

Tax Map Parcel Number:

BK: 4188

PG: 161

3-34-20.00-2.00 Thru + Including

Prepared by/Return to:

3-34-2.00-99.00

Pine Bay Homeowners Association, Inc.
 c/o Beverly Wenner
 Secretary
 42 Bay Reach
 Rehoboth Beach, DE 19971

AMENDED AND RESTATED
 DECLARATION OF COVENANTS, CONDITIONS
 AND RESTRICTIONS FOR PINE BAY,
 Section of Country Manor

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Amended Declaration") is made this 22 day of October, 2013 by the Pine Bay Homeowners Association, Inc., a Delaware non-profit corporation (the "Association").

WHEREAS, BCK Associate, a Delaware general partnership, ("Declarant") was the fee simple owner of certain property located in Lewes-Rehoboth Hundred, Sussex County, State of Delaware, said property being more particularly described in Exhibit A, attached hereto and included herein by specific reference thereto. Said real property is shown on plat of "Pine Bay, Section of Country Manor" Development as recorded in the Office of the Recorder of Deeds in and for Sussex County, originally in Plot Book 43 Page 263, et seq, as approved February 6, 1990; revised in Plot Book 44 at Page 295, et seq, approved August 14, 1990; and further revised in Plot Book 46 Page ~~235~~ as approved July 8, 1991; said real property being hereinafter referred to as "Pine Bay"; and said three plots being collectively referred to as "The Plot of Pine Bay as Amended."

WHEREAS, Declarant, looking to provide for the preservation of the values and amenities in said community and for the maintenance of common lands and facilities and to this end, imposed certain covenants, restrictions, easements, charges and liens (hereinafter referred to collectively as the "Restrictions"), on Pine Bay, for the benefit of Declarant, a homeowners association to be formed and each owner of Lot (as hereinafter defined) within Pine Bay; and

WHEREAS, Declarant prepared, executed and recorded among the land records of Sussex County, Delaware that certain Declaration of Covenants, Conditions and Restrictions for Pine Bay, dated October 16, 1990 in Deed Book 1732 Page 337 and rerecorded in Deed Book 1736 Page 250 (collectively the "Original Declaration").

WHEREAS, Declarant formed and incorporated under the laws of the State of Delaware, as a non-profit corporation, the "Pine Bay Homeowners Association, Inc.", for the purpose of exercising the functions and assuming the responsibilities for the operation and management of Pine Bay and its common areas, and levying, collecting and disbursing the assessments, fees, fines and charges hereinafter provided for.

WHEREAS, Declarant conveyed legal title to common areas of Pine Bay to the Pine Bay Homeowners Association, Inc. and that Association is successor to Declarant's interests under the Original Declaration.

WHEREAS, Declarant has no further interest in any lot or common area in Pine Bay.

WHEREAS, the Pine Bay Homeowners Association, Inc. is the governing body and operator of Pine Bay and as successor to Declarant's interests under the Original Declaration responsible for implementation and enforcement of the Restrictions.

WHEREAS, the Pine Bay Homeowners Association, Inc. undertook and did amend the Original Declaration through the processes provided for in the Original Declaration, and recorded the duly adopted amendments (Deed Book 1843 Page 213 dated 4/29/92; Deed Book 2134 Page 119 dated 6/27/98; Deed Book 2514 Page 45 dated 8/21/2000; Deed Book 2514 Page 67 dated 8/21/2000 and Deed Book 2514 Page 83 dated 8/21/2000 among the land records of Sussex County, Delaware (collectively with the Original Declaration, the "Amended Declaration").

WHEREAS, the Board of Directors of the Pine Bay Homeowners Association, Inc., at the request of the Members made at the Annual Meeting of the Members in 2012, undertook a review of the Amended Declaration, and determined that a comprehensive revision of the Amended Declaration was desirable, considering that Pine Bay is now an essentially developed community and no longer one in development.

WHEREAS, The Board of Directors of the Pine Bay Homeowners Association, Inc. completed that review and presented to the Members at a duly called meeting of the Association a comprehensive revision of the Amended Declaration for the Members consideration and approval.

WHEREAS, the Members, at a meeting duly called for the purpose in accordance with the applicable provisions of the Amended Declaration considered and then approved by a required vote as provided for by the applicable provisions of the Amended Declaration a comprehensive revision of the Amended Declaration.

NOW, THEREFORE, the Association, as successor to Declarant, hereby declares that the Amended Declaration is revoked in its entirety and that all of the property described in Exhibit "A" shall be held, sold, and conveyed subject to this Amended and Restated Declaration of Covenants, Conditions and Restrictions for Pine Bay, and the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of and which shall run with the real property submitted to this Declaration and which shall be

binding upon all parties having any right, title, or interest in the described property or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I
DEFINITION

The following words, when used in this Declaration (unless the context shall prohibit) shall have the following meaning:

A. "Association" shall mean and refer to the Pine Bay Homeowners Association, Inc., its successors and assigns.

B. "ARC" or "Architectural Review Committee" shall mean the committee of the Association responsible for the reviews provided for in Article II, Clause E of this Amended Declaration.

C. "Board" shall mean the Board of Directors of the Association

D. "Common Areas" shall mean and refer to those areas of land designated on the recorded subdivision plot of Pine Bay and are designated on the plot of Pine Bay as Amended and Incorporated herein by reference as: (1) the roads shown upon the Recorded Plot and therein designated as: Bay Reach, Holly Ridge, Back Bay, Hawk's Nest, Manor Drive; and (2) the areas marked private open space area. All said Common Areas shall be subject to the restrictions, created hereunder, and shall be subject to all easements or rights of way previously granted by Declarant or as may be granted from time to time by the Association or the Board.

E. "Declarant" shall mean and refer to BCK Associates, a Delaware General Partnership.

F. "Lot" shall mean and refer to any unimproved or improved plot of land intended and subdivided for a detached single family residence, shown upon the Recorded Plot as a numbered parcel but shall not include the "Common Areas" as hereinabove defined.

G. "Member" shall mean and refer to each Owner as a member of the Pine Bay Homeowners Association, Inc., as provided in Article III of this Declaration.

H. "Mortgage" shall mean and refer to any mortgage, deed of trust, or similar instrument granted as security for the performance of any obligation.

I. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, holding a fee simple title to any Lot but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

J. "Property" shall mean and refer to the Lot and any improvements located there, including but not limited to any home.

K. "Recorded Plat" shall mean and refer to the Plot of Pine Bay as Amended and depicts Pine Bay as subdivided into Lots, Common Areas and Roads.

L. "Pine Bay" shall mean and refer to the lands shown on the recorded plot as Lots, common areas, or roads herein defined, including all of the land described on Exhibit "A".

ARTICLE II HOMEOWNERS ASSOCIATION

CLAUSE A: Membership and Voting

Section 1. Every person who or entity which is the record owner of the fee or undivided fee interest in any Lot that is the subject of the Declaration shall be deemed to have membership in the Association. Membership shall be appurtenant to and may not be separated from such ownership. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more persons, shall have more than one membership per Lot owned. The rights and privileges of membership, including the right to vote, may be exercised by each Owner, but in no event shall more than one vote be cast for each Lot.

Section 2. The Association shall have one class of voting membership. The Members shall be all Owners of a Lot in the recorded subdivision plot of Pine Bay. Each Lot shall be entitled to one (1) vote. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote of each Lot shall be exercised as the Owners of each Lot shall among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Upon the passing of legal title from one Owner to a subsequent Owner, the subsequent Owner shall become, for so long as that party is the Owner of the Lot, the Member of the Association.

CLAUSE B: Purpose and Duties

Section 1. The Association shall have as its purpose, and its duty, promoting the recreation, health, safety, and welfare of the residents and owners of Pine Bay, including but not limited to the improvements and maintenance of the Common Areas (including common open space area easements, roads, etc.), the enforcement of the covenants, conditions and restrictions of Pine Bay, and control of construction through the ARC (as hereinafter provided).

Section 2. The Association shall:

(a) Operate, reinstall, maintain and replace, for the use and benefit of all Members of the Association, all Common Areas and facilities and improvements developed thereon, including the road improvements and recreational improvements.

- (b) Maintain and install all facilities located on Common Areas, including grass and landscaping.
- (c) When permitted as provided hereinafter, appoint an Architectural Review Committee.
- (d) Enforce the covenants, conditions and restrictions herein.
- (e) Collect assessments, fees, and charges and levy fines for violations as provided for by this Agreement.

CLAUSE C: Assessments

Section 1. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the Property, and particularly, for road maintenance and for the improvement and maintenance of the Common Areas located in the Property, and for services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas, including, but not limited to, the payment of taxes and insurance thereon, and repair, replacement and additions thereto, for the cost of labor, equipment, materials, management and supervision thereof, and for operating reserve funds and reserve funds for repair and replacement of the Common Areas and facilities thereon. Assessments may be levied to accomplish the purpose and duties of the Association as stated in Article II, Clause B.

Section 2. Creation of Lien and Personal Obligation of Assessments, Fees, Charges, and Fines. Each Owner of any Lot, by acceptance of a deed or other transfer document for the Lot, whether or not it shall be expressly established in such Deed or other transfer document, hereby covenants and agrees to pay the Association: (1) annual assessments, fees, fines and other charges; (2) a one-time Membership Initiation Fee as more particularly described in this Article II, Clause C, Section 8; (3) special assessments for capital improvements, operations, repair, replacement and reserve funds, such assessments to be fixed, established and collected as hereinafter provided, and (4) fines assessed pursuant to these Covenants or by the Board under its adopted policies. The annual, special and user assessments, and fines, together in each case with interest, costs and reasonable attorneys' fees, shall be a charge on the land, and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment and fine, together with interest, costs, and reasonable attorneys' fees, for the collection thereof, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due. A personal obligation for delinquent assessment or fine shall not pass to the Owner's successor in title (other than as a lien on the land), unless expressly assumed by them.

Section 3. Budget Preparation and Approval/Assessments.

- (a) It shall be the duty of the Board to prepare a proposed budget covering the estimated costs of operating the Association during the forthcoming fiscal year of the Association. The proposed budget shall be prepared at least 30 days prior to the meeting at

which a budget for the forthcoming fiscal year of the Association is to be presented to the Members. The Board shall cause a copy of the budget and the proposed amount of the annual assessments to be levied against each Lot to be delivered to each Owner at least 15 days prior to the meeting at which the budget would be considered. The meeting of the Members at which the proposed budget would be considered must be held prior to the commencement of the fiscal year of the Association. The budget and the annual assessments shall become effective unless disapproved at the meeting of the Association by a vote of at least a majority of the Members. The fiscal year of the Association shall be October 1 through September 30, unless otherwise determined by the Board.

(b) Notwithstanding the foregoing, however, in the event the Owners disapprove the proposed budget or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

(c) As prepared by the Board, the proposed budget for the coming fiscal year of the Association shall:

(i) Include a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement costs. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by annual assessments over the period of the budget. The capital contribution required shall be fixed by the Board and included within the budget and assessment, as provided in Section 2 of this Article.

(ii) Include a reserve for capital improvements and for operations, if the Board deems it reasonable to do so.

(iii) Propose an annual assessment which shall support the proposed budget if adopted by the Members. The annual assessment shall not exceed twenty percent (20%) of the annual assessment for the preceding fiscal year, without majority approval by the Members.

(d) In addition to the annual assessment authorized by Paragraph (c) of Article II, Clause C, Section (iii), hereof, the Association may levy in any assessment year a special assessment applicable to that year only, for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including the necessary fixture and personal property related thereto, and for operating the Common Areas, for which a reserve fund does not exist or is not adequate. The Board is authorized to approve special assessments up to \$200 per Lot per assessment year. Any special assessment required exceeding \$200 per assessment year shall require the assent of a majority of the votes of the Members.

(e) All assessments shall be allocated equally among all residential Lots excepting exempt lands as hereinafter provided.

(f) The Association is specifically authorized and encouraged to seek public and private funds to help defray, in whole or in part, the expenses for which assessments would be necessary. To the extent received, such funds shall be used to reduce the assessments otherwise required by the budget in Section 2. In addition, the Association is empowered to participate in the creation and operation of tax, landscaping, lighting, water, sewer, and other special districts providing services to its members, as well as to others.

Section 4. Effect of Nonpayment of Assessment; the Personal Obligation of the Owner; the Lien; Remedies of the Association. If any assessment, fee, fine or charge levied by the Board pursuant to this Amended Declaration is not paid on the date when due as hereinabove or hereinafter provided, then such assessment, fee, fine or charge shall be deemed delinquent and shall together with such interest thereon and cost of collection thereof, including reasonable attorneys' fees, as hereinafter or hereinabove provided, continue as a lien on the Lot and any structure built thereon which shall bind such Lot in the hands of the then Owner, his heirs, devisees, personal representatives, successors and assigns. In addition to such lien rights, the personal obligation of the then Owner to pay such assessment, fee, fine or charge, however, shall remain the personal obligation of that Owner and shall not pass to the successors in title (other than as a lien on the land) unless expressly assumed by them. If the assessment is not paid within thirty (30) days after the due date, the assessments, fees, fines and other charges shall bear interest from the date of delinquency at the rate of the legal interest rate authorized by 6 Del. C. §2301, as amended, and the Association may bring a legal action against the Owner personally obligated to pay the same or may enforce or foreclose the lien against the Lot, and in the event a Judgment is obtained, such Judgment shall include interest on the assessment above provided and reasonable attorneys' fees to be fixed by the court, together with the cost of the action. No Owner of a Lot may waive or otherwise escape liability for the assessments, fees, fines and other charges so levied by non-use of the Common Areas or abandonment of the Lot by such party.

Section 5. Lien for Assessment and Fines. The lien of the assessments and fines provided for herein shall be subordinate to the lien of any first mortgage on the Lot. Sale or transfer of any Lot, shall not affect the assessment lien. No sale or transfer shall relieve such Lot from liability for any assessments and fines thereafter becoming due or from the lien thereof.

Section 6. Exceptions for Assessments. The following Property subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

- (a) All properties dedicated to and accepted by a governmental body, agency or authority and devoted to public use; and,
- (b) All Common Areas.

Section 7. Procedures for Enforcement of Fines. The Owner who is subject to a fine as a result of a violation of this Declaration shall be given two letters of warning of the violation. The first letter will request that the Owner rectify the infraction in thirty (30) days. If the Owner fails to rectify the infraction within thirty (30) days, a second letter will provide a warning that a fine in an amount specified in this Declaration, or as set by the Board, shall be imposed within

thirty (30) days from the date of the second letter. If the Owner fails to rectify the infraction within 30 days from the date of the second letter, the Owner shall be deemed in violation of this Declaration, the specified fine shall be imposed as of that date and the Owner shall be deemed delinquent in the payment of said fine until such time as the fine is paid and the infraction is rectified. The fine shall bear interest from the date of delinquency at the rate of the legal interest authorized by 6 Del. C, § 2301, as amended, and the Association may bring a legal action against the Owner personally obligated to pay the same or may enforce or foreclose the lien against the Lot, and in the event a judgment is obtained, such judgment shall include interest on the fine and reasonable attorney's fees to be fixed by the Court, together with the cost of the action. No Owner may waive or otherwise escape liability for the Assessment provided for herein by non-use of the Common Areas or abandonment of his or its Lot. The provisions of Article II, Clause C, and Section 5 shall apply to this Section.

Section 8. Association Initiation. Upon transfer of any Lot, improved or unimproved, other than by gift or death (i.e. testate or intestate), the grantee shall pay an Association Initiation Fee of FIVE HUNDRED DOLLARS (\$500.00) to the Association for which assessment the Association shall have the same collection powers as with any other assessment herein. The Association Initiation Fee is in addition to all other assessments levied pursuant to this Declaration. This fee shall not be imposed on residents of Pine Bay who purchase another Property in Pine Bay for full or part time residence and sell their former Pine Bay Property.

CLAUSE D: Notification of Purchase/Sale to the Association

The Association shall be given notice of any sale/purchase of a lot or home. This notice shall be given within ten (10) days of a ratified sales contract. The Association will notify the seller of any potential issues affecting the property.

CLAUSE E: Architectural Review Committee

Section 1. Formation. There shall be a committee of the Association known as the Architectural Review Committee (hereinafter referred to as "ARC") consisting of five (5) members, appointed by and reporting to the Board.

Section 2. Jurisdiction. The ARC shall have jurisdiction over all construction, including but not limited to new construction and any renovation of an existing structure where (a) a building permit is required from Sussex County, (b) the building footprint is being expanded, or major renovations are being undertaken as governed by Article IV, Section 1(a) of this document, (c) external structures and improvements are being made of a permanent nature, (d) major landscaping plans are being undertaken, (e) lot fill and drainage alternations are being made, and (f) tree removals are being considered or requested. The ARC shall have the authority to approve or disapprove any such proposed construction based upon the provisions of this Amended Declaration. The ARC shall also have the authority to prepare and impose additional standards and procedures to further implement the requirements of Article IV vis-a-vis construction of any nature which shall have the full force of this Amended Declaration, including but not limited to reasonable criteria (hereinafter "Builder's Criteria") that any builder must meet in order to be approved for undertaking construction in Pine Bay; expressly provided however, that such additional standards and procedures may be disapproved or rescinded by a majority vote of the Members. The ARC shall have the authority

to assess special charges and impose fines for violation of the provisions of this Amended Declaration. If any builder proposing to undertake a construction project in Pine Bay does not meet such Builder's Criteria, then the ARC must deny permission for that builder to build even if the plans are otherwise acceptable. As an example of but in no way in limitation of Builder's Criteria are such things as: requirements of State approved builder's license; a minimum number of years' experience by the builder in building the type of building being constructed; the giving of names, addresses and telephone numbers of all homes built during the last several years; a list of all sub-contractors and suppliers that the builder will use; obtaining letters of recommendations from a minimum number of relatively recent customers; certification by financial institutions as to the builder's financial stability; requirements of certificates of insurance; requirements of a financial statement; and generally, any requirements reasonably directed to insure a quality reputation of the builder, the builder's sub-contractors and suppliers, to further insure the reasonable probability of a quality product that will enhance the values of all properties throughout Pine Bay, such as one would reasonably expect by adherence to the criteria of this Amended Declaration.

Section 3. Membership of the ARC. The Board shall appoint the Members of the ARC and shall designate the chairperson of the ARC. At least one member of the ARC shall be a full-time resident of Pine Bay. The Board may remove a member of the ARC by a majority vote of the Board.

Section 4. Fees. The ARC may charge a fee of up to TWO HUNDRED- FIFTY DOLLARS (\$250.00) dollars for each review requested for main dwelling house plans and specifications. This charge may be reset in an amount at any duly called meeting of the Board to reflect at any given time reimbursement for reasonable costs associated with such reviews of plans and specifications. Smaller fees as reasonably determined by the ARC may be charged for reviews other than the main dwelling house plans and specifications

Section 5. Fines. Where there is a violation by an Owner or its tenant or agent of this Amended Declaration related to matters under the jurisdiction of the ARC, then the ARC may recommend to the Board that the appropriate fine be levied by the Board on that Owner. It shall be the Board's responsibility to consider the ARC's recommendation, and to levy the fine where the fine is determined by the Board to be justified.

Section 6. Deposit. The ARC shall have the authority to require a ONE THOUSAND DOLLAR (\$1,000.00) refundable deposit from each Owner prior to commencement of new construction or to undertaking a major renovation where a building permit is required from Sussex County and either (a) the building footprint is being expanded or (b) where major renovations are being undertaken as governed by Article IV, Section 1a of the document. The deposit shall be held against payment of fines for any and all violations of this Declaration and for damage to common element property and excessive road and swale damage due to the clearing of the Lot, construction and completion of the approved structure, and landscaping. The deposit shall be refunded less any fines and/or costs incurred as a result of a violation of this Declaration, after the ARC has certified in writing to the Treasurer of the Association that the home and Property is in full compliance with the covenants.

ARTICLE III
COMMON AREAS

CLAUSE A: Property Rights in the Common Areas

Section 1. Owner's Easement of Enjoyment. Subject to the provisions of Section 3 of Clause A of ARTICLE III, every Owner shall have a right and easement of enjoyment in and to the Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Title to Common Areas. Legal and beneficial legal title in the Common Areas shall be vested in the Association.

Section 3. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, as provided in its Certificate of Incorporation and by-laws, to suspend the enjoyment rights of any Member in any easement or in any Common Areas, for any period during which any assessment against such Member remains unpaid, and for any period not to exceed sixty (60) days for any infraction of the Associations' published rules and regulations.

(b) The right of the Association to dedicate or transfer all or any part of its interest in the Common Area (subject to easements created hereunder, or previously created of record) to any public agency, authority or utility.

(c) The right of the Association, to grant and reserve easements and rights-of-way through, under, over and across the Common Areas, for the installation, maintenance and inspection of lines and appurtenances for water, sewer, drainage, gas, electricity, telephone, cable television and other utilities.

(d) The right of the Association to adopt rules and regulations governing the use of the Common Areas by the Owners.

Section 4. Delegation of Use. Any Owner may delegate his rights of enjoyment to the Common Areas and facilities to the members of his family, tenants, or contract purchasers (and members of the family of any tenant or contract purchaser) who reside on the Property or to such other persons as may be permitted by the Association.

Section 5. Swales and Drainage Pipes. Swales and Drainage Pipes shall be kept free of any obstruction. Owners shall place no obstruction which prevents the flow of waters through the swales or allows the under driveway pipes or other pipes as a part of the drainage system to become obstructed.

CLAUSE B: Streets and Ways

Section 1. Right to Use. Declarant previously granted and the Board hereby confirms the grants to the Owners, their heirs, successors, successors-in-title, assigns, and all other persons now or hereafter entitled to occupy any Lots in this subdivision, or to travel therein, the right, in common with the Association, of free and uninterrupted use of the streets or ways delineated and designated on the plat as passage to and from the various parts of the lands herein conveyed and to and from points outside this subdivision; provided, however, that the use of said streets or ways herein granted shall be restricted to the right of passage only, and no lunch or refreshment wagon, or any similar vehicle, or other stands of any kind for the display or sale of food, drinks, goods, wares, and merchandise of any description, nor any nuisance or obstruction, shall be maintained or permitted on any of said streets or ways.

Section 2. Future Streets or Ways. No public or private street, road, lane, alley, or other thoroughfare, except the streets or ways laid out upon said plat or any revision thereof, for the use of the Owners, shall be opened or used over, across, or upon any of the Lots of said plat, without the prior written consent of the Board; nor shall any such way or thoroughfare be extended or continued into or out of said Lots, from or to adjoining premises without similar consent; nor shall any easement, public or private license, or permission be granted by the Owners for the purpose of ingress, egress, or passage over, upon or across any of said Lots, without the prior written consent of the Board.

Section 3. Right to Convey or Dedicate Streets or Ways. The Board on behalf of the Association reserves the right to convey, in the future, to the Association or to any public road authority, all or any part of its right, title, and interest in and to all or any of said streets or ways, and also reserves the right to dedicate to public use all or any part of said streets or ways at any future time, by filing and recording in the Office of the Recorder of Deeds, in and for Sussex County, Delaware, an appropriate declaration of dedication, should the Board deem it advisable to do so; and upon any such future conveyance of dedication, the Board shall be relieved of any and all duties, obligations, and liabilities, with reference to said streets or ways.

Section 4. Improvement and Maintenance of Streets and Ways. Declarant initially graded and surfaced all of said streets and ways, but until said streets and ways shall be conveyed to and taken over by a public road authority, or shall be dedicated to public use, the cost of any subsequent repairs, maintenance, and improvements to said streets or ways shall be borne by the Association on behalf of the Owners as herein set forth.

Section 5. Association's Responsibility. The Association shall accept said conveyance and shall maintain and keep in good repair the streets and ways, such maintenance to be funded as herein provided. This maintenance shall include, but not be limited to, maintenance, repair, and replacement of all streets and ways.

Section 6. Future Development. The Association reserves the right to extend existing streets and or to connect new streets to existing streets.

ARTICLE IV
RESTRICTIONS, CONDITIONS
AND COVENANTS

The restrictions, conditions and covenants in this Amended Declaration shall apply to the owners, residents and occupants of each Lot and the improvements thereon.

Section 1. Approval of Plans and Specifications Required.

(a) No building, boat house, garage, structure, fence, wall, bulkhead, pier or other improvement shall be commenced, erected, maintained or used, nor shall any addition or change to or alterations therein, or in the use thereof, be made upon any of the Lots which are shown on the recorded subdivision plat of Pine Bay, no matter for what purpose or use, until complete and comprehensive plans and specifications, showing the nature, kind, shape, height, materials, floor plans, exterior architectural scheme, location and frontage on the Lot, approximate cost of such building, structure, or other erection, and the grading and landscaping of the Lot to be built upon or improved, shall be submitted to and approved in writing by the Association, through the ARC, its successors or assigns, and until a copy of all such plans and specifications, finally approved as aforesaid, shall be lodged permanently with the Association providing that nothing herein shall require the aforesaid approval as to interior decorations, alterations or changes.

(b) The Association shall have the right to refuse approval of any such plans or specifications, or grading or landscaping plans or changes, which are not suitable or desirable in its or its successor's opinion, for aesthetic or other reasons. In approving such plans and specifications, or grading and landscaping plans, the Association shall have the right to take into consideration the suitability of the proposed building or improvements or erections and/or the materials of which the building or other improvements or erections are to be built and the site upon which it is proposed to be erected and used, the harmony thereof with the surroundings and the effect of such improvements, additions, alterations or changed use, as planned, on the outlook from the adjacent or neighboring Property, and any and all factors which in its opinion would affect the desirability or suitability of such proposed improvements, erections, or alterations or changes.

(c) In order to insure the development and maintenance of the properties as a residential development of high standard, the Owner of each Lot, as shown on the recorded subdivision plot of Pine Bay, by accepting title thereto or by occupying the same, hereby covenants and agrees that no building, structure or improvement shall be erected, altered, placed or permitted to remain upon any such Lot, or other land area, unless and until plans and specifications therefore have first met the requirements of this Article.

(d) After initial approval, any plan changes that affect exterior appearances, structural foot print, additions, fill/drainage or the basic nature of the project must be submitted for ARC approval.

(e) The ARC shall be informed no less than fourteen (14) calendar days prior to the date that clearance of any Lot is proposed to begin and a member of the ARC or the Board and the Owner of the Lot that is being cleared shall have the option to be present during the clearing of said Lot.

(f) The clearing of any lot or commencement of construction on any structure, permanent improvement, or major landscaping work without the written approval of ARC, changing of plans without the ARC's approval, or failure to timely notify the ARC prior to the date that clearing occurs shall be a violation subject to keeping the deposit listed in Exhibit B of this document.

Section 2. Use. No trade, business, commerce, industry, profession, or occupation shall be conducted on any Lot, but the use of a home office by the Owner only to provide services or to store business or trade materials shall not constitute a violation of this clause.

Section 3. Residential Purposes. All of the lands described herein shall be used for private residential purposes only, and no building of any kind whatsoever shall be erected, maintained or used upon any Lot except one private dwelling house, and one attached garage for use by the Owner, tenant, or occupant of such dwelling house and their guests, friends, servants and employees.

Section 4. Occupancy.

(a) No building shall be used as a residence until fully completed according to the plans and specifications therefore approved by the ARC, and no one shall reside on any Lot casually, temporarily, or permanently, except in any dwelling house completed according to the plans and specifications approved by the ARC. No building may be occupied until a certificate of occupancy is issued by the government authority that issues same.

(b) Group rentals are specifically prohibited. This restriction applies not only to the Owners but also to any tenants of the Property.

Section 5. Houses, Garages, Outbuildings, Carports.

(a) No structure shall be erected, altered, placed or permitted to remain upon any such Lot other than one (1) detached single family dwelling, with attached garage and attached outbuildings; and any such attached garage or attached outbuildings shall be constructed of the same materials as the main dwelling. Every dwelling house must have at least an attached garage that can house one (1) automobile.

(b) No garage or outbuilding of any kind (including dog houses) may be detached. Garages whose entrances face the front of the Lot shall at all times keep doors closed except for entering and leaving the garage, or for necessary cleaning and repairing. Every dwelling house must have at least one (1) attached garage.

(c) Metal outbuildings are prohibited. Carports in lieu of garages are prohibited, but carports that are an extension of attached garages and architecturally integrated into the overall residence and roof lines may be allowed.

Section 6. Restrictions as to Types of Construction, Prohibiting Mobile Homes. No trailer, mobile home-double wide or similar type structure, which moves to a building site on wheels attached to its own under carriage, tent, shack, garage, barn or other type outbuildings shall at any time be used as a residence, temporary or permanently, and no trailer, mobile home, double wide, tent, shack, garage, or barn shall be utilized as a main or single family dwelling unit on any Lot as shown on the recorded plat. Modular homes are prohibited in Pine Bay.

Section 7. Setbacks, Etc. No structure shall be erected on any Lot unless:

- (a) It sets back at least thirty (30) feet from the front line. A structure on a corner Lot shall set back at least thirty (30) feet from the street it faces and twenty (20) feet from the other bounding street.
- (b) It sets at least twenty (20) feet from the rear Property line.
- (c) Each side yard setback must equal a minimum of at least ten (10) feet on each side.
- (d) If there be any setback conflicts between the recorded Pine Bay Subdivision Plan and these Restrictions, the one requiring the greater building or setback line shall control unless a set-back variance has been granted by the Board and duly recorded with the Sussex County Recorder of Deeds, such variance shall supersede normal set-back restrictions.
- (e) The houses built on Lot 1 and Lot 68 must, in the front, face Manor Drive.

Section 8. Minimum Size. No main dwelling shall be erected or used on any Lot, the square footage of which shall be less than one thousand, seven hundred square feet (1,700 sq. ft.), exclusive of all porches, breezeways, basements, garages and terraces, stoops and the like. In the event of a multi-level or multi-story dwelling, the first floor of such dwelling shall contain a minimum square footage of one thousand, two hundred-fifty square feet (1,250 sq. ft.), exclusive of all porches, breezeways, basements, garages and terraces, stoops and the like.

Section 9. Maximum Heights. No structure erected on any Lot may exceed an absolute height of thirty-five (35) feet, measured from the unimproved average grade of that Lot. The roof pitch of any dwelling, garage or attached accessory outbuilding shall be no less than eight (8) inches vertical rise per twelve (12) inches horizontal.

Section 10. Maximum Construction Area. No main dwelling house and its attached porches (excluding decks), breezeways, basements, garages, outbuildings may cover more than forty percent (40%) of the Lot area.

Section 11. Construction and Demolition. Once construction or demolition of any building has been commenced on any Lot, such construction or demolition shall proceed without delay until the same is completed except where such completion is impossible or results in great hardship to the Owner or builder due to strikes, fires, national emergencies or national calamities. Cessation of work upon the construction or demolition of any building once started and before completion thereof for a continuous period of sixty (60) days shall be prima facie evidence of an attempt to abandon the same in its partially completed or demolished state and shall be deemed to be a public nuisance. In the event construction plans have been approved pursuant to Article IV, Section 1, construction must commence pursuant to said approved plans within one (1) year of the date of approval. Failure to commence construction within one (1) year after the date of approval of plans will void the approval. Once building of any structure has commenced, the exterior roof and walls must be fully enclosed within six (6) months of the start of construction and a Certificate of Occupancy or compliance must be issued within one (1) year after the commencement of construction. A violation of this section shall result in the fine listed in Exhibit B of this document.

Section 12. Fences.

(a) No wall or fence of any height shall be constructed upon any Lot until the height, design and approximate location thereof have been approved in writing by the Association or its successors or assigns through the ARC. No boundary fence or wall shall be constructed to a height of more than four (4) feet; however, the fences enclosing pools may be constructed to a height of up to five (5) feet if approved by the ARC. No fence or wall shall be erected or permitted that extends street ward beyond the front corners of the Lot's main dwelling structure. Fences are allowed upon ARC approval to the sides and rear of the main dwelling structure.

Section 13. Lot Elevation. Lot elevation shall not be changed more than six (6) inches at the perimeter of the Lot; and at no point more than eighteen (18) inches; and no such change shall adversely affect adjacent Lots.

Section 14. Bulkheading and Fill. No bulkheading shall be constructed and no alteration shall be made in the contour or bulkheading of the shoreline boundary of any Lot bordering upon water until plans and specifications have first been submitted to and approved in writing by the ARC in accordance with the discretion and rights of the Association to approve plans and specifications for any structure as hereinafter provided. No fill dirt shall be placed on any portion of any Lot designated or found to be within the jurisdiction of the United States Corps of Engineers or the Delaware Department of Natural Resources and Environmental Control, Wetlands Section, without obtaining a permit from such agencies.

Section 15. Garbage/Recycling/Yard Waste Receptacles. Each Lot shown on the recorded plat shall provide receptacles for garbage, recycling and yard waste in a screened area not generally visible from any interior road, as shown upon the recorded subdivision plot of Pine Bay, or similar facilities in accordance with reasonable standards established by the ARC or its successors or assigns. Garbage/recycling/yard waste receptacles shall be permitted in setback areas if they are adjacent to external residence walls and shielded from street and neighbor view

by proper walls or screening. Owners are encouraged to be good neighbors and minimize the time receptacles are left out in public view following pick-up days.

Section 16. Clotheslines. No clothesline, clothes pole or similar equipment shall be placed or erected on any Lot unless said line or pole is screened by shrubbery so as to not be visible from any street or adjacent Property on the ground level.

Section 17. Lot Subdivision. No Lot shall be subdivided. Whenever two or more adjoining Lots are acquired in single ownership and the same are devoted to use as a single building site, the interior side-yard and/or the interior rear-yard set-back line or lines thereof, as the case maybe, shall be applicable thereto only as to the common rear line or side boundary line or lines between such Lots or land area and the adjoining Lots or land area held in other ownership. If two or more Lots are subject to such use as a single building site, subsequent sale of an individual Lot must meet, without exception, all setback requirements referred herein.

Section 18. Trees. Pine Bay is a wooded community that values its mature trees. No tree with a diameter of six (6) inches or greater as measured four (4) feet above the base of the tree at the surrounding grade and whose base center is ten (10) feet or greater from the main dwelling foundation may be removed without approval by the ARC. Except in an emergency, an Owner shall provide to the ARC no less than four weeks advance notice of a proposal to remove a tree or trees, so that verification that removal of such trees or trees can be determined to be consistent with the tree removal guidelines. Additional detailed guidance for submitting tree removal requests and guidelines for their removal is available from the ARC and on the Pine Bay website. A violation of this section shall result in the fine listed in Exhibit B of this document.

Section 19. Swimming Pools. No above-ground swimming pools are permitted in Pine Bay. In-ground swimming pools must be approved by the ARC and are not permitted in any setback area or in front of any main dwelling.

Section 20. Tennis Courts. No tennis courts shall be permitted on any Lot in Pine Bay.

Section 21. Antennas. No exterior antennas, aerials, satellite dishes or other apparatus for transmission or receipt of television, radio, satellite or other signals of any kind shall be placed, allowed or maintained upon any portion of a Lot without submission to and the prior approval of the ARC and consistent with the rules of the Federal Communications Commission, except that (i) antennas or satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; (ii) antennas or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; or (iii) antennas or satellite dishes designed to receive television broadcast signals which are one meter or less in diameter (the devices identified in (i), (ii) and (iii) being collectively referred to as ("Permitted Devices") shall be permitted. Where a Permitted Device is to be installed, that Permitted Device shall be placed in the least conspicuous location on the Lot at which an acceptable quality signal can be received and is not visible from the street or is screened from the view of any neighboring Lot in a manner consistent with the "design guidelines" of Pine Bay. A Permitted Device may not be located on a

Lot in an area that is visible from any portion of the Common Areas. No submission to the ARC requesting approval of a Permitted Device is required where it is to be located on a Lot in an area that is not visible from any portion of the Common Areas, provided that where it is determined that placement on the Lot will provide less than an acceptable quality signal, then a request shall be made to the ARC for approval as to an alternate location, which request must be supported by a letter from the satellite equipment installer documenting that the placement of the Permitted Device outside of an area on the Lot not visible from any portion of the Common Areas is the only location on the Lot where an acceptable quality signal can be obtained.

Section 22. Exterior Lights.

(a) No high magnitude automatic-on exterior night lights of the nature regularly placed in rural areas are permitted in Pine Bay. Exterior lights not attached to a permissible main structure shall not be placed, erected or maintained on any Lot in excess of eight (8) feet in height above ground level. The beams from exterior lights shall be directed toward the ground, and away from windows, porches, decks and patios of adjacent Lots. The installation of hard-wired landscape lighting in Pine Bay rights-of-way and on Common Area property is not allowed without advance approval. Notwithstanding the foregoing, landscape lighting, including but not limited to "up lighting," is permitted.

(c) Upon improving a Lot with a residence or renovating an existing residence, the Owner of such Lot must erect a post lamp in front of the residence. Said lamp must conform to the specifications as set forth by the ARC. Owners are encouraged to leave the lamp posts lit at night for security reasons since there are no street lights in Pine Bay.

Section 23. Fuel Tanks and Similar Storage Receptacles. No fuel tanks and similar storage receptacles may be exposed to view but when located on the Lot shall be installed within the main dwelling, or within any attached building connected to the main dwelling, or buried underground or properly screened from view providing the method of screening is approved by the Association.

Section 24. Signs and Advertising Regulated. No signs, notices or advertising-matter of any nature or description shall be erected, used or permitted upon any Lots shown on the recorded plat, except as permitted by this provision. No contractor's signs will be permitted unless a Sussex County building permit for the proposed construction has been issued, and in all instances each Property shall be limited to one contractor's sign for all contractors, said sign not to exceed in size two (2) feet by four (4) feet or alternatively three contractors' signs grouped together with each individual sign not to exceed two (2) by two (2) feet; and all such contractor's signs must be removed after a certificate of occupancy is granted by Sussex County for any structure erected or within two weeks after the contractor has left the site, whichever occurs earlier. Realtor signs shall be limited to one sign not to exceed two (2) feet by two (2) feet. Political signs shall be erected and used in accordance with Delaware law. Signs identifying the address of a Lot, or identifying protection by a security system are permitted, not to exceed one (1) foot by one (1) foot.

Section 25. Parked Vehicles. No truck, trailer, travel trailer, camper trailer, boat, boat trailer, mobile home, or other similar unit shall be placed on any Lot or parked on any street temporarily in excess of twenty-four (24) hours or permanently, except a non-commercial truck rated less than 6,000 lbs. gross weight or a vehicle on a temporary basis when prior approval has been granted by the Board. Any parked motor vehicle or boat lacking a valid state registration is expressly prohibited. Any motor vehicle or boat, regardless of whether such motor vehicle or boat is legally registered, which is inoperable, disabled, disassembled or stripped down, shall not be parked on any street or common area, or on any Lot, other than within a fully enclosed garage. Any vehicle sitting on blocks of any kind or unmoved for three months, excepting those vehicles parked within a fully enclosed garage is strictly prohibited.

Section 26. Animals. No animals except household pets shall be permitted on any Lot and no wild animals, fowl, pigeons, rabbits, horses, ponies, bees or other farm animals shall be permitted on any Lot. No dogs or cats may be bred and sold for commercial purposes in this development. No dog house or dog run shall be constructed without the prior written approval of the ARC. Domestic pets shall be limited to no more than three mature pets per Lot. All animals must be leashed when off the Owner's property. The Owner of every permitted animal shall have the affirmative obligation of immediately removing that animal's feces waste; and in that regard, in the event of more than three (3) reported violations as to a particular animal; a violation of this section shall result in the fine listed in Exhibit B of this document.

Section 27. Landscaping.

a) No landscaping, shrubs, trees, or exterior ornamentation to be placed on or removed from any Lot in conjunction with the erection of any main dwelling shall be planted or erected until complete and comprehensive landscaping plans shall be submitted to and approved in writing by the Association through the ARC. Such standards shall take into consideration the need for proving effective site development to:

- (i) Enhance the site and building;
- (ii) Screen undesirable areas or views;
- (iii) Establish acceptable relationships between buildings, parking and adjacent properties; and
- (iv) Control drainage and erosion.

(b) New residence or major renovation final grading and ground cover must be completed within six (6) months and landscaping must be completed within one (1) year of the issuance of the certificate of occupancy.

Section 28. Weeds, Undergrowth, Debris and Trash.

(a) No noxious weeds, undergrowth or accumulated debris and trash of any kind shall be permitted to grow or be maintained upon any Lot.

(b) The Association reserves the right to notify the Owner to cut and/or remove any such offending weeds, growth, debris or trash. Within ten (10) days of the giving of notice in

writing by the Association to the Owner of any Lot to remove trash or control undergrowth or weeds and, if the Owner shall fail or neglect to comply with any notice, in such an event the Association or its successors shall be empowered to enter upon such Lot, together with any such assistance and equipment as may be required, and thereupon to cut and/or remove same, all without being deemed a trespasser, and all at the expense of the Owner of said Lot.

(c) Any expense incurred by the Association in conjunction with this Section shall be billed to the Owner, and the Owner agrees to remit same within thirty (30) days of such billing. Failure to remit within thirty (30) days of such bill, on the receipt thereof by the Owner, shall entitle the Association, its successors or assigns to bring suit, for such charges; and in any such suit the Association shall be entitled to triple the amount of such expenses it has incurred, plus the costs of said suit, and the reasonable attorneys' fees incurred by it enforcing this restriction.

(d) By the acceptance of any Lot in the subdivision, each Owner thereof hereby accepts this Section and agrees that the triple damages and reasonable attorneys' fees to collect the same, for non-remittance of the expenses of the Association, incurred to remove trash, debris, undergrowth or noxious weeds is reasonable and will constitute liquidated damages for the cost and expense of the Association in enforcing this restriction through litigation.

(e) This Section and any part hereof shall not be construed as an obligation on the part of the Association or its successors and assigns to provide garbage or trash removal services. This Section shall not be construed as an obligation upon the Association to remove the underbrush or rubbish or to cut grass or brush from any of the Lots. However, the Association reserves the right and privilege to enter upon any Lot for the purposes as set forth herein, being to maintain the appearance of any Lots so as not to cause detriment to the community at large.

(f) Notwithstanding the foregoing, no cutting or removal of underbrush shall be required, if the Lot has not been cleared for development purposes.

Section 29. Parking Spaces and Paving. Each Lot shall have provided space for parking of two (2) automobiles off the private roads of the subdivision prior to occupying any dwelling constructed on any Lot. All driveways shall be paved with stone having a permanent structural border (except that no border shall be required for the entrance to the driveway from a street), paving stones, bricks, tar and chip, cement and/or macadam within six (6) months of the completion of the main dwelling.

Section 30. Sewage Disposal and Water Supply Systems. No individual sewage disposal system or water supply system shall be approved, installed, or permitted on any Lot unless the design, locations, and construction of such system complies with at least the standards and requirements of the State Board of Health of the State of Delaware, or any other public authority having jurisdiction.

Section 31. Nuisances. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly, or unkempt conditions of buildings or grounds upon a Lot which will tend to substantially decrease the beauty of the development as a whole, or the beauty of the specific area. No noxious or offensive activity shall be permitted upon any Lot,

nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the Property. There shall not be maintained upon any Lot any plant, animal, device or thing of any sort, the normal activities of which is in any way noxious, dangerous, unsightly, unpleasant or of such a nature as may diminish or destroy the enjoyment of the Property. A violation of this section shall result in the fine listed in Exhibit B of this document.

Section 32. Construction Activities/Noise Generating Activities.

(a) This subsection shall apply to construction activities of each contractor doing work on a Lot or with regard to any building on the Lot. Construction work hours for construction activities performed by contractors are Monday through Friday, 7:00 a.m. – 7:00 pm. and Saturday, 9:00 a.m. – 5:00 p.m. No construction activities are permitted on Sundays and on federal holidays, except in the case of an emergency.

(b) This subsection shall apply to construction activities by an Owner and the Owner's noise generating activities. Construction work hours for construction activities performed by homeowners are Monday through Friday, 7:00 a.m. – 7:00 p.m., Saturday, 9:00 a.m. – 5:00 p.m., and Sunday and federal holidays, 10:00 a.m. to 4:00 p.m. Hours for running lawn mowers, leaf blowers, chain saws and other significant noise emitting equipment by any persons shall be the same hours and schedule as set forth for construction activities.

(c) A violation of this section shall result in the fine listed in Exhibit B of this document.

Section 33. Solar, Photovoltaic Arrays, and Wind Turbines. No solar or photovoltaic arrays or wind turbines (each an "Energy Device") shall be placed, allowed, installed or maintained upon any portion of a Lot, except in accordance with the guidelines approved by the Board. As permitted by Delaware Code, the Board can establish requirements as to acceptable locations, set-backs, concealment, color harmonization, size, noise, installer criteria, and proper maintenance of such elements and facilities. Where an Energy Device is to be installed, the device shall be placed in the least conspicuous location on the Lot at which an acceptable quality signal can be received and is not visible from any neighboring Lot or is screened from the view of any neighboring Lot in a manner consistent with the "design guidelines" of Pine Bay. Energy Devices may not be located on a Lot in an area that is visible from any portion of the Common Areas. No submission to the ARC requesting approval of an Energy Device is required where it is to be located on a Lot in an area that is not visible from any portion of the Common Areas. All efforts should be made to minimize the visible impact to neighbors and Common Areas.

Section 34. Generators. No generator shall be placed, allowed, installed or maintained upon any portion of a Lot, except in accordance with the guidelines approved by the Board. Where a generator is to be installed, the equipment shall be placed in the least conspicuous location on the Lot that will not be visible from any neighboring Lot or is screened from the view

of any neighboring Lot in a manner consistent with the "design guidelines" of Pine Bay. No generator may be located on a Lot in an area that is visible from any portion of the Common Areas. No submission to the ARC requesting approval of a generator is required where it is to be located on a Lot in an area that is not visible from any portion of the Common Areas.

ARTICLE V GENERAL PROVISIONS

Section 1. Utility and Drainage Easements.

(a) The Association hereby reserves the right to grant easements over, under, in, on and through the Common Areas and all roads plotted and shown on the recorded plats for the installation, construction, reconstruction, relocation, removal, maintenance, repair, operation, and inspection of water service, sewer, drainage, electric, gas, television, telephone, and cable television and television facilities and wires, lines, conduits, and other necessary and proper attachments in connection therewith, for the benefit of the adjoining land owners, any federal, state or local authority, commission or agency having jurisdiction there over or any corporation, either public, quasi-public, or private, supplying or serving such facilities.

(b) There is hereby reserved along the front yard of each Lot or land area an easement of 10 feet in width for utilities and drainage. There is hereby reserved along the rear of each Lot or land area an easement of 10 feet in width for utilities and drainage. There is hereby reserved along the side of each Lot an easement of 10 feet in width for utilities and drainage being 10 feet from side boundary line of each Lot; provided, however, that the 10 foot in width easement along the side line on any Lot shall be extinguished in the event of any combining of Lots approved by the ARC.

(c) An Owner, who places landscaping or improvements within utility easements and community rights of way, does so at his, her, or its own risk. The Association shall have no liability for maintenance, repair or replacement of any landscaping or improvements so located in such areas, nor be responsible as a result of its exercise of its rights under these utility easements or use of the community rights of way by the Association. The Owner shall be solely responsible for the cost of maintenance, repair or replacement of the same.

Section 2. Duration and Amendment. The restrictions and conditions of this Declaration run with and bind the Property and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, as the case may be in perpetuity; subject, however, to the provision that the Association or its successors, by and with the vote or written consent of two-thirds (2/3rds) of the Members, shall have the power to waive, abandon, terminate, modify, alter, change, amend, eliminate or add to these Restrictions and this Declaration at any time hereafter. Any such waiver, abandonment, termination, modification, alteration, change, amendment, elimination, or addition shall take effect when a copy thereof executed and acknowledged by the Association or its successors in accordance with the usual form of execution and acknowledgement of deeds, together with written consents of the requisite number

of Members, has been filed for record in the Office of the Recorder of Deeds, in and for Sussex County, and the same shall thereafter remain in effect in perpetuity unless otherwise provided.

Section 3. Variances.

(a) In addition to the amendment powers set forth in Article V, Section 2, the Board, upon recommendation of the ARC, shall have the power, at its sole discretion, and for the purpose of aesthetics and providing a systematic development of the community, to waive, modify, or vary the restrictions establishing minimum setback requirements, front, side and rear lines, and the minimum square footage required for any main structure built upon any Lot.

(b) In the event the Board exercises its power, or in the event of any exercise of power to modify, or grant a variance of the restrictions as to setback lines, front, rear and side, and minimum main building square footage size, such grant of modification or variance thereof executed and acknowledged by the Board being filed for record in the Office of the Recorder of Deeds, in and for Sussex County and the same shall thereafter remain in effect as to that Lot in perpetuity; provided however, that such modification, or variance as to a particular Lot, shall have no effect as to the setback restrictions, and minimum square footage requirement of main residential structures as to any Lot in the subdivision. It is specifically recognized that this right to grant a variance or modification as to the setback restrictions and the minimum square footage restrictions, is reserved, and acknowledged to be in the Board for the purpose of allowing each Lot in the subdivision to be developed to that Lot's maximum aesthetic potential, taking into consideration the configuration of the Lot, and preserving the value of the Lot in question, and Lots which are adjacent, or in close proximity to such Lot which is the subject matter of the grant of any such modification or variance.

Section 4. Remedies. The Association or any Owner shall have the right to enforce this Declaration and the Restrictions contained herein by any proceeding at law or in equity, against any person or persons violating or attempting to violate any provision of this Declaration or any restrictions contained herein, to restrain violation, to require specific performance and/or to recover damages; and to proceed against any Lot to enforce any lien created by these Restrictions. The expense of enforcement by the Association shall be chargeable to the Owner of the Lot, including the costs of reasonable attorneys' fees. In the event any legal action is taken by the Association, and such fees, approved by a court of competent jurisdiction, shall constitute a lien on the Lot, collectible in the same manner as assessments hereunder. The enforcement of covenants by the Board or its assigns shall be implied without the Owner's permission and shall not constitute a trespass. If an Owner fails to pay fines assessed for violations of this Declaration, or if an Owner fails to take corrective action once notified of a violation, then the Board shall be empowered to take corrective action at the Owner's expense.

Section 5. No Waiver. Failure of the Association or any Owner, or their respective legal representatives, heirs, successors and assigns to enforce any Restrictions contained in this Declaration shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to such violation or breach occurring prior to or subsequent thereto.

Section 6. Construction and Interpretation. The Association, to the extent provided herein, may adopt and promulgate reasonable rules and regulations regarding the administration, and interpretation and the enforcement of the provisions of this Declaration. In so adopting and promulgating such rules and regulations and in making any finding, determination, ruling or order or in carrying out any directive contained herein relating to the issuance of permits, authorizations, approvals, rules or regulations, the Association shall take into consideration the best interest of the Owners to the end that Property shall be preserved and maintained as a viable community.

Section 7. Severability. All the covenants, conditions, restrictions, and reservations contained in this Declaration are hereby declared to be severable and a finding by any court of competent jurisdiction that any of them or any clause or phrase thereof is void, unlawful or unenforceable shall not affect the validity or enforceability of any other covenants, conditions, restrictions, reservations, clause or phrase thereof.

Section 9. No Liability. Nothing contained in this Declaration shall be construed in any manner as to impose upon the Association, or its successors or assigns, any liability whatsoever for property damage and/or personal injury occurring to any person or persons whomsoever, or by reason of any use of any Common Areas, or roads, or adjacent waters, depicted on the recorded plat. Any and all persons using any such roads, common areas, easements, boat slips and water ways, or any of them shall do so at their own risk and without any liability whatsoever on the part of the Association, or its respective successors or assigns, as the case may be.

IN WITNESS WHEREOF, the undersigned, being the President of Pine Bay Homeowners Association, Inc., does hereby swear, affirm and certify as of this 22 day of October 2013, that, after due notice having been given to all of the Owners of record of Lots in Pine Bay of the proposed Amended and Restated Declaration of Covenants, Conditions and Restrictions for Pine Bay, as recited above, an excess of two-thirds of those Owners did approve this Amended and Restated Declaration of Covenants, Conditions and Restrictions for Pine Bay, and did approve that the same to be effective upon the recording of this document in the Office of the Recorder of Deeds in and for Sussex County, State of Delaware.

SIGNED, SEALED AND DELIVERED IN
ITS PRESENCE OF:

Pine Bay Homeowners Association, Inc.

By: _____


John F. Benton
President

Attested:

By: Beverly Wenner
Beverly Wenner
Secretary

STATE OF DELAWARE)
) SS:
COUNTY OF SUSSEX)

BE IT REMEMBERED, that on this 22nd day of October A.D. 2013
personally CAME BEFORE ME, a Notary Public for the State of Delaware, John F. Benton,
President, Pine Bay Homeowners Association, Inc., a corporation existing under the laws of the
State of Delaware, party to this Declaration, known to me personally to be such, and
acknowledged this Declaration to be his personal act and deed and the due act and deed of the
Members of the Pine Bay Homeowners Association, Inc.

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

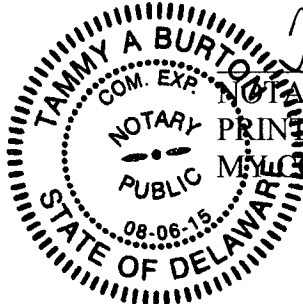
 Tammy A. Burton
NOTARY PUBLIC
PRINT NAME: Tammy A. Burton
MY COMMISSION EXPIRES: 8-6-13

Exhibit A

PARCEL A: ALL that certain piece, parcel and tract of land, lying and being situate in Lewes and Rehoboth Hundred, Sussex County and the State of Delaware, adjoining lands now or formerly of Rehoboth Bay Land Company, of Country Manor, Section One, of Ann B. Dodd, of Robert M. Hoyt (Trustee), of Spring Lake Condominiums, residual lands of grantor and the northerly edge of Rehoboth Bay, being more particularly described as follows, to wit:

BEGINNING at a point on the northerly edge of Rehoboth Bay, being the southeasterly corner for lands of Anne B. Dodd; thence proceeding with said Dodd lands, North 03 degrees 02 minutes 26 seconds East 1173.399 feet to a point; thence continuing with said Dodd lands, North 01 degrees 42 minutes 58 seconds East 488.437 feet to a corner for lands of Robert M. Hoyt (Trustee); thence running with said Hoyt lands, North 01 degrees 55 minutes 18 seconds East 1010.937 feet to a corner for lands of Spring Lake Condominiums; thence running with said lands of Spring Lake Condominiums, North 76 degrees 20 minutes 22 seconds East 815.374 feet to a corner for lands of Rehoboth Bay Land Company; thence running with said lands of Rehoboth Bay Land Company, South 13 degrees 26 minutes 29 seconds East 1173.545 feet to a corner for lands of Country Manor, Section One; thence running with Country Manor, Section One, South 00 degrees 55 minutes 00 seconds East 458.607 feet to a point; thence continuing with Country Manor, Section One, South 67 degrees 30 minutes 00 seconds West 328.00 feet to a corner for residual lands of Raymond S. Smethurst, Jr.; thence running with said Smethurst lands, North 88 degrees 45 minutes 00 seconds West 300.00 feet to a point; thence continuing with said Smethurst lands, South 01 degrees 15 minutes 00 seconds West 716.619 feet to a point on the northerly edge of Rehoboth Bay; thence running with said northerly edge the following eight (8) courses and distances: (1) South 36 degrees 48 minutes 03 seconds West 54.467 feet, (2) South 68 degrees 36 minutes 42 seconds West 115.227 feet, (3) South 13 degrees 53 minutes 31 seconds East 82.322 feet, (4) South 18 degrees 07 minutes 54 seconds West 154.973 feet, (5) South 88 degrees 45 minutes 26 seconds West 79.980 feet, (6) South 50 degrees 02 minutes 01 seconds West 226.725 feet, (7) South 87 degrees 50 minutes 32 seconds West 67.165 feet, and (8) North 64 degrees 58 minutes 19 seconds West 83.197 feet to the place of beginning, containing 49.884 Acres of land, more or less.

EXCEPTING THEREFROM, however, all that piece or parcel of land that is more particularly described as follows: beginning at a point located North 88 degrees 45 minutes 00 seconds West 100.00 feet from the end of the seventh course in the preceding description; thence along the arc of a curve concave to the Southwest (having a radius of 200.00 feet) a distance of 151.64 feet to an iron rod; thence North 42 degrees 11 minutes 29 seconds West a distance of 75.00 feet to an iron rod; thence South 47 degrees 48 minutes 31 seconds West a distance of 50.00 feet to an iron rod; thence South 42 degrees 11 minutes 29 seconds East a distance of 75.00 feet to an iron rod; thence along the arc of a curve concave to the Southwest (having a radius of 150.00 feet) a distance of 113.72 feet to an iron rod; thence South 88 degrees

45 minutes 00 seconds East 50.00 feet to the place of beginning.

PARCEL B: ALL that certain piece, parcel and tract of land, lying and being situate in Lewes and Rehoboth Hundred, Sussex County and the State of Delaware, fronting on Manor Drive and Manor Drive North, adjoining lands now or formerly of Country Manor, Section One, of Spring Lake Condominiums, and of Raymond S. Smethurst, Jr., being more particularly described as follows, to wit:

BEGINNING at a point on the westerly right-of-way line of Manor Drive, being the northwesterly corner for Country Manor, Section One; thence proceeding with Country Manor, Section One the following five (5) bearings and distances: (1) South 76 degrees 33 minutes 31 seconds West 120.00 feet, (2) South 13 degrees 26 minutes 29 seconds East 190.00 feet, (3) South 76 degrees 33 minutes 31 seconds West 120.00 feet, (4) South 13 degrees 26 minutes 29 seconds East 76.430 feet, and (5) deflecting left along a 25.00 foot radius curve, an arc distance of 33.165 feet to a point on the westerly terminus of Manor Drive; thence running with said right-of-way line South 00 degrees 33 minutes 00 seconds West 49.850 feet to a corner for lands of Country Manor, Section One; thence running with lands of Country Manor, Section One the following two (2) courses and distances: (1) North 89 degrees 27 minutes 00 seconds West 8.202 feet, and (2) South 00 degrees 33 minutes 00 seconds West 120.00 feet to a point on the northerly line of Seabreeze Development; thence running with said line of Seabreeze Development, North 89 degrees 27 minutes 00 seconds West 326.830 feet to a corner for land of Raymond S. Smethurst, Jr.; thence running with said lands of Raymond S. Smethurst, Jr., North 13 degrees 26 minutes 29 seconds West 1173.545 feet to a point on line for lands of Spring Lake Condominiums; beginning at a point at the northeasterly corner for lands of Raymond S. Smethurst, Jr. on line of lands of Spring Lake Condominiums; thence running with said lands of Spring Lake Condominiums, North 76 degrees 31 minutes 05 seconds East 212.156 feet to a corner for Country Manor, Section One; thence running with Country Manor, Section One, and the westerly terminus of Manor Drive North, South 13 degrees 28 minutes 55 seconds East 150.00 feet to a point on the southerly right-of-way line of Manor Drive North; thence running with said right-of-way line, North 76 degrees 31 minutes 08 seconds East 159.923 feet to a corner for Country Manor, Section One; thence running with said lands of Country Manor, Section One the following three (3) courses and distances: (1) deflecting left along a 25.00 foot radius, an arc distance of 39.252 feet, (2) South 13 degrees 26 minutes 29 seconds East 94.310 feet and (3) North 76 degrees 33 minutes 31 seconds East 240.00 feet to a point on the aforementioned westerly right-of-way line of Manor Drive; thence finally, running with said right-of-way line South 13 degrees 26 minutes 29 seconds East 530.00 feet to a corner for Country Manor, Section One the place of beginning, containing 12.654 Acres of land, more or less.

PARCEL C: ALL that certain easement more particularly described in Easement of Rehoboth Bay Land Company, a Delaware corporation, to BCK Associates, a Delaware general partnership, dated September 13, 1989, and recorded in the Office of the Recorder of Deeds, in and for Sussex County, at Georgetown, Delaware, in Deed Book 1672, Page 115.

being an easement in regard to the roadways known as "Gateway," "Manor Drive," "Manor Drive North," and "Manor Drive South," as same more fully appear on Plot of Section 1 of Country Manor, as recorded in Sussex County, Delaware Recorder of Deeds Plot Book 5, Page 2.

SUBJECT TO the easement granted and conveyed to Rehoboth Bay Land Company by deed of Raymond G. Smethurst, Jr., et al., dated September 8th, 1989, and recorded in the Office of the Recorder of Deeds, in and for Sussex County, Delaware, in Deed Book 1671, Page 200.

Exhibit A

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Exhibit B**FEES AND FINES**

Activity	Amount
<u>FEES</u>	
1. Association Initiation	\$500.00 Fee
2. New Construction, Major Renovation, and Demolition (Article II, Clause E, Section 6 and Article IV, Section 11.)	\$1,000.00 Refundable Deposit
3. Review of Main Dwelling House Plans and Specifications	\$250.00 Fee
<u>FINES</u>	
1. Trees (Article IV, Section 18.)	\$500.00 Fine Per Tree Removal
2. Animals (Article IV, Section 26.)	Up to \$250.00 Fine Per Occurrence
3. Nuisance (Article IV, Section 31.)	Up to \$500.00 Fine Per Occurrence
4. Construction Activities/Noise Generating Activities (Article IV, Section 32.)	Up to \$500.00 Fine Per Occurrence

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