted or one (1) year.

(b.) Initially, the term of office of the second class of Board members will expire in one year after the next annual meeting or two (2) years.

(c.) Initially at least two (2) Board members but no more than three (3) Board members shall be in each class.

(d.) Executive Board members shall be chosen for a full one or two (2) year term, as the case may be, to succeed those whose terms expire.

(e.) Any Executive Board member may be elected to the Executive Board for a successive term without limitation.

(f.) Each Executive Board member shall hold office until his/her successor has been elected and qualified, or until his/her death or resignation or removal.

(g.) The unexcused absence of any Executive Board member from two regular or special meetings of the Executive Board during any consecutive twelve-month period shall constitute automatic resignation of such Executive Board member. Bona fide excuses for absence shall be submitted for consideration of the Executive Board any time prior to or within ten days after the absented meeting.

(h.) The Executive Board shall notify the Association members per Article II, Section 2 (a.) of any vacancy that occurs on the Board. The Executive Board will accept nominations to fill the vacancy from Association members no later than fifteen (15) calendar days of the date of notification. The Executive Board shall then schedule interviews and make a selection to fill the vacant position no later than ten (10) calendar days from the last interview. The selected Executive Board member shall serve for the remaining term of the vacant Executive Board member he/she replaced.

Section 3 – Resignation or Removal of Board Members:

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(a.) Removal of Executive Board Members: Any Executive Board member or the entire Executive Board may be removed, with or without cause, by the majority of Association members entitled to vote at an election of Executive Board members at a regular or special meeting of meeting of the members, provided Article II, Section 2 Meetings of these By-Laws is followed.

(1.) Any member of the Executive Board whose removal has been proposed by at least 25% of the Association Members shall be given at least fifteen (15) and no more than thirty (30) calendar days notice of the calling of the meeting and the purpose thereof and he/she shall be given an opportunity to be heard before the vote at the meeting.

(b.) Resignation of Executive Board Members: Any Executive Board member may resign at any time upon notice given in writing or by electronic transmission to the Association. Refer to Article III, Section 2 (h.) to fill Executive Board vacancies.

(1.) A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events.

Section 4 – Compensation: All members of the Executive Board shall serve without remuneration for their regular and routine services but may, with approval of the Executive Board, be reimbursed for any expenses incurred for the benefit or convenience of the Association upon presentation of properly receipted bills.

Section 5 – Officers:

(a.) The President shall be the chief executive officer of the Association and shall exercise general supervision over its officers, agents and employees, and the general management of the Association subject to these By-Laws. He/she shall preside at all meetings of the membership and the Executive Board. He/she shall countersign all notes and obligations of the Association and shall execute all contracts and instruments when authorized by the Board and shall have such duties, which by general usage pertain to the office of President.

(b.) The Vice-President shall have all the powers and perform all the duties of the President in case of absence or inability of the President, or at the request of the President, to perform these duties.

(c.) The Secretary shall keep the Minutes of all the meetings of the Association and of the Executive Board: and shall mail out all notices for meetings of the Association, and notify the Executive Board members of Executive Board meetings. A typed transcript of each meeting's Minutes shall be presented, within seven weekdays of the meeting, to the President for his/her approval, and immediately thereafter to each Executive Board member.

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(d.) The Treasurer shall have charge of all receipts and monies of the Association, depositing them in the name of the Association in a bank approved by the Executive Board and disbursing funds as ordered or authorized by the Executive Board. The Treasurer shall keep regular accounts of receipts and disbursements and submit his/her records when requested and give an annual financial statement to the members at the Annual Meeting of the Members of the Association.

(1.) The Executive Board shall establish financial management rules and policies that shall be used to uphold and carry out the Association financial business and fiduciary responsibilities according to the Declaration of Covenants, Conditions, and Restrictions, DUCIOA (Title 25, Chapter 81) and Title 8 of the Delaware Code.

Section 6 – Meetings: Regular meetings of the Executive Board shall be held at least quarterly.

(a.) Special meetings of the Executive Board may be called by the President or a majority of the Executive Board.

(b.) Meetings of the Executive Board do not include incidental or other informal gatherings of two (2) or more Executive Board members for social or other purposes or any meetings where no decisions are made or discussed regarding Association business. The Executive Board and individual Executive Board members shall not use incidental or social gatherings of Executive Board members, or other devices to evade the open meeting requirements stated in these By-Laws.

(c.) Except when a schedule of meetings has been distributed to unit owners that identifies the meeting in question or in cases of emergency meetings that may be held without prior notice, the Secretary or other designated officer by the Executive Board shall cause notice of any regular or special Executive Board meeting to be delivered to each unit owner by any means described in Article II, Section 2 (a.) of these By-Laws not fewer than fifteen (15) nor more than thirty (30) calendar days in advance of the meeting.

(1.) The notice must state the time and place of the meeting and the items on the agenda, including an opportunity for unit owners to offer comments to the Executive Board regarding any matter affecting the common interest community.

(d.) All meetings of the Executive Board shall be open to the members except for executive sessions held for purposes of: (i) consulting with the association's lawyer regarding, or board discussion of, litigation, mediation, arbitration or administrative proceedings or any contract matters; (ii) labor or personnel matters; (iii) discuss matters relating to contract negotiations, including the review of bids or proposals, if premature general knowledge of those matters would place the association at a disadvantage; or (iv) discussion of any complaint

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from or alleged violation by a unit owner, when the Executive Board determines that public knowledge would violate the privacy of the unit owner.

(e.) If any materials are distributed to the Executive Board before the meeting, the Association shall at the same time make copies of those materials reasonably available to Association members, except that the Association need not distribute copies of unapproved minutes or materials that are to be considered in executive session.

(f.) Members of the Executive Board, or any committee designated by the Board, may participate in a meeting of the Executive Board or committee by means of conference telephone or other electronic communications by means of which all persons participating in the meeting can hear each other, and participation in a meeting by this means shall constitute presence of the person at the meeting.

1. The Executive Board may meet in executive session in a telephonic or video or other conference by electronic communications process.

(g.) In lieu of a meeting, the Executive Board may act by unanimous consent as documented in a record signed by all its members, but the Executive Board may not act by unanimous consent to: (i) adopt a rule, budget or special assessment, (ii) impose a fine or take action to enforce the declaration, bylaws or rules, (iii) buy or sell real property, (iv) borrow money, or (v) contract for any sum greater than 1 percent of the association's annual budget. The Secretary shall promptly notify all unit owners of any action taken by unanimous consent.

(h.) A challenge to the validity of an action of the Executive Board for failure to comply with this section may not be brought more than sixty (60) calendar days after the minutes of the Executive Board meeting at which the action was taken are approved or after the record of that action is distributed to unit owners. Actions taken at an executive board meeting in violation of this section are voidable by the court but a contract entered into with a third party who had no knowledge of that failure is not invalid solely because of the Executive Board's failure to give notice of the meeting at which the contract was approved.

Section 7 – Executive Board Quorum: A quorum is present throughout any meeting of the Executive Board if persons entitled to cast a majority of the votes on the Executive Board are present throughout the meeting.

Section 8 – Managing Agent: The Executive Board may employ a professional managing agent at a compensation determined by the Executive Board, to perform such duties, responsibilities, and services as the Executive Board shall authorize.

(a.) According to Section 3.8 Single Property-Management Firm of the Declaration of Covenants, Conditions, and Restrictions, any separate council established within the Development shall not enter into a contract for property

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management services with any person or firm different from the person or firm providing such services to the Association.

Section 9 – Committees: The Executive Board shall have the right to delegate any power and authority of the Executive Board in the management of the business and affairs of the Association to one (1) or more committees.

(a.) No committee shall have the power or authority in reference to the following matter: (i) approving or adopting, or recommending to Association members, any action or matter (other than the election or removal of Executive Board members) expressly required to be submitted to Association members for approval or (ii) adopting, amending or repealing any By-Law of the Association.

(b.) Each committee shall include at least one Executive Board member of the Association.

(c.) A committee may create one (1) or more subcommittees, each subcommittee to consist of one (1) or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

(d.) No committee, subcommittee or its chairman shall expend Association funds or otherwise obligate the Association for indebtedness without prior authorization by the Executive Board.

Section 10 - Contracts, Loans, Checks and Deposits:

(a.) No contract or loan, obligation or evidence of indebtedness shall be executed or made on behalf of this Corporation by any Officer, Director or member unless authorized by written resolution of the Executive Board.

(b.) All funds of the Corporation not otherwise employed shall be deposited to the credit of this Association in such banks or other depositories as the Executive Board may determine by written resolution. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of this Association, shall be signed by such Officers and in such manner as shall from time to time be determined by written resolution of the Executive Board.

Section 11 –Audits: An independent audit by a licensed certified public accounting firm of the financial records of the Association shall be performed once every three years and for each intervening year a review (instead of a full audit) shall be conducted by an independent accountant which need not be a certified public accounting firm.

Section 12 – Legal Action: The Executive Board shall use its reasonable judgment to determine whether to exercise the Association's powers to impose sanctions and pursue legal action for violations of the Declaration, By-Laws and Rules adopted by the Executive Board including, without limitation, whether to

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compromise any claim made by or against it, including claims for unpaid assessments.

(a.) The Association shall have no duty to take enforcement action if the Executive Board, acting in good faith and without a conflict of interest, determines that, under the facts and circumstances presented: (i) the Association's legal position does not justify taking any or further enforcement action; (ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with current law; (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or (iv) it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue an enforcement action.

(b.) The Board of Director's decision not to pursue enforcement under one set of circumstances does not prevent the Association from later taking enforcement action under another set of circumstances, except the Executive Board may not be arbitrary or capricious in taking enforcement action. Whether the Association's course of performance with respect to enforcement of any provision of the Declaration, By-Laws and Rules and Regulations adopted by the Executive Board constitutes a waiver or modification of that provision is not affected by the Delaware Uniform Common Interest Ownership Act (Title 25, Chapter 81).

Article V -Procedures

Section 1 - Conduct of meetings: Robert's Rules of Order as last revised shall govern the proceedings of all meetings of both the Association members and Executive Board of this Association unless the majority of those qualified to vote at a meeting agree to a change of procedure provided a quorum is present.

(a.) The order of business at all meetings of the Association shall be as follows:

- (1.) Roll Call
- (2.) Proof of Notice of Meeting.
- (3.) Reading of Minutes of preceding meeting.
- (4.) Reports of Officers
- (5.) Report of Executive Board
- (6.) Reports of Committees
- (7.) Election of Inspectors of election (when so required)
- (8.) Election of members of the Executive Board (when so required).

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(9.) Unfinished business.

(10.) New business.

Section 2 – Availability of Records:

(a.) The Association shall maintain the following records in written form or in another form capable of conversion into written form within a reasonable time:

(1.) Detailed records of receipts and expenditures affecting the operation and administration of the Association and other appropriate accounting records, including those for the repair and replacement reserve. All financial records shall be kept in accordance with generally accepted accounting practices.

(2.) Minutes of all meetings of its members and Executive Board, a record of all actions taken by the members or Executive Board without a meeting, and a record of all actions taken by a committee of the Executive Board in place of the Executive Board on behalf of the Association.

(3.) A record of its members in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order by class, showing the number of votes each member is entitled to cast; and

(4.) In addition, the Association shall keep a copy of the following records at its principal office or at another location if so designated by the Executive Board: (1) its original or restated certificate of incorporation and bylaws and all amendments to them currently in effect; (2) the Minutes of all members' meetings and records of all action taken by members without a meeting for the past 3 years; (3) any financial statements and tax returns of the Association prepared for the past 3 years, together with the report of the auditors of the financial records; (4) a list of the names and business addresses of its current directors and officers; (5) its most recent annual report delivered to the Secretary of the State; (6) the Association's most recent reserve study; and (7) financial and other records sufficiently detailed to enable the Association to comply with § 81-409 of the Delaware Uniform Common Interest Ownership Act.

(b.) All records kept by the Association, including the Association's membership list and addresses, and aggregate salary information of employees of the Association, shall be available for examination and copying by a unit owner or the unit owner's authorized agent so long as the request is made in good faith and for a proper purpose related to the owner's membership in the association. This right of examination may be exercised: (i) only during reasonable business hours or at a mutually convenient time and location, and (ii) upon five (5) calendar days written notice reasonably identifying the purpose for the request and the specific records of the Association requested.

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(c) Records kept by an Association may be withheld from inspection and copying to the extent that they concern:

(1) Personnel matters relating to specific persons or a person's medical records;

(2) Contracts, leases, and other commercial transactions to purchase or provide goods or services, currently in or under negotiation;

(3) Pending or threatened litigation, arbitration, mediation or other administrative proceedings;

(4) Matters involving Federal, State or local administrative or other formal proceedings before a government tribunal for enforcement of the Declaration, By-Laws or Rules and Regulations adopted by the Executive Board;

(5) Communications with legal counsel which are otherwise protected by the attorney-client privilege or the attorney work product doctrine;

(6) Disclosure of information in violation of law;

(7) Meeting minutes or other confidential records of an executive session of the Executive Board; or

(8) Individual unit owner files other than those of the requesting owner.

(c.) An attorney's files and records relating to the Association are not records of the Association and are not subject to inspection by owners or production in a legal proceeding for examination by owners.

(d.) The Association may charge a fee for providing copies of any records but that fee may not exceed the actual cost of the materials and labor incurred by the Association.

(f) The right to copy records includes the right to receive copies by xerographic or other means, including copies through an electronic transmission if available and so requested by the unit owner.

(g) The Association is not obligated to compile or synthesize information.

(h) Information provided according Article V, Section 2 cannot be used for commercial purposes.

Article VI – Waiver of Notice

When any notice is required to be given to any Association member, or member of the Executive Board by these By-Laws, a waiver in writing signed by the person

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entitled to that notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Article VII – Association Liability

(a.) Neither the Association nor any unit owner except the Developer is liable for that Developer's torts in connection with any part of the common interest community which that Developer owns and has the responsibility to maintain.

(b.) An action alleging a wrong done by the Association, including an action arising out of the condition or use of the Common Area as defined in the Declaration of Covenants, Conditions, and Restrictions, may be maintained only against the Association and not against any member.

(c.) The members of the Executive Board shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of Executive Board from and against all contractual liability to others out of contracts made or action taken by the Executive Board on behalf of the Unit Owners unless any such contract or action shall have been made in bad faith or contrary to the provisions of the Declaration of Covenants, Conditions, and Restrictions, Title 8 of the Delaware Code, and the appropriate portions of the Delaware Uniform Common Interest Ownership Act (Title 25, Chapter 81) that are specified in Section 81-119 of DUCIOA and all other sections for Issues that are not addressed in the governing documents that pertain to the Village of Cinderberry Property Owners Association, Inc. of the Village of Cinderberry and the Delaware Uniform Property Act, Title 25, Chapter 22.

Article VIII – Operation of the Property

Section 1 - Fiscal Year: The fiscal year of this Association shall commence the first day of January and end on the thirty first day of December each year.

Section 2 – Assessments: Assessment means the sums attributable to each unit and due to the Association as a result of the common expense liability allocated to each unit in the manner described in these By-Laws or the Declaration of Covenants, Conditions, and Restrictions. All assessments shall be allocated equally among all units. Assessments must be made at least annually, based on a budget adopted at least annually by the Association.

(a.) The Executive Board of the Association shall at least sixty (60) calendar days before the beginning of the fiscal year prepare a proposed budget for the common interest community. Thirty (30) calendar days before the meeting at which the budget shall be presented to the membership, the Executive Board shall provide

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to all unit owners a summary of the budget, including any reserves and a statement of the basis on which any reserves are calculated and funded. Simultaneously, The Executive Board shall set a date and notify all unit owners of the meeting to consider ratification of the budget no more than 30 calendar days after providing the budget to the membership.

(b.) The budget shall include as a line item a payment into the repair and replacement reserve sufficient to achieve the level of funding noted in the current approved Reserve Study, or maintain said reserve at such level for Common Area Items noted in the Reserve Study.

(1.) Reserve funds shall be deposited in a banking account institution, the accounts of which are insured by any State or Agency of the United States of America in a separate account from other Association accounts or may, in the discretion of the Executive Board, be invested in obligations of, or guaranteed as principal, by the United States of America. The reserve for replacements of the Common Areas may be expended only for the purpose of effecting the replacement of the Common Areas, and major repairs to any equipment or replacement thereof.

(c.) Unless at that meeting, a majority of all unit owners reject the budget, the budget is ratified, whether or not a quorum is present. If a proposed periodic budget is rejected, the periodic budget last ratified by the unit owners must be continued until such time as the unit owners ratify a subsequent budget proposed by the Executive Board.

(d.) The Association may levy in any assessment year a special assessment applicable to that year only, for the purpose of defraying in whole or part the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereon, and for operating the Common Areas, for which a reserve fund does not exist, provided that any such assessment shall have the assent of a two-thirds (2/3) of the votes of eligible voters. These votes shall be made at a Special meeting called for this purpose in accordance with Article II, Section 2 in person, by proxy, or by ballot for this specific purpose.

(e.) If the Executive Board determines by unanimous vote that the special assessment is necessary in order to respond to an emergency, then: (i) the special assessment shall become effective immediately in accordance with the terms of the vote; (ii) notice of the emergency assessment shall be promptly provided to all unit owners; and (iii) the Executive Board shall spend the funds paid on account of the emergency assessment solely for the purposes described in the vote.

(f.) If any assessment is not paid on the date when due as specified, then such assessment shall be deemed delinquent and handled according to Sections 6.4 through 6.8 of the Declaration of Covenants, Conditions, and Restrictions, and Section 81-316 Lien for Assessments in the Delaware Uniform Common Interest Ownership Act (Title 25, Chapter 81).

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Article IX – Rules and Regulations

Section 1 Adopting or Amending Rules: Rules and Regulations concerning the operation and use of the Common Area may be promulgated and amended by the Executive Board, provided that such rules are not contrary to or inconsistent with the Declaration of Covenants, Conditions, and Restrictions, these By-Laws, or the appropriate portions of the Delaware Uniform Common Interest Ownership Act (Title 25, Chapter 81).

(a.) The Executive Board has the power and authority to set forth rules and regulations or amend rules and regulations when necessary.

(b.) Association members may propose an amendment or to defeat a rule or regulation if twenty percent (20%) of the members petition the Executive Board at least thirty (30) calendar days before the next scheduled membership meeting. Rules and regulations are deemed approved as stands unless modified or defeated by a majority vote of all the Association members.

(c.) The Executive Board must maintain on a current basis for reference by unit owners' tenants a complete statement of all rules.

(1.) The unit owner shall obtain from the Executive Board and deliver to or otherwise make available to each tenant of the unit owner's unit, at the time the lease is executed or, in the absence of a written lease when the tenancy begins, a current copy of the rules for the common interest community as furnished by the Executive Board and shall deliver to or otherwise make available to the tenant a copy of any additions or revisions to the rules as such additions or revisions are adopted and noticed to the unit owners by Executive Board.

(2.) A tenant shall be bound to comply with the noticed rules, and the unit owner leasing to the tenant shall take all lawful action against a tenant who materially violates the noticed rules.

(3.) By entering into a lease for a unit, the unit owner of that unit irrevocably appoints the Executive Board as attorney-in-fact coupled with an interest to enforce the noticed rules against the tenant of that lease in the event that the unit owner shall fail, within a reasonable time after written demand by the Executive Board, to take what the Executive Board reasonably regards as adequate enforcement action against the tenant in material violation of noticed rules. In the event of enforcement action

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(including any summary action for possession at law or a petition for injunctive relief in equity) under this subsection, the tenant shall have no resort to any defense based upon lack of contractual privity with the Executive Board.

Article X - Amendments

These By-Laws may be adopted, altered, amended or repealed at any regular meeting of the Association members by a majority vote of all the members in good standing, provided that notice and copies of the proposed By-Laws that will be adopted, amended, or repealed shall be provided to all Association members at least fifteen (15) and no more than thirty (30) calendar days in advance of such meeting.

CERTIFICATE

These By-Laws were adopted, altered, amended or repealed at a Village of Cinderberry Property Owners Association, Inc. meeting held on 9/8/2010 (date). The undersigned hereby certifies that he/she is the duly elected, qualified, acting and hereunto authorized Secretary of the aforesaid Corporation and that the foregoing and annexed By-Laws constitute a true and complete copy of the By-Laws of said Corporation presently in full force and effect.

In witness whereof the undersigned has signed this Certificate and affixed hereto the seal of said corporation

Dated:

Carolyn R. Green Date: 9/8/10
(Secretary Signature)

Carolyn R. Green
Printed Name

As Secretary The Village of Cinderberry Property Owners Association, Inc.

Witness my hand and official seal.

Chuck Dussanad Date: 9/8/10
(President Signature)

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Charles Drummond
Printed Name

Village of Cinderberry Property Owners Association, Inc.

STATE OF ~~DELAWARE~~ ^{Maryland} :
Worcester : ss.
COUNTY OF ~~SUSSEX~~ :

BE IT REMEMBERED, That on this 8 day of Sept., A.D. 2010, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, Charles Drummond, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his/her act and deed.

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

Margaret McCabe

Notary Public

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

Printed Name
Village of Cinderberry Property Owners Association, Inc.
STATE OF ~~DELAWARE~~ :
: ss. ^{Maryland}
COUNTY OF ~~SUSSEX~~ : Worcester

BE IT REMEMBERED, That on this 28 day of Oct, A.D. 2010, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, Carolyn R. Green, party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his/her act and deed.

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

Margaret McCabe
Notary Public

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

Recorder of Deeds
John F. Brady
Nov 17, 2010 10:28A
Sussex County
Doc. Surcharge Paid