

130445

BK 2202860122

ORIGINAL

Parcel No. 18-046.00-001  
Prepared by: Richard K. Herrmann, Esq.  
Stradley, Ronon, Stevens & Young, LLP  
One Rodney Square, 8th Floor  
P.O. Box 2170  
Wilmington, Delaware 19899  
Return to: Same as above

**AMENDED CODE OF REGULATIONS OF  
THE VILLA BELMONT CONDOMINIUM APARTMENTS<sup>1</sup>**

THIS CODE OF REGULATIONS last amended this 21st day of October, 1996, by Council of THE VILLA BELMONT CONDOMINIUM APARTMENTS pursuant to the provisions of the Delaware Unit Property Act, Chapter 22 of Title 25 Delaware Code revised 1974, as amended and pursuant to the provisions of the Enabling Declaration Establishing A Plan for Condominium Ownership for The Villa Belmont Condominium Apartments made by Arbern Belmont, Inc., a Delaware corporation (the "Declarant").

**Article I: Plan of Unit Ownership:**

A. Unit Ownership. This Code of Regulations governs the operation, management and administration of certain property situate and located in the City of Newark, County of New Castle, and State of Delaware known as The Villa Belmont Condominium Apartments (hereinafter referred to as the "Property"), which has been submitted to the provisions of Title 25, Chapter 22 of the Delaware Code of 1953, known as the Unit Property Act, by a Declaration recorded in the Office of the Recorder of Deeds in New Castle County, Delaware, in Dced Record\_\_\_\_, Volume\_\_\_\_, Page\_\_\_\_ (hereinafter referred to as the "Declaration") and as shown on the Declaration Plan prepared by Diamond/McCune, Architects and Engineers, recorded in the Office of the Recorder of Deeds in New Castle County, Delaware at Microfilm number\_\_\_\_. All of the terms, conditions and provisions of the Declaration are hereby incorporated herein by reference with the same effect as if they were expressly contained herein.

B. Applicability of Code of Regulations. The provisions of this Code of Regulations are applicable to the Property and to the use and occupancy thereof. All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other person who may use the facilities of the Property in any manner, are subject to this Code of Regulations, the Declaration and the Rules and Regulations. The acceptance of a deed or transfer document or the entering into of a lease or the act of occupancy of a Unit shall conclusively establish the acceptance and ratification of this Code of

<sup>1</sup>Includes all amendments through October 31, 1996.

23/25769

Regulations, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, by the person so acquiring, leasing or occupying a Unit and shall constitute and evidence an agreement by such person to comply with the same.

C. Definitions. The following words and terms as used herein shall have the meanings respectively ascribed thereto in the Declaration: Building, Code of Regulations, Common Elements, Common Expenses, Common Surplus, Condominium Documents, Council, Declaration Plan, Land, Majority of Unit Owners, Property, Proportionate Interest, Rules and Regulations, Unit, Unit Owner and Unit Property Act.

D. Office. The Office of The Villa Belmont Condominium Apartments and of the Council shall be located at the Property or at such other place as may be designated from time to time by the Council.

Article 2: Association of Owners:

A. Composition. All of the Unit Owners, acting as a group in accordance with the Unit Property Act, the Declaration and this Code of Regulations, shall constitute the "Association of Owners," who shall have the responsibility of administering the Property, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Property, and performing all of the other acts that may be required to be performed by the Association of Owners, in accordance with the Unit Property Act and the Declaration. Except as to those matters which the Unit Property Act specifically requires to be performed by the vote of the Unit Owners, the administration of the foregoing responsibilities shall be performed exclusively by the Council on behalf of the Unit Owners as more particularly set forth in Article 3.

B. Annual Meetings.

(1) The annual meeting of the Association of Owners shall be held on the third Wednesday in November each year.

(2) At such annual meeting the Council shall be elected by ballot of the Unit Owners in accordance with the requirements of Section D and E of Article 3 of this Code of Regulations.

(3) The Association of Owners may transact such other business at such meetings as may properly come before them.

C. Place of Meetings. Meetings of the Association of 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.

D. Special Meetings.

(1) It shall be the duty of the President of the Council to call a special meeting of the Association of Owners if so directed by resolution of the Council or upon a petition signed and presented to the Secretary of the Council by Unit Owners owning not less than 25% of the Proportionate Interest of all Unit Owners; provided, however, that no special meeting shall be called prior to the first annual meeting of the Association of Owners except by resolution of the Council.

(2) The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

(3) No business shall be transacted at a special meeting except as stated in the notice.

E. Notice of Meetings. It shall be the duty of the Secretary of the Council to mail a notice of each annual or special meeting of the Association of Owners, at least ten (10) but not more than twenty (20) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at such address as each Unit Owner shall have designated by notice in writing to the Secretary of the Council. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

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

G. Order of Business. The order of business at all annual meetings of the Association of Owners 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 the Council;
- (6) Reports of committees;
- (7) Election of members of the Council (when so required);
- (8) Unfinished business;
- (9) New Business.

H. Quorum. Except as otherwise provided in the Code of Regulations, the presence

in person or by proxy of one-third of the Unit Owners shall constitute a quorum at all meetings of the Association of Owners.

I. Conduct of Meeting. The President of the Council shall preside over all meetings of the Association of Owners and the Secretary of the Council shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted at the meeting as well as a record of all transactions occurring there at. Roberts Rules of Order shall govern the conduct of all meetings of the Association of Owners when not in conflict with the Declaration, this Code of Regulations or the Unit Property Act.

Article 3: Council:

A. Number and Qualification.

- (1) The affairs of the Property shall be governed by the Council.
- (2) The Council shall be composed of five (5) persons, all of whom shall be Unit Owners in good standing at the time of election. (Good standing to mean all financial obligations to the Villa Belmont Condominium Association are paid in full.)
- (3) The Declarant shall have the right in its sole discretion to replace such Council members as may be so selected and designated by it, and to select and designate their successors.

B. Powers and Duties. The Council shall have all of the powers and duties necessary for the administration of the affairs of the Property and may do all such acts and things as are not directed to be exercised and done directly by the Association of Owners by the Unit Property Act or by this Code of Regulations. The Council shall have the power from time to time to adopt any Rules and Regulations it deems necessary for the enjoyment of the Property provided such Rules and Regulations shall not be in conflict with the Unit Property Act or the Declaration. The Council may delegate to one of its members the authority to act on behalf of the Council on all matters relating to the duties of a Managing Agent, if any, which might arise between meetings of the Council. In addition to the duties imposed by this Code of Regulations or by any resolution of the Association of Owners that may hereafter be adopted, the Council shall have the power to, and be responsible for, the following:

- (1) Preparation of an annual budget, in which there shall be established the contribution of each Unit Owner to the Common Expenses.
- (2) Making assessments against Unit Owners to defray the costs and expenses of the Property, establishing the means and methods of collecting such assessments from the Unit Owners, and



establishing the periods for the making of installment payments of the annual assessment for Common Expenses. Unless otherwise determined by the Council, the annual assessment for Common Expenses assessed against each Unit Owner according to his Proportionate Interest shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.

(3) Providing for the operation, care, upkeep, and maintenance of all of the Common Elements and services for the Property.

(4) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and providing services for the Property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties.

(5) Collecting the assessments for the Common Expenses against the Unit Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to pay the Common Expenses.

(6) Bringing, prosecuting, defending and settling litigation on behalf of itself, the Property and the Unit Owners, and to pay any adverse judgment entered therein.

(7) Enter into and to perform under contracts, deeds, leases and other written instruments or documents in the name of the Council and to authorize the execution and delivery thereof by an officer of the Council.

(8) Making and amending the Rules and Regulations respecting the use of the Property.

(9) Opening of bank accounts and designating the signatories required therefor.

(10) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of the Property, in accordance with the other provisions of this Code of Regulations or the Declaration.

(11) Entering into or ratifying management contracts for the operation, maintenance or management of the Property.

(12) Enforcing by legal means the provisions of the Declaration, this Code of Regulations and the Rules of Regulations.

(13) Obtaining and carrying insurance against casualties and liabilities, as provided in Article 6 of this Code of Regulations, and paying the premium cost thereof.

(14) Paying the cost of all services rendered to the Property and not billed directly to Unit Owners.

(15) The power to purchase, hold, sell, convey, mortgage or lease any one or more Units in the name of the Council.

(16) Keeping books with detailed accounts of the receipts and expenditures affecting the Property, and the administration of the Property, specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, and first mortgagees of Units, or their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Council. All books and records shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least once a year by an outside auditor employed by the Council who shall not be a resident of the Condominium, or a Unit Owner. The cost of such audit shall be a Common Expense.

(17) Notifying a first mortgagee of any Unit of any default by the owner of such Unit whenever requested in writing by such mortgagee to send such notice.

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

C. Managing Agent. The Council may employ a professional Managing Agent to perform such duties and services as the Council shall authorize, including, but not limited to, the duties listed in Section B of this Article 3.

D. Election Procedure. A member shall be elected to Council by a vote of a majority of the total votes cast out a duly constituted annual meeting, or special meeting of the Association of Owners called for that purpose. All voting for Council members shall be by written ballot supervised by three inspectors of election appointed by the President of the Council from among the qualified voters present at such meeting.

E. Term of Office. Effective with the election of Council for 1993, the three nominees with the greatest number of votes will be elected for a term of two years; the two nominees with a lesser number of votes will be elected for a term of one year. Effective with the election of Council for 1994, the members of Council shall serve for a term of two years.

F. Removal of Members of the Council. At any annual or special meeting of the Association of Owners duly called, any one or more of the members of the Council may be removed with or without cause by a Majority of the Unit Owners, and a successor may then and there be elected to fill the vacancy thus created. Any member of the Council whose removal has been proposed by the Unit Owners shall be given a least ten (10) days notice of the calling of the meeting and the purpose thereof and he shall be given an opportunity to be heard at the meeting. Notwithstanding anything in this Section to the contrary, so long as the Declarant owns a total of sixteen (16) Units, no person selected and designated by the Declarant as a member of the Council may be removed without the written consent of the Declarant and in such event the Declarant shall select and designate his successor.

G. Vacancies. Vacancies in the Council caused by any reason other than the removal of a member by a vote of the Association of Owners shall be filled by a vote of a majority of the remaining members of the Council at a special meeting of the Council held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Council for the remainder of the term of the member so vacating and until a successor shall be elected at the next meeting of the Association of Owners; provided, however, that the vacancy of any member designated by the Declarant pursuant to a right of the Declarant to make such designation shall be filled by the Declarant.

H. Organization Meeting. The first meeting of the members of the Council following the annual meeting of the Association of Owners shall be held within ten (10) days thereafter.

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

J. Special Meetings. Special meetings of the Council may be called by the President on three (3) business days notice to each member, given by mail 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) Council members.

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

L. Quorum of Council. At all meetings of the Council, a majority of the members shall constitute a quorum for the transaction of business, and the vote of a majority of the members present at a meeting at which quorum is present shall constitute the decision of the Council.

M. Fidelity Bonds. The Council may require fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

N. Director and Officer Liability Insurance. The Council may obtain Director and Officer Liability Insurance for all Council members and officers of the Council. The premiums on such insurance shall constitute a Common Expense.

O. Compensation. No member of the Council shall receive any compensation for acting as such.

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

Q. Action By Written Consent. So long as the Council is composed entirely of designees of the Declarant, the members of the Council may act by unanimous consent in lieu of a meeting. Therefore, unless authorized by a vote of the Unit Owners, the Council shall act only at duly constituted meetings thereof.

R. Liability of the Members of the Council. The members of the Council shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own



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

S. Council Committees. The Council may, from time to time, establish such one or more ad hoc committees as it may deem necessary or appropriate for the administration of the affairs of the Council or of the Property. Each such committee shall have the discretionary, decision making or advisory powers with which the Council may vest 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 4: Officers:

A. Designation. The principal officers of the Council shall be the President, the Vice President, the Secretary, and the Treasurer, all of whom shall be members of the Council. An officer shall be elected by a majority vote of the Council.

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

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

D. Vacancies. Any vacancy in any office by reason of death, resignation, removal or otherwise, shall be promptly filled by a majority vote of the Council, and the successor officer shall serve the balance of the term so filled.

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

F. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Council shall appoint some other member of the Council to act in the place of the President, on an interim basis. The Vice President shall also perform such duties as shall from time to time be imposed upon by the Council or by the President.

G. Secretary. The Secretary shall keep the minutes of all meetings of the Association of Owners and of the Council; he shall have charge of such books and papers as the Council may direct; and he shall, in general, perform all the duties incident to the office of secretary of a stock corporation organized under the General Corporation Law of the State of Delaware.

H. Treasurer. The Treasurer shall have the responsibility for Council funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; he shall be responsible for the deposit of all monies and other valuable effects in the name of the Council, or the Managing Agent, in such depositories as may from time to time be designated by the Council, and he shall,

in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the General Corporation Law of the State of Delaware.

I. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments for expenditures or obligations of \$1000 or more, with the exception of individual payroll checks, shall be executed by any two officers of the Council or by such other person or persons as may be designated by the Council. All such instruments for expenditures or obligations of less than \$1000, as well as all payroll checks, regardless of their amount, may be executed by any one officer or by such other person as may be designated by the Council.

J. Compensation of Officers. No officer shall receive any compensation for acting as such.

Article 5: Operation of the Property:

A. Determination of Common Expenses and Assessments Against Unit Owners.

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

(2) Preparation and Approval of Budget. Each year on or before December 1st, the Council shall adopt a budget for the Property containing an estimate of the total amount which it considers necessary to pay the cost of maintenance, management, operation, repair and replacement of Common Elements and those parts of the Units as to which it is the responsibility of the Council to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Unit Property Act, the Declaration, this Code of Regulations or a resolution of the Association of Owners, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering of the Unit Owners of all related services. Such budget shall also include such reasonable amount as the Council considers necessary to provide working capital for the Property, a general operating reserve, and reserves for contingencies and replacements. The Council shall send to each Unit Owner a copy of the budget in a reasonably itemized form, which shall set forth the amount of the Common Expenses to be assessed against each Unit Owner, on or before December 10th preceding the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common



Expenses.

(3) Regular Assessment and Payment of Common Expenses. The total amount of the estimated funds required for the operation of the Property set forth in the budget of the fiscal year adopted by the Council shall be assessed against each Unit Owner in proportion to his respective Proportionate Interest, and shall be a lien against each Unit Owner's Unit as of the first day of the fiscal year to which such budget applies. If the Council deems it advisable, the assessment made against each Unit Owner for each fiscal year shall set forth separately such Unit Owner's share of the amount of the total assessment allocated to normal and recurring expenses of administration, management, operation and repair, and the amount of the total assessment allocated to each category of reserves included in the budget. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Council of the Managing Agent (as determined by the Council), one-twelfth (1/12th) of the assessment for such fiscal year made pursuant to the foregoing provisions; provided, however, if the Council so determines, assessments may be collected quarterly in which event each Unit Owner shall be obligated to pay to the Council of the Managing Agent (as determined by the Council) one-fourth (1/4th) on the first day of the first, fourth, seventh and tenth months of such fiscal year. Within sixty (60) day after the end of the fiscal year, the Council shall supply to all Unit Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Council for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall either be credited according to the Proportionate Interest of each Unit to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted, refunded to each Unit Owner, or applied in any other manner as the Council shall determine in its sole discretion. Any net shortage shall, if the Council deems it advisable, be added according to each Unit Owner's Proportionate Interest to the installments due in the succeeding six (6) months after the rendering of the accounting.

(4) Special Assessment. In the event the Council purchases a Unit for the use and occupancy of the resident manager for the Property, the cost of such Unit shall be treated as a Common Expense. That portion of the Common Expenses which are directly attributable to the purchase of the Unit to be used and occupied by the resident manager shall be allocated amongst each Unit Owner according to



his Proportionate Interest and collected through a Special Assessment which shall be collectable in whatever manner the Council in its sole discretion, decides.

(5) Reserves. The Council shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Council may at any time levy a further assessment, which shall be asserted against the Unit Owners according to their respective Proportionate Interests, and which may be payable in a lump sum or in installments as the Council may determine. The Council shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons thereof, and such further assessment shall, unless otherwise specified in the notices, become effective with the next monthly (or quarterly, if payments are required by the Council to be made quarterly) payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly (or quarterly) amount or, if the additional assessment is not payable in installments, the amount of such assessment.

(6) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Council to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allowable share of the Common Expenses herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period.

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

(8) Exceptions for Declarant's Units. Notwithstanding any other provision to the contrary, no lawsuit, suspension of utilities or other action shall be taken by or on behalf of the Council or any Unit Owner, occupant, mortgagee or other lienor to collect any assessment made against any Unit owned by Declarant or its successors or assigns which is not being occupied as a residence pursuant to a valid certificate of occupancy unless and to the extent that such assessment is for expenditures actually made by the Council for the cost of electricity, gas, oil, water, sewer, insurance protection, trash disposal or

maintenance personnel in fact used or relied on by Declarant in connection with such Unit. To the extent that Declarant owes any assessment on a Unit at the time when that Unit is being conveyed, Declarant shall not receive any reimbursement therefor, but the amount of assessment owned by Declarant to the Council and the amount of reimbursement owed by the Council to Declarant shall cancel each other out insofar as they are equal.

B. Payment of Common Expense. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Council pursuant to the provisions of Section A of this Article 5. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him of such Unit.

C. Collection of Assessments. The Council shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof.

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

E. Additions, Alterations or Improvements by Owners. No Unit Owner shall make any structural additions, structural alteration or structural improvement in or to his Unit without the prior written consent thereto of the Council. The provisions of this Section E shall not apply to Units owned by the Declarant until such Units shall have been initially sold by the Declarant and paid for.

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

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

Article 6: Insurance:

A. Authority to Purchase. Except as otherwise provided in Section (c) of this Article 6, all insurance policies relating to the Property shall be purchased by the Council as trustee for the Unit

Owners and their respective mortgagees, as their interest may appear, which insurance shall be to the extent available, at least be equal to the following:

(1) Casualty or physical damage insurance in an amount equal to the full replacement value (i.e., 100% of "replacement cost" less any deductible amount not to exceed One Thousand Dollars (\$1,000) per loss per occurrence) with an "agreed amount" endorsement and a "Condominium replacement cost" endorsement, without deduction or allowance for depreciation (said amount to be redetermined annually by the Council with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

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

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

(2) Public Liability Insurance in such amounts and in such form as may be considered appropriate by the Council (but not less than \$1,000,000 covering all claims for bodily injury or property damage arising out of one occurrence), including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile and any and all other liability incident to the Ownership and/or use of the Property or any portion thereof; and

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

(b) Limitations. Any insurance obtained pursuant to the requirements of this Article, shall be subject to the following provisions.

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

(2) Exclusive authority to negotiate losses under said policies shall be vested in the Council or its authorized representative, including any trustee with which the Council may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be herein referred to as the "Insurance Trustee."

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

(4) All policies shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days prior written notice to any and all insureds named thereon, including any and all mortgagees of the Units. Duplicate originals of the insurance policies and all endorsements thereto, together with proof of payment of premiums, shall be delivered to all Unit Owners and to all mortgagees of Units at their request.

(5) The net proceeds of such policies, if less than Twenty Five Thousand Dollars (\$25,000), shall be payable to the Council, and if more than Twenty Five Thousand Dollars (\$25,000) shall be payable to the Insurance Trustee designated in Section (D) of this Article.

(6) All policies shall contain, if available, a waiver of subrogation by the insurer as to any and all claims against the Council, a Unit Owner and/or their respective agents, employees or invitees, and of any defenses based upon coinsurance or invalidity arising from the acts of the insured.

(7) All policies shall contain the standard mortgagee clause. In the event a mortgagee endorsement has been issued to a Unit, the proceeds payable shall be held in trust for the mortgage and the Unit Owner as their interests may appear.

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



thirty (30) days after the purchase of such insurance.

D. Insurance Trustee

(1) The Council shall have the right to designate any bank, trust company, savings and loan association, building loan association, insurance company, or any institutional lender as the Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of this Code of Regulations.

(2) The Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or contents of the policies, the correctness of any amounts received by it on account of the proceeds of any insurance policies, nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in this Code of Regulations, for the benefit of the Unit Owners and their respective mortgagees.

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

F. Premiums. Premiums upon all insurance policies purchased by the Council shall be deemed to be a Common Expense.

G. Reconstruction Funds.

(1) Reconstruction Fund. The net proceeds of insurance collected on account of a casualty and the funds collected by the Council from assessments against Unit Owners on account of such casualty shall constitute a reconstruction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section. If the net proceeds of insurance collected on account of a casualty is Fifty Thousand Dollars (\$50,000) or more, then the funds collected by the Council from assessments against the Unit Owners shall be deposited by the Council with the Insurance Trustee, and the entire reconstruction fund shall be disbursed by the Insurance Trustee; otherwise the reconstruction fund shall be held and disbursed by the Council.

(2) Method of Disbursement. The reconstruction fund shall be paid by the

Council or the Insurance Trustee, as the case may be, in appropriate progress payments, to such contractors, suppliers and personnel engaged in performing the work or supplying materials or services for the repair and reconstruction of the Property as are designated by the Council.

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

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

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

Article 7: Sales, Leases and Alienation of Units:

A. No Severance of Ownership. No Unit Owner shall execute any deed, lease, mortgage, or other instrument conveying or mortgaging the title to his Unit without including therein the undivided interest of such Unit in the Common Elements. No part of this interest in the Common Elements of any Unit may be sold, leased, transferred, given, devised, or otherwise disposed of, except as part of a sale, lease, transfer, gift, devise, or other disposition (including subdivision) of the Unit to which such interests are appurtenant, or as part of a sale, lease, transfer, gift, devise or other disposition (including subdivision) of such part of the interests in the Common Elements of all Units.

B. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage,

hypothecate, sell, lease, give, or devise his Unit unless and until he (or his personal representative) shall have paid in full the Council all unpaid Common Expenses theretofore assessed by the Council against his Unit and payable prior to the date of conveyance, except as provided by Article 5. Section B.

Article 8: Mortgages:

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

B. Notice of Unpaid Assessments for Common Expense. The Council, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid assessments for Common Expenses due from, or any other default by, the Owner of the mortgaged Unit.

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

Article 9: Compliance and Default:

A. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Declaration, this Code of Regulations, and the Rules and Regulations, and any amendments of the same. A default by a Unit Owner shall entitle the Association of Owners, acting through the Council or through the Managing Agent, to the following relief:

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

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

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

(4) Interest. In the event of a default by any Unit Owner in paying any Common Expense or other sum assessed against him which continues for a period in excess of thirty (30) days, such Unit Owner shall be obligated to pay interest on amounts due at the highest rate permitted by law from the due date thereof; unless such interest is waived by the Council.

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

B. Lien for Contributions.

(1) The total annual contribution of each Unit Owner for the Common Expense pursuant to Article 5, Section A of this Code of Regulations is hereby declared to be a lien levied against the Unit of such Unit Owner, which lien shall be effective as of the first day of each fiscal year of the Condominium. The Council, or the Managing Agent, may file or record such other or further notice of lien, or such other further document as may be required by the then laws of the State of Delaware to confirm the establishment of such lien.



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

(3) The lien for contribution may be foreclosed in the manner provided by the laws of the State of Delaware by suit brought in the name of the Council, or the Managing Agent, acting on behalf of the Association of Owners. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the then laws of the State of Delaware.

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

(5) The lien for contributions shall be subordinate to liens of any first mortgages.

Article 10: Miscellaneous;

A. Notices. All notices, demands, bills statements or other communications under this Code of Regulations shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid, (1) if to a Unit Owner, at the address which the Owner shall designate in writing and file with the Secretary, or if not such address is designated, at the address of the Unit of such Unit Owner, or (2) it to the Association or Owners, the Council or the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section.

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

C. Gender. The use of the masculine gender in this Code of Regulations shall be deemed to include the feminine or neuter genders, whenever the context so requires. The use of the singular number shall include the plural, and the plural number shall include the singular whenever the context so requires.

D. Effective Date. This Code of Regulations becomes effective when it and the

Declaration Plan have been duly entered or recorded in the Office of the Recorder of Deeds in and for New Castle County, Delaware.

E. Interpretation. The provisions of this Code shall be liberally constructed in order to effectuate a uniform plan for development and operation of a condominium project as expressed in the Declaration.

This Code of Regulations shall, to all reasonable extent be deemed to be consistent with the supplementary to the provisions of the Unit Property Act. Any conflict between the Declaration and this Code of Regulations shall, if not otherwise resolvable, be resolved in favor of the Declaration. The unconstitutionality, illegality, invalidity of nonconformance with the Unit Property Act of any provisions of this Code of Regulations shall not affect the remaining portions thereof which shall thereupon be deemed of containing validity, force and effect. Any provisions of this Code of Regulations which may not be directly or indirectly provided for or permitted any the Unit Property Act, but which is not specifically prohibited by the Unit Property Act, or by any other statute or rule of law, shall, if not enforceable under the Unit Property Act, be deemed to be a contractual undertaking and obligation, voluntary 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 of Regulations shall be deemed invalid, waived, abrogated or no longer enforceable by reason of the passage of time or 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.

VILLA BELMONT CONDOMINIUM APARTMENTS

By: Mary Ann Finch  
Mary Ann Finch, President

Attest: Bonnie Hollett  
Bonnie Hollett, Secretary

CERTIFICATION

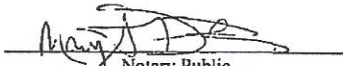
I am a current Council member of Villa Belmont Condominium Apartments. I certify that this Amended Code of Regulations of Villa Belmont Condominium Apartments has been duly enacted in accordance with the provisions of the Declaration and the Code of Regulations.

John M. Dawson  
John M. Dawson,  
Current Council Member

STATE OF DELAWARE )  
                          ) SS.  
NEW CASTLE COUNTY )

BE IT REMEMBERED, that on this 14 day of November, A.D., 1996, personally came before me, the Subscriber, a Notary Public for the State of Delaware, Mary Ann Finch, Bonnie Hollett and John M. Dawson, parties to this Indenture, known to me personally to be such, and acknowledged this Indenture to be their act.

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

  
\_\_\_\_\_  
Notary Public

Commission Expires: 9/98

