

BY-LAWS
OF
RBY&CC EAST SIDE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I - NAME

The Name of the Association is RBY&CC EAST SIDE HOMEOWNERS ASSOCIATION, INC.

ARTICLE II - PURPOSE

This document contains the By-Laws of the RBY&CC East Side Homeowners Association, Inc., hereinafter called the "Association", a non-profit corporation under the laws of the State of Delaware for the purpose of serving as a Residential Homeowner's Association, as provided in the Certificate of Incorporation and more specifically described in the applicable Rehoboth Beach Yacht & Country Club covenants and restrictions.

ARTICLE III - OFFICE

The principal office of the Association shall be located at _____, or at such other location as may be determined by the Board of Directors.

ARTICLE IV - MEMBERSHIP

Section 1 - Designation

Membership (hereinafter referred to as member or membership) shall be restricted to fee simple ownership of record, in Sussex County Recorder of Deeds Office, of one lot or more located in the development. The development is defined as the Portion of Section C, Rehoboth Beach Yacht & Country Club, as shown on a final plot dated September 29, 1992, and of record in the Sussex County Recorder of Deeds Office in Plot Book 49, Page 298, as amended, and including, as shown on the aforesaid plot, Block 12, Lots 1-16; Block 12, Lots 25-28; Block 13, Lots 1-4; Block 14, Lots 10-45; Block 15, Lots 1-9; Block 16, Lots 1-12; and, Block 17, Lots 1 and 2, consisting of a total of 83 lots, hereinafter referred to as "Phase V".

Section 2 - Vote

The owners of each lot shall be automatically deemed to be members of the Association and each lot shall be entitled to one vote regardless of how title may be held or how many lots may be owned by one person, partnership or corporation.

Section 3 - Roster

The Association will maintain a membership roster which shall be made current at least once a year and which shall contain the full mailing address of the primary residency of each member.

ARTICLE V - BOARD OF DIRECTORS

Section 1 - Number

The property, business and affairs of the Association shall be managed and controlled by its Board of Directors which shall initially be comprised of four (4) Officers and three (3) Directors, for a total of seven (7) members. After two-thirds of the lots in Phase V have been sold by the Developer, Great South Beach Improvement Co., the number of Directors shall be increased to four, in addition to the four (4) Officers, at the next annual meeting. When all of the lots in Phase V have been sold, the number of Directors shall be increased to five (5), in addition to the four (4) Officers, at the next annual meeting.

Section 2 - Association Member

All Officers and Directors must be members of the Association. Whenever any such Board Member shall cease to be a member of the Association, his or her office shall be vacated thereby.

*4 Officers
5 Director*

Section 3 - Powers of Directors

(a) The Board of Directors, subject to the approval of the Association, shall determine the policies and activities of the Association, prepare the proposed Budget for the annual membership meeting, approve the payment of bills and authorize disbursement in accordance with the annual budget, take counsel with the committees, and have the responsibility for the general management of the Association.

(b) To appoint agents, clerks, assistants, employees and trustees, and to dismiss them at its discretion, to fix their duties and salaries and to change them from time to time and to require security for bonding as it may deem proper.

(c) To determine by whom and in what manner the Association's bills, notes, receipts, acceptances, endorsements, checks, releases, contracts, or other documents shall be signed.

(d) To control the buildings, structures or improvements placed on each lot or given land area in the Development, aforesaid, and to authorize the approval or disapproval of all buildings, structures or improvements to be placed upon any such

lot or land area, and to do or cause to be done and perform any and all acts, matters and things which, according to the Restrictive Covenants, Remedial Clauses, and Reservations applicable to Phase V, the Association is authorized, empowered, or required to do, perform, or carry out.

(e) The Board of Directors shall not have the power to make any transactions which may require special assessment of the membership without the majority vote of the membership at a general or special meeting.

Section 4 - Election and Terms

(a) In order to provide for a continuity of experience by establishing a system of staggered terms, at the first Association meeting, two (2) Directors shall be elected for a term of one (1) year, and one (1) Director shall be elected for a term of two (2) years. Thereafter, all Directors shall be elected for terms of two (2) years. No person shall be elected or appointed for successive terms totalling greater than four (4) years, unless there occurs a hiatus of at least two (2) years between terms.

(b) The President and Vice President will be elected at the annual meeting for a term of one (1) year and shall not serve for more than four (4) consecutive years. The Secretary and Treasurer shall serve for as many years as they are elected.

(c) At each Annual Meeting the members shall elect a President, Vice President, Secretary, Treasurer, and as many Directors as there are regular terms of Directors expiring or vacancies to be filled. The nominating committee, shall submit its recommended nominees for the various positions of office and Directors in time to be included with notice of the annual meeting; any other eligible person may also be nominated as a candidate from the floor at the annual meeting. Officers and Directors shall be elected by a plurality of the votes cast at the annual meeting. No member may cast more than one (1) vote for any person nominated as a Officer or Director, it being the intent hereof that voting for Officers and Directors shall be non-cumulative. The candidates receiving the highest number of votes shall be declared elected, except that a run-off shall be held to break a tie vote.

Section 5 - Removal

Any or all Officers and Directors, may be removed with or without stated cause by a majority of the voting interests, either by a written petition or at any meeting called for that purpose. If a meeting is held or a petition is filed for the removal of more than one Officer or Director, the question shall be determined separately as to each Officer and Director sought to be removed. If a special meeting is called by twenty-five percent (25%) of the Lot Owners for the purpose of recall, the notice of the meeting

must be accompanied by a dated copy of the signature list, stating the purpose of the signatures. The meeting must be held not less than fourteen (14) days nor more than sixty (60) days from the date that notice of the meeting is given.

Section 6 - Vacancies on the Board

If the office of any Officer or Director becomes vacant for any reason, a majority of the remaining Officers and Directors, though less than a quorum, shall promptly choose a successor or successors who shall hold office until the next annual meeting. At the next annual meeting, the members shall elect a person or persons to fill the remaining unexpired term or terms, if any.

Section 7 - Meetings

(a) Regular meetings of the Board may be held at such time and place in Sussex County, Delaware as shall be determined from time to time by a majority of the Board Members. Notice of regular meetings may be given to each Board Member, personally, by mail, or telephone, at least five (5) days prior to the day named for such meeting.

e-mail
(b) Special meetings of the Board may be called by the President, and must be called by the Secretary at the written request of one-third of the Directors. Not less than two (2) days notice of a special meeting shall be given to each Director, personally, by mail, or telephone, which notice shall state the time, place and purpose of the meeting.

Section 8 - Quorum of Board

A quorum at a Board meeting shall be attained by the presence in person of a minimum of four members.

Section 9 - Duties of Officers

(a) The President shall be the chief executive officer of the Association; he or she shall preside at all meetings of the members and Directors, shall be ex-officio a member of all standing committees, shall have general and active management of the business of the Association, and shall see that all orders and resolutions of the Board are carried into effect. He or she shall execute bonds, mortgages, and other contracts requiring the seal of the Association, except where such are permitted by law to be otherwise signed and executed, and the power to execute is delegated by the Board of Directors to some other officer or agent of the Association.

(b) The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President; and shall perform such other duties as the

Board of Directors shall prescribe. In the absence or disability of both the President and Vice-President the Board of Directors shall elect a temporary presiding Officer.

(c) The Secretary shall attend all meetings of the Board of Directors and all meetings of the members and shall record all votes and the minutes of the proceedings in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board or the President. He or she shall keep in safe custody the seal of the Association and when authorized by the Board, affix the same to any instrument requiring it. The Secretary shall be responsible for the proper recording of all duly adopted amendments to documents. Any of the foregoing duties may be performed by a temporarily assigned Secretary, if one has been designated, in the absence of the Secretary. All official minutes of meetings, lists of members, records of all votes, any other records kept by the Secretary and the Seal of the Association shall be the property of the Association.

(d) The Treasurer shall have the custody of the Association funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the Association making proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his or her transactions as Treasurer and of the financial condition of the Association.

Section 10 - Establishment of Committees

The Board of Directors may delegate certain items under its authority to various standing or special committees. At least one member of each committee shall be a member of the Board of Directors. A member of the Board shall serve as Committee Chairman.

Section 11 - Liability

All Officers and Directors shall be personally exempt from any legal actions taken against the Association, providing that he or she was acting in good faith within the scope of his or her authority and in the best interest of the Association.

Section 12 - Fidelity Bonds

The Board of Directors may require that all Officers of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums for such bonds shall be paid by the Association.

Section 13 - Compensation

No Officers or Directors of the Association shall receive any compensation as an Officer or Director, unless approved by a majority of members of the Association in an Association meeting.

Section 14 - Audits

(a) The Board of Directors shall appoint a Committee to audit the books of the Association prior to the annual meeting and report on the audit at the annual meeting.

(b) A formal, certified audit of the accounts of the Association, if required, by vote of a majority of the voting interests, or by a majority of the Board of Directors, shall be made by a certified public accountant, and a copy of the audit report shall be available to all members.

ARTICLE VI - MEETINGS OF MEMBERS

Section 1 - Annual Meeting

The members shall meet at least once in each calendar year and such meeting shall be the Annual Meeting. The Annual Meeting shall be held at a place designated by the Board of Directors, in Sussex County, Delaware, in November of each year for the purpose of electing Officers and Directors, adopting the annual budget and transacting any other business, duly authorized to be transacted by the members.

Section 2 - Special Members' Meetings

Special members' meetings must be held whenever called by the President or by a majority of the Board of Directors and must be promptly called by the Board upon receipt of a written request from 25 percent of the members. Such request shall be in writing, shall state the purpose or purposes of the meeting, and shall contain the names of all members making the request. Business at any special meeting shall be limited to the items specified in the request and contained in the notice to the meeting.

Section 3 - Notice of Meetings

Notice of all members' meetings must state the time, date, and place of the meeting. The notice must be mailed to each

member at his last known post office address. The notice must be mailed at least ten (10) days prior to the date of the meeting.

Section 4 - Quorum

A quorum at members' meetings shall be attained by the presence, either in person or by proxy, of persons entitled to cast thirty three and one-third percent of the votes of the entire membership.

$$81 \times .333 = \underline{27}$$

Section 5 - Vote Required

The acts provided by a majority of the votes cast at a meeting at which a quorum has been attained shall be binding upon all owners for all purposes, except where a higher vote is required by law or by any provision of the applicable restrictions, the Articles of Incorporation, or these By-Laws.

Section 6 - Proxies

At a meeting, votes may be cast in person or by proxy. A proxy may be given by any person entitled to vote, but shall be valid only for the specific meeting for which originally given and/or any lawful adjournment of that meeting. No proxy shall be valid for a period longer than sixty (60) days after the date of the first meeting for which it was given. Every proxy shall be revocable at the pleasure of the person executing it. To be valid, a proxy must be in writing; dated; signed by the person authorized to cast the vote; specify the date, time, and place of the meeting for which it is given; and the original must be delivered to the Secretary at least twenty-four (24) hours before the appointed time of the meeting or adjournment.

Section 7 - Adjourned Meetings

Any duly called meeting of the members may be adjourned to a later time by vote of the majority of the voting interest present, regardless of whether a quorum has been attained. When a meeting is adjourned, it shall not be necessary to give notice of the time and place of its continuance if such are announced at the meeting being adjourned. Any business which might have been conducted at the meeting as originally scheduled may instead be conducted at the continuance.

Section 8 - Order of Business

The order of business at members' meetings, except for the initial members' meeting, shall be substantially as follows:

- a. Call of the roll or certification of quorum
- b. Proof of notice of meeting or waiver of notice
- c. Reading and disposal of any unapproved minutes

- d. Receiving reports of Officers and Directors
- e. Receiving reports of committees
- f. Election of Officers & Directors
(annual meeting only)
- g. Unfinished business
- h. Vote on proposed Annual Association
Budget (Annual meeting only)
- i. New business
- j. Adjournment

Roberts' Rules of Order (latest edition) shall be followed at all meetings.

ARTICLE VII - ASSESSMENTS

Section 1 - Annual Assessments

Each property owner within the Association shall be required to pay an annual lot assessment. The assessment shall not exceed Two Hundred (\$200.00) Dollars per year as specified in the applicable restrictions, unless a higher amount is approved by a majority of the lot owners in Phase V.

Section 2 - Special Assessments

Special assessments may only be levied when approved by the members of the Association at the Annual or a Special Members' Meeting. The calling of a Special Meeting and voting requirements must be in accordance with the provisions of Article VI.

Section 3 - Arrears

Any membership being 6 months in arrears in the payment of the annual lot assessment shall automatically stand suspended and forfeit all rights, including voting rights, and privileges to the use of common facilities and areas, except ingress and egress to the member's property. Membership will automatically be reinstated upon payment of the annual dues, penalty, and any prior debt by the delinquent property owner.

Section 4 - Penalty

A penalty fee of \$25.00 will be added to the assessment if not paid within thirty (30) days from the due date.

All outstanding assessments and penalties shall be considered as a lien upon the property and shall bind the property in the hands of the delinquent owners, their heirs and assigns. The Association may bring any action necessary to collect the amount due including court costs and reasonable attorneys' fees.

Section 5 - Budget

A copy of the annual budget as proposed by the Board of Directors shall be mailed along with the meeting notice. The proposed budget shall be in detail and shall show the amounts proposed by accounts including income and expense accounts.

ARTICLE VIII - COMMON AREAS

Section 1 - Designation

The Board of Directors are charged with the responsibility of controlling and maintaining all of the common areas, including the roads in Phase V, within the jurisdiction of the Association.

Section 2 - Use

No common areas shall be obstructed, littered, defaced or misused in any manner. No signs are permitted unless prior approval is obtained in writing from the Board of Directors. Common areas are for the enjoyment of all Association members and shall be used for the purposes intended.

Section 3 - Repair

Whenever, in the judgment of the Board of Directors the common areas shall require repair, maintenance or improvement, in excess of One Thousand (\$1,000.00) Dollars, unless a budgeted item, such repair, maintenance or improvement shall not be made unless the expenditure has received prior approval of the members, as specified in the procedures contained in Article VI.

ARTICLE IX - SEVERABILITY

Should any part, section or clause of these By-Laws become void or unenforceable, the remaining provisions of this document shall remain in full force and effect.

These By-Laws were duly adopted at a meeting of the members of the Association this 18th day of NOVEMBER, 1995.