

AMENDED AND RESTATED
BYLAWS
OF THE
MASTER HOMEOWNERS ASSOCIATION OF BREAKWATER

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is the MASTER HOMEOWNERS ASSOCIATION OF BREAKWATER, hereinafter referred to as the "Corporation".

Meetings of members and directors may be held at such places within the State of Delaware, County of Sussex, as may be designated by the Board of Directors (the "Board of Directors") of the Corporation.

The name and address of the Corporation's registered agent in the State of Delaware is as set forth in the Certificate of Incorporation.

**ARTICLE II
CORPORATE
SEAL**

The corporate seal shall have inscribed thereon the name of the corporation and the year of its incorporation.

**ARTICLE
III
MEMBERS**

Each record holder of each of the Lots and Units [as such terms are defined in that certain Master Declaration of Covenants, Conditions, Easements and Restrictions executed on February 27, 2007, and of record in the Recorder of Deeds, in and for Sussex County, Delaware (the "Recorder's Office") in Deed Book 3420, Page 194, as the same may be amended from time to time (the "Master Declaration")] within the residential community project to be known as "Breakwater", which residential community consists of three (3) integrated development areas or communities consisting of approximately (i) eighty (80) single family subdivided dwelling lots (individually a "Single Family Lot" and collectively the "Single Family Lots"); (ii) sixty-nine (69) subdivided twinhome dwelling lots (individually a "Twinhome Lot" and collectively the "Twinhome Lots"); and (iii) thirty-six (36) townhome style condominium units and appurtenant common elements that ~~shall be submitted~~ are subject to the provisions of the Unit Property Act of the State of Delaware (25 Del.C. §§ 2201 et seq.) (individually a "Unit" and collectively the "Units") (collectively the "Project"), for as long as they are and remain as such, automatically shall be a member of the Corporation. At all meetings of the Corporation, the Owners of each Lot and Unit shall be entitled collectively to cast such vote or votes as provided for by the Certificate of Incorporation for the Corporation and herein, which vote or votes may be cast in person or proxy.

~~The Corporation shall have two (2) classes of voting membership; Class A and Class B Members:~~

~~Class A. With the exception of Breakwater, L.L.C., a Delaware limited liability company (the "Declarant") (until expiration of the Class B memberships as provided below),~~ every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is an Owner of any Lot or Unit which is part of the Project shall be a ~~Class A~~ Member of the Corporation; provided, however, that any such person or group of persons, association, corporation, limited liability company, partnership, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a ~~Class A~~ Member solely on account of such interest. When more than one (1) person or entity are Owners of any Lot or Unit, all such persons and entities shall be Members. The vote for such Lot or Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot or Unit owned by a ~~Class A~~ Member. In the event that Owners, who hold title to any Lot or Unit either by the entireties, or as joint tenants, or as tenants in common, attempt to cast the vote for such Lot or Unit in conflicting ways, such vote shall be recorded as a fractional vote.

~~Class B. There shall be Five Hundred Fifty Five (555) Class B Memberships in the Corporation. The Class B Member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, association, corporation, limited liability company, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment in writing from the Declarant. The Class B Member shall be entitled to one (1) vote for each Class B membership. Each Class B membership shall cease and be converted to Class A membership on the first to happen of the following events:~~

~~(i) When the total votes outstanding in the Class A membership equal one hundred eighty five (185); or~~

~~(ii) When, in its sole and absolute discretion, the Class B Member elects to convert its Class B membership into Class A membership(s).~~

ARTICLE IV MEETING OF MEMBERS

~~**Section 1. First Meeting of the Members.** The first meeting of the Members shall be called by the initial Board of Directors and shall be for the purpose of nominating and electing a Board of Directors. The initial Board of Directors shall send each Owner notice of the meeting at least thirty (30) days before the meeting. The notice shall specify the place, day, and hour of the meeting and shall state that the purpose of the meeting is to nominate and elect a new Board of Directors. Nominations shall be accepted by the initial Board of Directors in any form up and until the time of the election. A list of nominations, including the offices that the nominee is interested, shall be prepared by the initial Board of Directors. Elections shall be by ballot, by plurality vote. Notwithstanding any contrary provision in the governing documents, quorum requirements for nomination and election of the first Board of Directors consisting of Owners of the Lots and Units shall be duly satisfied if the meeting is properly noticed in conformance with this section.~~

Section 21. Annual Meeting of the Members. The ~~members~~ Members of the Corporation shall meet at least once per year (which shall be a period of twelve consecutive months), at a time and place established by the Directors, for the purpose of nominating and electing a Board of Directors, or replacements thereto, consisting of members of the Corporation and conducting other business as it may properly come before the meeting. Nominations shall be by proxy received by the Board of Directors prior to the election of the Board of Directors. In addition to nominations received by proxy, nominations may be made at the meeting. A list of nominations, including the offices ~~that they~~ which each nominee is interested, shall be prepared by the Board of Directors. The Board of Directors shall oversee the election and a Director shall remain in office until a replacement is duly elected. Elections shall be by ballot, by plurality vote.

Section 3. Special meetings. Special meetings of the ~~members~~ Members may be called at any time by the President and must be called on the request, in writing or by the vote of the majority of the Directors, or, at the request in writing of twenty five percent (25%) or more of the ~~members~~ Members of the Corporation.

Section 4. Notice of meetings. Written notice of each meeting of the ~~members~~ Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing, postage prepaid, or delivering by hand a copy of the notice, not less than ten (10) days nor more than thirty (30) days in advance of such meeting to each member entitled to vote at the meeting, addressed to the member's address last appearing on the books of the Corporation, or supplied by the ~~member~~ Member to the Corporation for the purpose of notice. The notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. No change in the time or place of a meeting for the election of Directors, as fixed by these Bylaws, shall be made within ten (10) days next before the day on which such election is to be held. In case of any change in such time or place for such election of Directors, notice thereof shall be given to each member entitled to vote in person, or mailed to his or her last known post office address, not less than ten (10) days nor more than thirty (30) days in advance of such meeting to each ~~member~~ Member entitled to vote at the meeting.

Section 5. List of members. A complete list of ~~members~~ Members entitled to vote, arranged in alphabetical order, shall be prepared by the Secretary and shall be open to the examination of any ~~member~~ Member at the principal office of the Corporation and the place of election, for ten (10) days prior thereto, and during the whole term of the election.

Section 6. Proxies. Each ~~member~~ Member entitled to vote shall, at every meeting of the members, be entitled to vote in person or by proxy, in writing and signed by him, but no proxy shall be voted after one (1) year from its date, unless it specifically provides for a longer period. Every proxy shall be revocable, at any time, and shall automatically cease upon conveyance of the Lot or Unit. Such right to vote shall be subject to the right of the Directors to close the transfer books or to fix a record date for voting ~~members~~ Members as hereinafter provided and if the Directors shall not have exercised such right, no vote shall be cast at any election for Directors by anyone who shall have accepted membership in the Corporation within ten (10) days of such election. Only one (1) ~~Class "A" m~~ Member vote shall be cast with respect to each Lot and Unit in the Project. In the event that ~~members~~ Members who hold title to any Lot or Unit either by the entirety, or as joint tenants, or as tenants in common, attempt to cast the vote for such Lot or Unit in conflicting ways, such vote shall be recorded as a fractional vote.

Section 7. Quorum. The presence at a duly noticed meeting of ~~members~~ Members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the total votes shall constitute a quorum for any action except as otherwise provided in the Certificate of Incorporation, the Master Declaration, or these Bylaws. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than ninety (90) days following the preceding meeting.

ARTICLE V BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE

Section 1. Number. The property and business of the Corporation shall be managed and controlled by its Board of Directors, consisting of three (3) Directors.

Section 2. Election. ~~The initial three (3) Directors shall be designees appointed by the Declarant until such time as the turnover of the Corporation to the owners of the Lots and Units. Thereafter, upon the turnover of the Corporation to the owners of the Lots and Units,~~ The Board of Directors shall consist of three (3) Directors, one (1) of which shall be a designee appointed by the Council on behalf of the Unit Owners, one (1) of which shall be a designee appointed ~~electe~~ lected by a majority of the owners of the eighty (80) Single Family Lots, and one (1) of which shall be ~~a designee appointed~~ electe ~~lecte~~ lected by a majority of the owners of the sixty-nine (69) Twinhome Lots. ~~Except for the initial Board of Directors,~~ Directors must be members of the Corporation. The Directors representing Single Family Lots and Twinhome Lots ("Elected Directors") shall be elected for a one-two (12) year terms. The terms of the Elected Directors shall be staggered such that no more than one of the Elected Directors changes at any one time. ~~Directors shall hold office until the next annual election and until their successors are elected and qualify. The first election after adoption of these Amended and Restated Bylaws will be of one Elected Director for a one-year term and one Elected Director for a two-year term.~~

Section 3. Removal. ~~Except for the initial Board of Directors,~~ Any Director may be removed from the Board of Directors, with or without cause, by a majority vote of the members of the Corporation. In the event of death, resignation or removal of a Director, a successor shall be selected by the remaining members of the Board of Directors, though less than a quorum, by majority vote, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service rendered to the Corporation. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties.

Section 5. Action taken without a meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI MEETING OF DIRECTORS

Section 1. Regular meetings. After each annual election of Directors, the ~~newly elected~~ Directors may meet for the purpose of organization, the election of officers, and the transaction of other business, at such place and time as shall be fixed by the ~~members~~ Members at the annual meeting, and if a majority of the Directors are present at such place and time, no prior notice of such meeting shall be required to be given to the Directors. The place and time of such meeting may also be fixed by written consent of the Directors.

Section 2. Special meetings. Meetings of the Directors may be called by the President on five (5) days' notice in writing or on two (2) days' notice by telephone to each Director and shall be called by the President in like manner on the written request of two (2) Directors. A majority of the Directors shall constitute a quorum, but a smaller number may adjourn from time to time, without further notice, until a quorum is secured.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

- (a) Determine and collect the assessments (as defined in the Master Declaration) and exercise such other powers as provided in the Master Declaration;
- (b) Exercise for the Corporation all powers, duties and authority vested in or delegated to the Corporation and not reserved to the membership by other provisions of these Bylaws, the Certificate of Incorporation, or the Master Declaration;
- (c) Declare, if they choose, the office of a member of the Board of Directors to be vacant in the event the member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (d) Employ a manager, an independent contractor, or other employees as they deem necessary, and to prescribe their duties; and
- (e) Close the membership rolls of the Corporation for a period not exceeding ten (10) days preceding the date of any meeting of members.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement of its acts and corporate affairs to the ~~members~~ Members at the annual meeting of the ~~members~~ Members or at any special meeting when the statement is requested in writing by five (5) or more ~~members~~ Members of the Corporation;
- (b) Supervise all officers, agents and employees of the Corporation, and to see that their duties are properly performed;
- (c) As more fully provided ~~herein~~ Article X hereof, and in the Master Declaration, to:

- (1) determine the amount of the annual assessment against each Lot and Unit ~~for approval by a majority vote of Corporation's members~~ at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) keep an Assessment Lien Docket (the "Docket") for the purposes and as provided for in the Master Declaration.
- (d) Issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge, which shall initially not exceed five dollars (\$5.00) (to be adjusted from time to time as may be reasonable), may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
 - (e) Procure and maintain adequate liability and other insurance as deemed necessary or desirable in connection with the maintenance and other services to be performed by the Corporation under the Master Declaration;
 - (f) Cause all officers, employees or independent contractors having fiscal responsibilities to be bonded, as it may deem appropriate;
 - (g) Cause the Common Areas, including, but not limited to the Common Facilities, to be serviced and maintained as provided under the Master Declaration;
 - (h) Maintain the Docket as provided in the Master Declaration; and
 - (i) Perform such other duties as provided in the Master Declaration.

ARTICLE VIII COMMITTEES

The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board of Directors, designate such committees as it deems necessary or desirable, each such committee to consist of ~~one (1) or more of the Directors of the Corporation and~~ such member(s) of the Corporation as are designated by the Board of Directors in such resolution and may include one (1) or more of the Directors of the Corporation. Such committees shall meet at stated times or on notice to all by any of their own number. They shall fix their own rules of procedure. A majority shall constitute a quorum, but the affirmative vote of a majority of the whole committee shall be necessary in every case. Such committees shall have and may exercise the powers of the Board of Directors to the extent as provided in such resolution or resolutions.

**ARTICLE IX
OFFICERS OF THE CORPORATION**

The officers of the Corporation shall be a President, one or more Vice Presidents, Secretary, Treasurer, and such other officers as may from time to time be chosen by the Board of Directors. The President and Vice Presidents shall be chosen from among the Directors. The officers of the Corporation shall hold office until their successors are chosen and qualify in their stead. Any officer chosen or appointed by the Board of Directors may be removed with or without cause at any time by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the affirmative vote of a majority of the whole Board of Directors.

Section 1. Duties of the President. The President shall be the chief executive officer of the Corporation. It shall be his duty to preside at all meetings of the members and Directors; to have general and active management of the Corporation; to see that all orders and resolutions of the Board of Directors are carried into effect; to execute all agreements and other instruments in the name of the Corporation; and to affix the corporate seal thereto when authorized by the Board of Directors.

He shall have the general supervision and direction of the other officers of the Corporation and shall see that their duties are properly performed.

He shall submit a report of the operations of the Corporation for the year to the Directors at their meeting next preceding the annual meeting of the members and to the members at their annual meeting.

He shall be ex-officio a member of all committees and shall have the general duties and powers of supervision and management usually vested in the office of the President of a corporation.

Section 2. Vice President. The Vice President or Vice Presidents, in the order designated by the Board of Directors, shall be vested with all powers and required to perform all the duties of the President in his absence or disability and shall perform such other duties as may be prescribed by the Board of Directors.

Section 3. President Pro Tern. In the absence or disability of the President and the Vice Presidents, the Board of Directors may appoint from their own number a president pro tern.

Section 4. Secretary. The Secretary shall attend all meetings of the Corporation, the Board of Directors, and any committee meetings. He shall act as clerk thereof and shall record all of the proceedings of such meetings in a book kept for that purpose. He shall give proper notice of meetings of members and Directors and shall perform such other duties as shall be assigned to him by the President or the Board of Directors.

Section 5. Treasurer. The Treasurer shall have custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors and shall keep and maintain the Assessment Lien Docket.

He shall disburse the funds of the Corporation as may be ordered by the Board of Directors or President, taking proper vouchers for such disbursements, and shall render to the President and Directors, whenever they may require it, an account of all his transactions as Treasurer, and of the financial condition of the Corporation, and at the regular meeting of the Board of Directors next preceding the annual members' meeting, a like report for the preceding year.

He shall keep an account of the members of record in such manner and subject to such regulations as the Board of Directors may prescribe.

He shall give the Corporation a bond, if required in writing by the Board of Directors, in sum and in form and with corporate security satisfactory to the Board of Directors for the faithful performance of the duties of his office and the restoration to the Corporation, in case of his death, resignation or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession, belonging to the Corporation. Such bond and security shall, if required, be provided at the Corporation's sole expense. He shall perform such other duties as the Board of Directors may from time to time prescribe or require.

Section 6. Delegation of duties. In case of the absence or disability of any officer of the Corporation or for any other reason deemed sufficient by the majority of the Board of Directors, the Board of Directors may delegate his powers or duties to any other officer or to any Director for the time being.

ARTICLE X ASSESSMENTS

Section 1. Creation of the lien and personal obligation of assessments. By the Master Declaration, each member is deemed to covenant and agrees to pay to the Corporation:

- (a) Annual assessments or charges; and
- (b) Special assessments.

The annual and special assessments, together with interest and costs of collection, as provided below, shall be a charge on each Lot and Unit and shall be a continuing lien upon each Lot and Unit against which each assessment is made. Each assessment together with interest, costs and reasonable attorneys' fees shall also be the personal obligation of the person who was the owner of the Lot or Unit at the time when the assessment fell due and shall not pass to successors in title unless expressly assumed by t h e m .

Section 2. Purpose of assessments. The assessments levied by the Corporation shall be used for the purpose of the maintenance of the Common Areas, including, but not limited to the Common Facilities, and to generally carry out the purposes of the Corporation as set forth in the Certificate of Incorporation, these Bylaws, and the Master Declaration.

Section 3. Annual assessment. An annual assessment shall be set by [the Board of Directors in accordance with the Master Declaration, provided if the annual assessment would be 15% or more greater than the previous assessment, the increase must be approved by a](#)

majority vote of the ~~members~~-Members in good standing who are voting in person or by proxy at the annual meeting.

Section 4. Special assessments. In addition to the annual assessments authorized above, the Corporation may levy in any calendar year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, any of the aforementioned purposes of the assessments and/or the cost of any maintenance of the Common Areas, including, but not limited to the Common Facilities, as set forth in the Master Declaration. A special assessment, if necessary, shall be set by a majority vote of the ~~members~~-Members in good standing who are voting in person or by proxy at the annual meeting or at a special meeting duly called for this purpose.

Section 5. Uniform rate. Both annual and special assessments shall be fixed at a uniform rate for all Lots and Units.

Section 6. Remedies for non-payment of assessments. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ~~ten~~-eighteen percent (~~10~~18%) per annum, or the legal rate of interest, whichever is higher, and the Corporation may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot or Unit, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse or abandonment of his Lot or Unit. It is expressly agreed that the assessments referred to above shall be a lien or encumbrance on the Lot or Unit with respect to which said assessments are made and it is expressly stated that by acceptance of title to any Lot or Unit included in the Project from the time of acquiring title thereto shall be held to have covenanted and agreed to pay said assessments to the Corporation. The lien of all assessments shall be subordinate in lien to the lien of any mortgage or mortgages on any Lot or Unit which is subject to such charges regardless of when said mortgage or mortgages were created or when such charges accrued; provided that such subordination shall apply only to charges that shall have become payable prior to the passing of title under foreclosure of such mortgage or mortgages, and the transferees shall not be liable for payment of any assessment accruing prior to said foreclosure, but nothing herein shall be held to affect the rights herein given to enforce the collection of such charges accruing after sale under foreclosure of such mortgage or mortgages; and provided, further, that such charges accruing after sale shall also be subordinate in lien to the lien of any further mortgage or mortgages which are placed on property subject to such charges, with the intent that no such charges shall at any time be prior in lien of any mortgage or mortgages whatsoever on such property.

ARTICLE XI BOOKS AND RECORDS

The books, records and papers of the Corporation shall at all times, during reasonable business hours, be subject to inspection by any ~~member~~Member. The Master Declaration, the Certificate of Incorporation and the Bylaws of the Corporation shall be available for inspection by any ~~member~~Member at the principal office of the Corporation, where copies may be purchased at a reasonable cost to be determined by the Board of Directors (to defray copying and administrative costs) not to initially exceed five dollars (\$5.00) for all three (3) documents

(such amount to be adjusted from time to time to reasonably reflect the cost and expense to the Corporation of providing such copies).

**ARTICLE XII
CORPORATION PAYMENTS**

All checks, drafts or orders for the payment of money shall be signed by the President and the Treasurer or by such other officer or officers as the ~~members~~-Members of the Corporation may approve.

**ARTICLE XIII
MEMBERS OF RECORD**

The Corporation shall be entitled to treat the title holder or holders of record of any Lot or Unit in the Project as ~~members~~-Members in fact of the Corporation, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such Lot, Unit or memberships on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Delaware.

**ARTICLE XIV
FISCAL YEAR**

The fiscal year of the Corporation shall begin on the first day of January of each year.

**ARTICLE XV
AMENDMENT**

Section 1. Amendment. These Bylaws may be amended, altered, repealed or added to at any regular meeting of the members or at any special meeting called for that purpose, by affirmative vote of sixty-seven percent (67%) of the votes of the members of the Corporation.

Section 2. Expanded Duties. By seventy-five percent (75%) of the votes of members of the Corporation, the Corporation may provide for services in addition to the maintenance of the Common Areas, including, but not limited to, the Common Facilities, as provided herein. However, no such service may be provided which would jeopardize the Corporation's standing as a homeowners association under the Internal Revenue Code, as the same may be amended.

**ARTICLE XVI
INCORPORATED BY REFERENCE**

All of the terms, conditions, matters and information contained and more fully set forth in the Certificate of Incorporation and Master Declaration are incorporated by reference. Any defined terms not otherwise expressly defined herein shall have the meanings and definitions provided in the Master Declaration.

**ARTICLE XVII
MISCELLANEOUS**

All reference herein to the masculine shall be deemed to include the feminine or neuter genders, and vice versa, as appropriate. All reference herein to the singular shall be deemed to include the plural, and vice versa, as appropriate.

IN WITNESS WHEREOF, the undersigned, being the ~~sole~~ Directors of the **MASTER HOMEOWNERS ASSOCIATION OF BREAKWATER**, have hereunto set their hands this

_____ day of _____, ~~2007~~2017.

D. Patrick O'Reilley

Randy Bies

Rick Moritz

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of the **MASTER HOMEOWNERS ASSOCIATION OF BREAKWATER**, a Delaware corporation, and that the foregoing Bylaws constitute the ~~original~~ Amended and Restated Bylaws by said Corporation, as adopted ~~at a meeting of~~ by the Board of Directors thereof and as approved the Members of the Corporation, by a vote held on the ____ day of _____, ~~2007~~2017.

IN WITNESS WHEREOF, I ~~have~~ subscribed my name and affixed the seal of said Corporation this ____ day of _____, 2017.
