

BY-LAWS
OF
SOUTH SHORES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

INTRODUCTION

These are the By-Laws of SOUTH SHORES HOMEOWNERS ASSOCIATION, INC., a non-profit corporation organized and existing under the laws of the State of Delaware (hereinafter called "the Association"), which has been organized for the purpose of administering the SOUTH SHORES OF CEDAR CREEK POND ("hereinafter the Subdivision"). The Subdivision is located in Cedar Creek Hundred, Sussex County, Delaware and the subdivision plat is recorded in Plat Book 39, page 159.

(a) All present or future owners, co-owners, tenants, future tenants, and their employees, invitees, licensees, and any other person that might use the lands of the Subdivision, or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws and in the Restrictions of South Shores Homeowners Association, Inc. and all amendments thereto.

(b) The office of the Association shall be at such place as the Board of Directors of the Association may designate from time to time.

(c) The fiscal year of the Association shall begin on January 1 and end on December 31 of each year, unless changed by the Board of Directors of the Association as herein provided.

(d) The seal of the Association shall bear the name of the Association, "South Shores Homeowners Association, Inc.", and the word "Delaware".

(e) There shall be no dividends or profits paid to any members nor shall any part of the income of the Association be distributed to its Board of Directors or officers. In the event that there are any excess receipts over disbursements, such excess shall be applied against future expenses. The Association shall not pay compensation to its members, directors or officers for services rendered. At any one time, the Board may retain a management firm and may contract with said firm to provide management for the Association to include, but not be limited to, the following services:

1. Financial services;
2. Administrative and clerical services; and

3. Maintenance services, to include providing of goods, materials, labor and equipment, personnel, supervision, contract labor, landscaping, and security.

Upon final dissolution and liquidation, the Association may make cash distribution to its members as is permitted by law or any Court having jurisdiction thereof, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income.

This Association shall issue no shares of stock of any kind or nature whatsoever. Membership in the Association and the transfer of that membership as well as the number of members and their respective votes shall be in accordance with the terms and conditions of the Restrictions.

ARTICLE II

MEMBERSHIP, VOTING, QUORUM, PROXIES

(a) All persons who are owners as defined in the Restrictions shall be members of this Association, provided, however, that no non-owner, tenant, sub-lessee, or assignee shall be a member, nor have voting rights in this Association. Each new property owner shall, within twenty (20) days of acquiring title to a lot in South Shores Of Cedar Creek Pond, inform the Association of the owner's name(s), address and telephone number. The rights and privileges of membership, including the rights to vote and to hold an office in the Association, may be exercised by a member or a member's spouse, co-owner or domestic partner, but in no event shall more than one (1) vote be cast for each lot. Any membership shall automatically terminate when an owner, as defined herein, is no longer seized and vested with title to any real property within the Subdivision.

(b) Except as provided in the Restrictions in the case of voting on capital assessments, the quorum at members' meetings shall consist of persons present and proxies entitled to cast one-third (1/3) of the votes of the entire membership. The proxy of a member shall constitute the presence of such person for the purpose of determining a quorum.

(c) The vote of the owners of the lot owned by more than one person, other than tenants by the entireties or by a corporation or other entity, shall be cast by the person named in a certificate signed by all of the owners of the lot and filed with the Secretary of the Association, and such certificate shall be valid until revoked by subsequent certificate.

(d) At all meetings of members, each member may vote in person or by proxy. Proxies must be filed with the Secretary before or at the time of the meeting. Every proxy shall be revocable and shall automatically cease upon the conveyance by the member of his lot. No proxy shall be valid after two months from its date, unless otherwise provided in the proxy.

(e) Approval or disapproval by an owner upon any matters, whether or not the subject of an Association meeting, shall be by the same person who is authorized to cast the vote of such owner at an Association meeting.

- (f) Except where otherwise required under the provisions of the Certificate of Incorporation of the Association, these By-Laws, and/or the Restrictions, the affirmative vote of the owners holding at least a majority of the total votes cast at a meeting at which a quorum is present shall be binding upon the members.

ARTICLE III

ANNUAL AND SPECIAL MEETINGS OF MEMBERS

(a) The annual members' meeting shall be held at a location in Cedar Creek Hundred, Delaware or such other place as may be designated by the Board of Directors, in the first half of the month of June of each year for the purpose of transacting any business authorized to be transacted by the members, unless said date is amended by a majority vote of the membership present at a validly conducted meeting.

(b) Special members' meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from the members of the Association owning a majority of the outstanding votes.

(c) Notice of all members' meetings, regular or special, shall be given by the President, Vice President, or Secretary of the Association, or other officers of the Association in the absence of said officers, to each member. Unless waived in writing, such notice shall be written or printed and may appear in a newsletter to the members and shall state the time and place and object for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If mailed, such notice shall be deemed properly given when deposited in the United States mail addressed to the member at such member's post office address as it appears on the records of the Association, the postage thereon prepaid. Any member may waive such notice by written waiver of notice signed by such member. If a quorum has not been established at any meeting, the members present may adjourn the meeting until a quorum is present.

(d) At meetings of the membership, the President shall preside, or in the absence of the President, the Vice President. In the event that both are absent, the members present may select a chairman.

(e) The order of business at annual members' meetings, and, as far as practicable, at any other members' meeting, shall be:

- i. Record attendees, certify proxies and verify quorum
- ii. Proof of notice of meeting or waiver of notice
- iii. Reading of minutes
- iv. Reports of officers
- v. Reports of committees

- vi. Unfinished business
- vii. New business and/or elections
- viii. Adjournment

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number. The affairs of the Association shall be managed by a Board of Directors ("Board") consisting of five (5) members, herein after referred to as the Board of Directors, elected by the majority of lot owners.

Section 2. Term of Office. At the first meeting, the members shall elect at least five (5) directors for a term of three (3) years, and all directors will serve 3 year terms. At the discretion of the Board of Directors, the term of not more than three directors may be shortened to one or two years in order to provide a staggered term for Directors. The term shall be established before the elections and the candidates shall select for which term they may be elected.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association or by a two-thirds vote of the Board of Directors. In the event of death, resignation, vacancy or removal of a director, such director's successor shall be selected by the majority vote of the remaining members of the Board and shall serve for the unexpired term of such director's predecessor.

Section 4. Compensation. No director shall receive compensation for any service such director shall render to the Association as a director. However, a director may be hired to render services and every director shall be reimbursed for such director's actual expenses incurred in the performance of such director's duties.

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

Nomination and Election of Directors

Section 6. Nomination. Nomination for election to the Board of Directors shall be by a nominating committee which is appointed by the Board of Directors, or by submission of the names of candidates prior to the date of the annual meeting. All nominations must be received by the Board at least sixty (60) days prior to the date of election.

Section 7. Election. Election to the Board of Directors shall be by written ballot. There shall be one vote cast per lot owned. When more than one person holds an interest in any lot all such persons shall be members. The vote of such lot shall be exercised as the owners themselves determine, but in no event shall more than one (1) vote be cast with respect to any

lot. The elections are to be held in the first half of the month of June unless said date is amended as provided for in Article III. Votes shall be cast for the positions of President, Vice-President, Treasurer, Secretary and one member at Large.

At such election, the members or their proxies may cast, in respect to every vacancy, one (1) vote for each lot owned . The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Meeting of Directors

Section 8. Regular Meetings. Regular meetings of the Board of Directors shall be held as needed, at such place and hour as may be fixed from time to time by the Board.

Section 9. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director mailed or presented personally to such director within such time.

Section 10. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. If any director's meeting cannot be organized because a quorum has not attended, the directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Powers and Duties of the Board of Directors

Section 11. Powers. The Board of Directors shall manage and direct the affairs of the Association and may exercise all of the powers of the Association subject only to approval by the owners when such is specifically required by the Restrictions or these By-Laws. The Board of Directors shall exercise such duties and responsibilities as shall be incumbent upon it by law, the Restrictions or these By-Laws, or as it may deem necessary or appropriate in the exercise of its powers. Without limiting the generality of the foregoing, the Board of Directors shall have full power.

(a) To prepare and adopt a budget; make, levy and collect assessments against members and members' lots to defray the cost of the common areas and facilities of the subdivision; and to sue the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

(b) To carry out the maintenance, care, upkeep, repair, replacement, operation, surveillance and management of the common areas of the subdivision so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Restrictions;

(c) To carry out the reconstruction of improvements after casualty or other loss and make improvements to the common areas and other property, real and personal;

(d) To make and amend regulations governing the use of the common areas of the subdivision so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Restrictions;

(e) To operate, lease, manage and otherwise deal with property, real and personal, including lots in the subdivision, as may be necessary or convenient in the operation and management of the Association;

(f) To enforce by legal means the provisions of the Certificate of Incorporation and By-Laws of the Association, the Restrictions and the regulations hereinafter promulgated governing use of the property in the Subdivision;

(g) To pay all taxes and assessments which are liens against any part of the Subdivision other than lots and the appurtenances thereto, and to assess the same against the members and their respective lots subject to such liens;

(h) To carry insurance for the protection of the Subdivision, the members of the Association, the Board of Directors, and the Association against casualty, liability and other risks;

(i) To pay all costs of power, water, sewer and other utility services rendered to the Association and not billed to the owners of the separate lots;

(j) To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association as well as to dismiss said personnel;

(k) To adopt and publish rules and regulations governing the use of the common areas and other facilities of the Association, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(l) To suspend the voting rights and other privileges of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice until the infraction is corrected.

(m) To exercise for the Association all powers, duties and authority vested in or delegated to this Association by the Restrictions and not reserved to the membership by other provisions of these By-Laws or the Certificate of Incorporation;

(n) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors, except in cases of illness or extended travel;

(o) To employ a manager, a managing agent, an independent contractor, or such other employees or agents as they deem necessary, and to prescribe their duties;

Section 12. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-half (1/2) of the members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Association;

(c) Establish and maintain financial books and records;

(d) Assess the annual assessment in accordance with the Restrictions;

(e) If necessary, assess such proportional share of an assessment in accordance with the Restrictions;

(f) Send written notice of each assessment to every lot owner, at least thirty (30) days in advance of each annual assessment period, and levy all such assessments as liens;

(g) Collect assessments at regular intervals as determined in its discretion;

(h) Procure and maintain liability and fire and other hazard insurance on property owned by the Association;

(i) Cause all officers or employees having fiscal responsibility to be bonded, as it may deem appropriate;

(j) Cause the common areas to be maintained as hereinbefore provided;

(k) Have a management agent for any of the above.

Section 13. Meeting Location. Notwithstanding anything contained in these By-Laws to the contrary any meeting of members or directors may be held at any place within Cedar Creek Hundred or within the State of Delaware.

Section 14. Actions Without Meetings. To the extent now or from time to time hereafter permitted by the laws of Delaware, the Directors may take action without holding a meeting, provided a record of any such action so taken, signed by each director, shall be retained in the Association's minute book and given equal dignity of all persons with the minutes of meetings duly called and held.

Section 15. Indemnity. The Association shall indemnify each director and officer, their heirs, executors and administrators, against all loss, damages, costs or expenses of any type reasonably incurred by him in connection with any action, suit, or proceeding to which type are made a party by reason of their being or having been a director or officer of the Association, except as to such matters wherein they shall be finally adjudged liable of gross negligence or willful misconduct. The Board may obtain for the Association directors and officers liability insurance coverage in such amounts as the Board deems necessary and appropriate.

ARTICLE V

OFFICERS

(a) The executive officers of the Association shall be the President, Vice President, Secretary, Treasurer, who shall be Directors, and one member at Large. The Board of Directors may from time to time elect other committees and designate their powers and duties.

(b) The President shall be the chief executive officer of the Association. The President shall have all the powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members from time to time, as the President may in the President's discretion determine appropriate, to assist in the conduct of the affairs of the Association.

(c) The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of President, and shall generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

(d) The Secretary shall keep the minutes of all proceedings of the directors and the members. The Secretary shall attend to the giving and service of all notices to the members and directors, and other notices required by law. The Secretary shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. The Secretary shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the directors or President.

(e) The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. The Treasurer shall keep the assessment rolls and accounts of members, shall keep the books of the Association in accordance with good accounting practices, and shall perform all other duties incident to the office of the Treasurer.

(f) No member of the Board shall receive any compensation for acting as such, but may be reimbursed for necessary expenses incurred in regard to service as a Board member, as approved by the Board from time to time. This provision shall not preclude the Board of Directors from employing a director as an employee of the Association, nor preclude contracting with a director for management of the Association.

ARTICLE VI

FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth below in these By-Laws and in the Restrictions, shall be supplemented by the following provisions:

(a) The assessment roll shall be maintained in a set of accounting books and/or computer data base and such record shall designate the name and address of the owner(s) or ownership/control entity, the amount of each assessment against each category set forth immediately hereinabove, the dates and amount in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

(b) The Board of Directors shall adopt a budget for each fiscal year which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to, the following items:

General Budget, which shall include without limiting the generality of the foregoing, the estimated amounts necessary for maintenance, repair and/or replacement of: (i) all buildings and other improvements located within the Association's common areas; (ii) all roads (not dedicated to the public), walks, trails, landscaped common areas or within easements; (iii) such security systems, utility lines, pipes, plumbing, wires, conduits and related systems which are a part of the service district, public or private utility or other person; (iv) all lawns, trees shrubs, hedges, grass and other landscaping situated within the subdivision but not on lots as it may be constituted from time to time; and (v) recreational amenities, if any.

(c) The Board of Directors shall determine the method of payment of such assessments and the due dates thereof in accordance with the restrictive covenants and shall notify the members thereof.

(d) The depository of the Association shall be such bank or banks as shall be designated from time to time by the directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the directors.

(e) The Treasurer shall prepare an annual report of the financial affairs of the Association. Examination of the accounts of the Association by an independent certified public accountant shall be made when deemed necessary by the Board.

(f) Fidelity bonds may be required by the Board of Directors for all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the directors. The premiums of such bonds shall be paid by the Association.

ARTICLE VII

PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the statutes of the State of Delaware.

ARTICLE VIII

AMENDMENTS TO BY-LAWS

Amendments to these By-Laws shall be proposed and adopted in the following manner:

(a) Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon vote of the majority of the directors, or by members of the Association holding a majority of the total votes of the Association, whether meeting as members or by instrument in writing signed by them.

(b) Upon any amendment or amendments to these By-Laws being proposed by said Board of Directors or members, such proposed amendments shall be transmitted to the President of the Association, or other officer of the Association in absence of the President, who shall thereupon call a special joint meeting of the members of the Board of Directors of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members.

(c) In order for such amendment or amendments to become effective, the same must be approved by owners holding at least a majority of the total votes of the Association.

ARTICLE IX

INSURANCE AND CASUALTY LOSSES

Section 1. Insurance.

(a) The Board of Directors or its duly authorized agents may have the authority to and may obtain and continue in effect adequate property insurance, in such form as

the Board deems appropriate, for the benefit of the Association and insuring all improvements in and to any common areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation, to include anticipated costs of demolition and clearing prior to building, but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.

(b) The Board or its duly authorized agents shall have the authority and may obtain and continue in effect a public liability policy covering all the common areas and all damage or injury caused by the negligence of the Association, its members, its directors and officers, or any of its agents. Such public liability policy may provide such coverages as are determined to be necessary by the Board of Directors.

(c) The Board or its duly authorized agents shall have the authority and may obtain: (i) worker's compensation insurance to the extent necessary to comply with any applicable law; and (ii) such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

(d) All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for each of the owners and costs of all such coverage shall be a common expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Subdivision shall be vested in the Board of Directors.

(e) All policies shall be written with a company holding a rating that is acceptable to the Board.

(f) All property insurance policies shall be for the benefit of the Association, owners and owner's mortgagees, if applicable, as their interests may appear.

(g) It shall be the individual responsibility of each owner at such owner's expense to provide, as such owner sees fit, liability and property damage insurance, title insurance and other insurance with respect to such owner's own lot.

ARTICLE X

ASSESSMENTS

The assessments for common expenses provided for herein and in the Restrictions shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the owners and occupants of the subdivision, and maintaining the subdivision and improvements therein.

ARTICLE XI

DEFINITIONS

All terms defined in the Restrictions shall have the same meaning in these By-Laws as in the Restrictions.

ARTICLE XII

CONFLICTS

In the event of any conflict between the provisions of the Restrictions and the provisions of these By-Laws, the provisions of the Restrictions shall control.

SIGNATURES ON THE FOLLOWING PAGES

IN WITNESS WHEREOF, the members of the Board of Directors hereunto set their hands and seals this 1st day of August, 2008.

Marie S. Varmanno
WITNESS

Carrie M. Hudson (SEAL)
MEMBER, BOARD OF DIRECTORS

BE IT REMEMBERED, on this 1st day of August, 2008, personally appeared before me, the Subscriber, a Notary Public in and for the State and County aforesaid, Carrie Hudson, Member of the Board of Directors of South Shores Homeowners Association, Inc., and acknowledged the foregoing to be his/her act and deed and the act and deed of the members of South Shores Homeowners Association, Inc.

GIVEN UNDER my official hand and seal this 1st day of August, 2008.

Maie A. Wolf
Notary Public
My Commission Expires:

IN WITNESS WHEREOF, the members of the Board of Directors hereunto set their hands and seals this 16 day of December, 2008.

Cavie M. Hudson
WITNESS

Thomas S. Duvitz (SEAL)
MEMBER, BOARD OF DIRECTORS

BE IT REMEMBERED, on this 16 day of December, 2008, personally appeared before me, the Subscriber, a Notary Public in and for the State and County aforesaid, Thomas S. Duvitz Member of the Board of Directors of South Shores Homeowners Association, Inc., and acknowledged the foregoing to be his/her act and deed and the act and deed of the members of South Shores Homeowners Association, Inc.

GIVEN UNDER my official hand and seal this 16th day of December, 2008.

M. A. Wolf
Notary Public
My. Commission Expires:

IN WITNESS WHEREOF, the members of the Board of Directors hereunto set their hands and seals this 1st day of August, 2008.

Maria S. Vammino
WITNESS

John M. Vammino (SEAL)
MEMBER, BOARD OF DIRECTORS

BE IT REMEMBERED, on this 1st day of August, 2008, personally appeared before me, the Subscriber, a Notary Public in and for the State and County aforesaid, John Vammino, Member of the Board of Directors of South Shores Homeowners Association, Inc., and acknowledged the foregoing to be his/her act and deed and the act and deed of the members of South Shores Homeowners Association, Inc.

GIVEN UNDER my official hand and seal this 1st day of August, 2008.

Mark A. Wolf
Notary Public
My. Commission Expires:

IN WITNESS WHEREOF, the members of the Board of Directors hereunto set their hands and seals this 1st day of August, 2008.

Maria S. Vammiano
WITNESS

Linda L. Kenneth (SEAL)
MEMBER, BOARD OF DIRECTORS

BE IT REMEMBERED, on this 1st day of August, 2008, personally appeared before me, the Subscriber, a Notary Public in and for the State and County aforesaid, Linda Kenneth, Member of the Board of Directors of South Shores Homeowners Association, Inc., and acknowledged the foregoing to be his/her act and deed and the act and deed of the members of South Shores Homeowners Association, Inc.

GIVEN UNDER my official hand and seal this 1st day of August, 2008.

Mark S. Wolf
Notary Public
My. Commission Expires: