

Tax Parcel No. 3-35-8.00-14.01-
427.00 through 538.00
This Instrument Prepared by and to be
Returned to: Richard P. Beck, Esquire
Morris, James, Hitchens & Williams
222 Delaware Avenue, P. O. Box 2306
Wilmington, Delaware 19899

Reserve at Pilottown

DECLARATION OF RESTRICTIONS

By this Declaration dated as of August 5, 2004, Pilottown Road, L.L.C., a Delaware limited liability company ("Declarant"), as holder of record title to Lots 1 through and including 110 (the "Lots") and all streets, drainage areas, and open spaces appurtenant thereto as presently shown on the final approved Revised Plot Plan of Pilottown Park Addition recorded in the Office of the Recorder of Deeds for Sussex County, Delaware, in Book 00076, Page 00128, on 8-26-02, and as shall be shown on Revised Plot Plan for Reserve at Pilottown, prepared by Karins and Associates, plan dated 2-4-02 and last revised 4-22-04, whereby the name of the community shall be changed to "Reserve at Pilottown," not yet recorded but intended so to be, as may be amended from time to time (the "Plan"), hereby covenants and declares for itself and its successors, assigns, grantees and all subsequent Lot Owners ("Owners"), legal or equitable, that Declarant does and henceforth shall stand seized of such Lots and appurtenant streets, drainage areas and open spaces of Reserve at Pilottown as outlined on that portion of the Plan appended hereto as Exhibit A (which Lots, streets, drainage areas and open spaces as outlined on Exhibit A are collectively hereinafter called the "Community" and comprise the property regulated by this Declaration) under and subject to the following reservations, restrictions, covenants, easements and limitations:

I. BUILDING AND USE RESTRICTIONS

1.01. Residential Uses. The Lots, except as hereinafter provided, shall be used for private residential purposes only and shall be restricted to single family occupancy; provided, however, that a Lot Owner's or resident tenant's conduct of business activities within any home on the Lot by telephone, data processing, word processing or similar business that conforms with

By [Signature]

applicable zoning and other laws and is unnoticeable from outside the residence shall not violate this restriction.

1.02. Dwellings. Except as provided in Section 3.04 below, no buildings of any kind shall be erected or maintained on the Lots except private single family detached residential dwellings, together with an attached private garage for the exclusive use of the owner or occupant of the Lot upon which such garage is erected.

1.03. Plans and Specifications. All buildings shall be constructed in accordance with the Architectural and Lot Use Standards as designed and prepared from time to time for the Community by Declarant's registered architect or designated designer, or as subsequently modified by or with Declarant's prior written approval (which approval may be withheld in Declarant's sole discretion). Notwithstanding the foregoing, however, Declarant reserves the right (but shall be under no obligation) in its discretion to construct or to allow the construction of any home which has been custom designed or adapted for the Community by the Lot Owner's Delaware registered architect, if such design or adaptation has been approved by Declarant's registered architect or designated designer, which approval may be withheld if in his or her professional opinion it is not sufficiently compatible with Declarant's design concept for the Community.

1.04. Exterior Changes. Except as provided in Section 3.04 below, all improved structures shall be maintained in their original configuration and outward appearance including without limitation the color of all surfaces exposed to outside view, and the type of trim, shutters, downspouts, gutters, windows, doors, siding, roofing and any other exterior materials.

1.05. Pools and Antennas. No above ground pool, and no outside antenna, aerial, or disk for television or radio or other reception or transmission, except a television disk not more than 24 inches in diameter which has been approved pursuant to Section 3.04 hereof, shall be placed, installed or permitted on any Lot or other exterior of any building or structure on a Lot.

1.06. Landscape and Fences. No fences, walls, hedges, bulk landscaping, landscaping screens (in contrast with isolated trees or shrubbery) or other barriers shall be constructed or planted forward of the front of the house on any Lot, unless installed by Declarant. No enclosing or non-enclosing fence, bulk planting or other barrier (hereinafter "fence") shall be erected on any Lot which exceeds five (5) feet in height. In all events, no fences shall be constructed or maintained upon the Lots, except by Declarant or its express designee, until plans for same have been approved pursuant to Section 3.04. In the event any fences are erected on any Lots without the Owner of said Lot first having obtained the necessary approval pursuant to Section 3.04, the Declarant or the Corporation shall have the right, but not the obligation, to enter upon any such Lot on which a fence has been erected, in violation of the aforementioned procedure, and physically removing such non complying fence without liability to the Owner of such Lot, and such Lot Owner shall be responsible for all costs incurred by the Declarant or the Corporation in the removal of said non-complying fence. If a court order or other legal action for the removal of the non complying fence is required, or if any court action or other legal proceeding is brought by or on behalf of the Lot Owner to prevent such removal or recover damages therefore, the subject Lot Owner shall be responsible for all legal costs and expenses

incurred by the Declarant or the Corporation in the prosecution of or defense against said legal action.

1.07. Grades and Elevations. The on-lot grading, when finished, must conform to the General Development Plans, prepared by Karins Consulting Engineers, dated 7-24-02, for the community and be such that the flow of drainage from the Lot is directed to the drainage system for the community and not to any of the neighboring Lots. Owner will promptly correct any non-conformity upon notice from Declarant. Declarant also reserves the right for itself, its appointees and/or its contractors to enter upon the Lot for inspection of compliance with the General Development Plans and to correct any non-compliance at Owner's expense should Owner fail to promptly to do so upon Declarant's notice. Except as otherwise provided in Section 3.04 below, no material change in the elevation, grade or surface composition of any Lot as properly established by Declarant when each home thereon is constructed shall be made. No change shall be made, other than by Declarant, which adversely affects surface water drainage to or from any other Lot or open space.

1.08. Vehicles. The presence in the Community of travel trailers, mobile homes, motor homes, vans, trucks and other recreational, commercial or special purpose vehicles, equipment or items, except for the temporary purpose of loading, unloading, construction or rendering services (not including work performed on such vehicle, or equipment, etc.), or except for light trucks or vans used by the homeowner in his or her vocation, is prohibited unless such vehicles, equipment or items are kept completely garaged. Any boat that is to be kept in the community shall be located to the side or rear of the dwelling (behind the front façade) or completely garaged (except while being transported, and except for loading, unloading and/or during routine maintenance of the boat).

1.09. Parking. Vehicles shall not be parked except upon the paved portion of streets to either side thereof and where on-street parking is permitted, or within other paved parking areas designated as such by Declarant (if any) and/or driveways. Except for garage driveways no portion of any Lot shall be graveled or paved for any purpose, parking or otherwise, without the prior written consent of Declarant, or approval of the Architectural Review Committee pursuant to Section 3.04 below.

1.10. Animals. No livestock, and no pets except dogs and small domestic cats, shall be brought or kept upon any Lot or any street or open space in the Community. The number, kind and management of pets shall be as set forth in the Community Rules and Regulations, a copy of which in their initial form is appended hereto as Exhibit B.

1.11. Clothes Lines. No permanent outside clothes lines or clothesline posts are permitted. Portable outside clothes lines approved by Declarant, its successors or his assigns, will be permissible, provided same are used and clothes are hung out during daylight hours only, and then only in rear yards.

1.12. Nuisances. No offensive, dangerous or unlawful substance, activity or condition shall be brought, conducted or permitted on the Lots or elsewhere in the Community.

II. EASEMENTS AND RIGHTS OF WAY

2.01. Lot Line Easements. Easements and rights-of-way are hereby reserved over, under and along the side and rear boundary lines of each Lot, being twelve (12) feet in width centered on such boundary lines so that the outmost six (6)-feet of each Lot along its side yard and rear yard boundary lines shall be subject to such reserved easements and rights-of-way. Easements and rights-of-way shown or noted on the aforesaid Plan, or otherwise created during the construction and development of the Community, are also reserved and shall not be limited to or by the foregoing.

2.02. Purposes. The purpose of such easements and rights-of-way shall be for:

(a) The construction and maintenance of storm water drainage and management systems as required by Sussex County and the City of Lewes or otherwise installed or authorized by Declarant;

(b) The construction and maintenance of public or private sanitary sewer lines as required by City of Lewes or otherwise installed or authorized by Declarant; and

(c) The construction, installation and maintenance of utility lines, pipes, conduits and cables for electricity, telephone, television, water, gas, fuel oil, and for any other public or quasi-public utility or function serving the Lots and conducted, furnished or maintained by any method on, in, below or above the surface of the ground as installed or authorized by Declarant.

The creation of easements for the above listed purposes shall not obligate Declarant to install all or any of the improvements for such purposes.

2.03. Limitations. No Lot Owner, utility, public agency or other party (except the City of Lewes Board of Public Works) shall make use of the easements herein created without the express, separate written consent of Declarant. All parties using such easements with Declarant's written consent may from time-to-time and at any time enter upon said above-reserved easements and rights-of-way, for any of the purposes for which same have been reserved, and as necessary may remove or trim without replacement any growing or other thing thereon. During the time that any work is being performed within any easement or right-of-way area, the party performing such work shall also automatically have a temporary easement to either side of the easement area for purposes of conveniently performing the work in question, without harm to structures or plantings. Disturbed earth shall promptly be graded and seeded, and all debris shall be completely removed, by the party performing the work.

2.04. Non-Interference. The Owner and occupants of the Lots shall at all times maintain and occupy their Lots so as not to interfere unreasonably, in the good faith opinion of Declarant, with the purposes for which said easements and rights-of-way have been created and are used. All conveyances of Lots by Declarant or others shall be subject to the said easements and rights-of-way without necessity of any further reservation being mentioned therein.

2.05. Construction Activities. All Lot Owners, occupants and other interested persons shall at all times permit the Declarant and/or its successors, assignees, agents and

designees the right to go upon any and all Lot or Lots, streets and open spaces to accomplish and to complete construction, grading or landscaping and perform maintenance or make repairs in accordance with the approved plans or as required by the City of Lewes, or by Sussex County, or by the State of Delaware, or any department or agency thereof.

III. ADMINISTRATION AND ASSESSMENTS

3.01. Binding Obligations. Each purchaser of a Lot, by the acceptance of delivery of the deed thereto, obligates and binds himself, his heirs, personal legal representatives and assigns, including his successors in interest in said Lot, (i) to become and be a member of Reserve at Pilottown Maintenance Corporation, a Delaware nonprofit, non-stock maintenance corporation (the "Corporation"); (ii) to be bound by all of its actions and assessments as provided herein, (iii) to be bound by the Corporation's rules, regulations and resolutions as hereinafter authorized; and (iv) to abide by all other matters of record, including recorded plans, agreements, easements and restrictions, including without limitation, all future amendments to the Plan made by Declarant and all future amendments made by Declarant, as herein elsewhere more specifically permitted. Without limiting the generality of the foregoing:

(a) Each Owner of any Lot, by acceptance of a deed therefor, is deemed to covenant and agree to pay to the Corporation when due all annual assessments or charges, such assessments to be fixed, established and collected from time to time as hereinafter provided and/or in the Corporation's Bylaws. All assessments must be fixed at a uniform rate for all Lots. The Owner of any Lot agrees, at the time of settlement for the purchase of said Lot, to sign a confession of judgment obligating him or her to pay to the Corporation his or her share of the costs associated with the maintenance of the common facilities within the subdivision. In addition, at the time of settlement on any Lot within the Community, the Corporation may collect the equivalent of two years of assessments for the maintenance costs associated with maintenance of the common facilities. The assessments levied by the Corporation shall be used exclusively for the purpose of maintaining said common facilities.

(b) An annual assessment, if necessary, shall be set by a majority vote of the members who are voting in person or by proxy at the annual meeting, and any special assessments shall be set by a majority vote of the members who are voting in person or by proxy at the annual meeting or at a meeting duly called for this purpose. If the Board determines to leave the previous year's annual assessment unchanged, no further vote shall be needed until a change to the assessment is proposed or unless a special meeting is called to consider a revised assessment.

(c) Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within 30 days after the due date, the assessment shall bear interest from the date of delinquency at a rate of eight per centum (8%) per annum, and the Corporation may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for

the assessments provided for herein by nonuse of the common facilities or abandonment of his or her Lot.

(e) It is expressly agreed that the assessments referred to above shall be a lien or encumbrance on the land in respect to which said assessments are made and it is expressly stated that by acceptance of title to any of the land included in said tract the Owner (not including mortgagee or Declarant) from the time of acquiring title thereto shall be held to have covenanted and agreed to pay said assessments to the Corporation, including prior unpaid assessments.

(f) By his or her acceptance of title, each Owner shall be held to vest in the Corporation the right and power in its own name to take and prosecute all actions or suits, legal, equitable or otherwise, which may be, in the opinion of the Corporation, necessary or advisable for the collection of such assessments.

(g) Said assessments shall be subordinate in lien to the lien of any mortgage or mortgages on any property which is subject to such charges regardless of when said mortgage or mortgages were created or when such charges accrued; provided, that such subordination shall apply only to charges that shall have become payable prior to the passing of title under foreclosure, of such mortgage or mortgages, and the transferees shall not be liable for payment of any assessment accruing prior to said foreclosure, but nothing herein shall be held to affect the rights herein given to enforce the collection of such charges accruing after sale under foreclosure of such mortgage or mortgages; and provided, further, that such charges accruing after the sale shall also be subordinate in lien to the lien of any further mortgage or mortgages which are placed on property subject to such charges, with the intent that no such charges shall at any time be prior in lien of any mortgage or mortgages whatsoever on such property.

3.02. Maintenance Corporation Duties. The Maintenance Corporation shall accept and retain in perpetuity legal and equitable ownership (whether or not formally confirmed by separate deed to the Maintenance Corporation), non-exclusive possession, and all maintenance, repair, replacement and operational responsibility of and for all open space lands, common areas and facilities, including without limitation, all storm water management areas and facilities and all appurtenant components or attributes thereof within the community. Additionally, the Corporation shall have the duty to arrange for, and to provide, the following:

- (a) Proper grass cutting, pruning and maintenance clearing of open spaces, if any;
- (b) Procuring and payment of liability insurance, if obtainable at reasonable rates in the Corporation's judgment;
- (c) Maintenance (including but not limited to grass cutting, pruning and maintenance clearing) and repair of storm water management areas and facilities, and all appurtenant components or attributes thereof, except insofar as they in whole or in part are dedicated to and accepted for maintenance by any Municipal, County or State department or agency;

(d) Such other matters, responsibilities and activities as are herein elsewhere contemplated or required, or are authorized or directed in the Corporation's Certificate of Incorporation or Bylaws, as same may be amended from time to time.

3.03. Entrance and Street Improvements, Signage, Lighting and Landscaping.

(a) The Corporation shall maintain and repair, as necessary or advisable, all improvements, signs, signage lighting and landscaping at the entrances for Reserve at Pilottown, upon or within any open space, upon or within any drainage easements and, upon or within those portions of the street rights-of-way which do not serve as frontage for one or more residential lots. The Corporation shall keep all such improvements, lights, signs, lawns, landscaped areas, and plant material in a neat, trim and tidy condition, replacing as necessary from time to time any sod, shrubs or trees that die or are damaged; light bulbs that are burnt out or damaged, broken light globes, and any other damaged fixtures or materials. The Corporation's obligations shall not be diminished by the fact that such improvements, signage, lighting, landscaping or other items are within or upon lands dedicated to the City of Lewes for street or highway purposes.

(b) Each Lot Owner or occupant of a home in the Community shall, by receiving a deed thereto or by taking occupancy thereof, be deemed to have acknowledged and agreed that:

(i) the City of Lewes shall not have any responsibility to maintain, repair, replace, remove or relocate any of the improvements, signs, sign lighting or landscaping at the entrances to Reserve at Pilottown, within any street right-of-way or utility easements, including any of these items which may have to be relocated or removed by reason of any road or utility construction or repair performed by the City of Lewes or its Board of Public Works or to maintain, cut, trim, repair, replace, remove or relocate any signs, sign lights or landscaping;

(ii) no unauthorized structures (including mailboxes, rocks, basketball hoops, plantings and trees) shall be placed by any Lot Owner within any street right-of-way. Each Lot Owner shall, however, be responsible for cutting, pruning and maintaining all lawn areas, trees and any paving between the boundary lines of such Owner's Lot, and the adjacent street paving.

3.04. Architectural Review Committee. At such time as Declarant its successors and assigns no longer holds title to any Lots in the Community, or earlier if Declarant expressly so consents in writing, the Corporation may establish an Architectural Review Committee for the purpose of administering, properly revising if appropriate, and enforcing written Architectural and Lot Use Standards, with the advice as necessary from time to time of a licensed architect, rendered with a view towards maintaining the architectural integrity and harmony of the Community. The initial Architectural and Lot Use Standards as established by Declarant are appended hereto as Exhibit B. Any changes thereto proposed by the Architectural Review Committee shall be subject to and shall require approval of the Corporation's Board of Directors. Exceptions to Sections 1.03, 1.04, 1.05, 1.06, 1.07 and 1.09 of this Declaration may be allowed by the Committee in accordance with such Architectural and Lot Use Standards, upon written application to and written permission from the Architectural Review Committee. Each person making such application, and all other Lot Owners affected thereby, shall accept and be bound by the good faith decision of the Architectural Review Committee in granting or denying such

application, or in qualifying and limiting any permission granted, the same as if the Architectural Review Committee were an arbitration panel resolving a disagreement among the parties; provided, however, that if the Committee's decision has been made without consulting an independent licensed architect or goes against his or her recommendation, then the applicant or the Owner of an adjoining lot aggrieved by the Committee's decision shall have the right, which must be exercised within thirty (30) days after the Committee's decision was announced, to require that the matter be reviewed by an independent Delaware licensed architect hired by the Committee, at the aggrieved person's expense, to review the matter and to give his professional opinion thereon as the ultimate arbitrator thereof in which event his or her decision shall be accepted and followed by the Committee and the Owners. The Committee shall endeavor to let each applicant know within fifteen (15) days of receiving an application whether the application is incomplete or not in proper form for review by the Committee; and shall endeavor to inform the applicant within thirty (30) days of receiving a proper application whether the Committee has granted, withheld or conditioned its approval, and if approval has not been unconditionally granted, stating the reasons why.

3.05. Reliance on Architectural Control. Each Lot Owner, in accepting a deed to his or her Lot, is thereby deemed to have acknowledged and agreed that he or she, and every other Lot Owner, has acquired a Lot in the Community in reliance on the initial architectural control of Declarant and its registered architect or designated designer, and that no Lot Owner has a right to construct any improvements upon his or her Lot except in accordance with plans and specifications furnished or approved in writing by Declarant and Declarant's architect or designer. All homes constructed by or for Declarant and or its affiliates shall be deemed so approved. Declarant shall have the discretion but not the obligation to permit (i) modifications from previously approved plans and specifications, or (ii) construction of improvements based upon other plans and specifications if, but only if, same are approved by Declarant's architect or designer. The exercise of such discretion shall not be deemed to invalidate the force or effect of the general prohibition. Moreover, each Lot Owner shall further be deemed to have acknowledged and agreed that any amendments, additions or other changes in and to the Architectural and Lot Use Standards, including without limitation, those which permit exceptions to the limitations as contemplated in Sections 1.03, 1.04, 1.05, 1.06, 1.07 and 1.09 of this Declaration, shall have the same force and effect, as amended from time-to-time, as if they had been appended hereto and made a part hereof from the outset. If any court or other adjudicating authority shall determine that the right of the Declarant, its Architect or the Architectural Committee in its discretion to permit exceptions is invalid, or the exercise of such discretion in a way that disapproves or renders such right or exercise is invalid, such determination shall not invalidate the restrictions but shall affect only the manner in which such discretion may be or has been exercised.

3.06 Lot Owner Deposits. At the time of submitting plans for the construction of a house or any other material improvements on any Lot on which a residence has not been constructed, the Lot Owner (if not the Declarant or the Declarant's express designee) shall deposit with the Corporation the sum of \$2,500, for use as follows: \$500 shall be used to defray costs of any architect engaged by the Architectural Review Committee or Corporation in reviewing plans and/or applications of the Lot Owner and/or evaluating whether the improvements constructed on the Lot comply with all requirements; \$1,000 shall be used to

repair any damage to curbs, walks and other site improvements arising during the course of construction activities upon the Lot; and \$1,000 shall be used to correct any drainage problems arising from construction activities upon the Lot. Any shortage in one category may be met by any overage in another category. If the total Deposit is inadequate, the Lot Owner shall be responsible for the shortfall and shall pay same upon demand by the Corporation. Any undisbursed excess remaining after the expiration of one (1) year following issuance of a permanent certificate of occupancy shall be refunded to the Lot Owner. In the event that a Lot Owner later submits plans for additional construction, alterations, revisions or other improvements of a sort that requires architectural review or presents the potential for damage to site improvements or drainage problems, the Corporation may require an additional Deposit; however, the Corporation may in its discretion require less than \$2,500 where the application involves less than construction of a new home.

3.07. Community Rules and Regulations. The Board of Directors of the Corporation shall be authorized, by majority vote, to promulgate and to enforce by legal or equitable means, Community Rules and Regulations governing details of the appearance, use, maintenance and care of the Lots, homes, streets, open spaces, drainage areas and other improvements. Initial Community Rules and Regulations shall, until otherwise duly changed, be as shown on Exhibit C appended hereto.

3.08. Tenants and Leases. In the event that any dwelling is leased or rented to any third party by its Owner, such Owner shall promptly furnish a copy of the lease to the Corporation, and shall promptly furnish a copy of this Declaration and the Community Rules and Regulations to the tenant. If, during such tenancy, the dwelling is not being maintained to the highest standards elsewhere evident in the Community, or if this Declaration or the Community Rules and Regulations are being violated by the tenant, the Corporation shall have the right to so notify the tenant and the Owner in writing, by certified mail, return receipt requested, sent to their last known address. Thereafter, unless such lack of maintenance or tenant's violation has been rectified within fourteen (14) days and does not re-occur for at least ninety (90) days, the Corporation may, at the Owner's expense, accomplish such maintenance as it deems reasonably necessary to preserve the Community's highest standards of appearance and care, and/or terminate the lease and evict the tenant, as applicable. Each Owner shall be deemed to have irrevocably appointed the Corporation, as such Owner's attorney-in-fact, coupled with an interest, for this purpose. Any violation of this Declaration or the rules and regulations shall be deemed a breach of the lease and shall entitle the Corporation, as agent and attorney-in-fact for the Owner, to proceed accordingly against the tenant.

3.09. Limitations on Liability. Neither the Corporation, the Declarant, nor any of their respective Directors, officers, managers, agents and members shall have liability to any Lot Owner, tenant, occupant, invitee, lender or other person for any failure to perform any duty herein created, or for any negligent performance, nor shall the Corporation the Declarant, nor any of their respective Directors, officers, managers, agents and members have any liability for failure to enforce this Declaration, or for any other alleged negligent act or omission. Without limiting the foregoing, neither the Declarant nor the Corporation shall be liable for the failure of any services obtained by the Declarant or the Corporation or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements, the topography of the Property,

fallen trees, water which may leak or flow from any portion of the Common Area, or from any wire, pipe, drain, conduit or the like, or to any Owner or its invitees, grantees, successors or assigns for loss or damage, by theft or otherwise, of articles stored upon any Common Area. No diminution or abatement of assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Area, or from any action taken by the Declarant or the Corporation to comply with any of the provisions of this Declaration or applicable law, or with the order or directive of any municipal or other governmental authority.

IV. IN GENERAL

4.01. Declarant's General Rights to Amend. Notwithstanding any other provision in this Declaration to the contrary, Declarant hereby expressly reserves the right at any time and from time-to-time, without the consent of any other person so long as Declarant holds title to at least twenty-five percent (25%) of the Lots in the Community, and when the Declarant holds title to less than 25% of the Lots with the consent of the record Owners of fifty percent (50%) or more of the Lots in the Community (which may include the Declarant): (i) to waive, extinguish or reduce the requirements of all or any of the foregoing declarations, covenants, restrictions, conditions, agreements and/or provisions; provided, however, that any such waiver, extinguishment or reduction shall be applicable to all the Lots in the Community, and shall not modify or change the requirement that residential Lots in the Community be used only for residential purposes; (ii) to resubdivide the Community so as to change the size, number, configuration and/or location of the lots, streets, open spaces easements and/or common facilities, or otherwise amend the Plan, including but not limited to construction plans for site improvements and/or landscape plans (collectively, "Modification"); provided, however, that such Modification shall not change the size, shape or location of any Lot to which Declarant no longer holds record title, nor deprive any such Lot of access, drainage or utility services; nor increase the total aggregate number of building lots in Reserve at Pilottown. No Lot Owner shall seek to oppose or interfere with any such Modification, nor shall the holder of any contract to purchase a Lot or home in Reserve at Pilottown (including, without limitation, the Community) have the right to contend that any such Modification is prohibited or limited by, the terms of such contract.

4.02. Declarant's Specific Rights to Amend. Notwithstanding any other provision in this Declaration to the contrary, Declarant further hereby expressly reserves the right at any time and from time to time, without the consent of any Lot Owner whose property is located in the area outlined on Exhibit A hereto to amend this Declaration with respect to any Lots or other portions of Reserve at Pilottown which have been submitted to the terms of this Declaration as required by any governmental agency having authority, or by any title insurance company, or by HUD, FHA, FNMA, or other federally organized or regulated source of mortgage financing.

4.03 City of Lewes Approval. No amendment to the Declaration or to the certificate of incorporation or bylaws of the Maintenance Corporation shall be made, nor shall the Maintenance Corporation enter into any agreement which would have the effect of

terminating or diminishing the responsibility of the Maintenance Corporation to own, hold title to, retain possession of, maintain, operate, repair and replace any open space, common area or community facility, including without limitation, the stormwater drainage system for the Community, or would otherwise have the effect of increasing the City's responsibility, without the prior written consent of The City of Lewes, which may be withheld. The City shall be notified at least thirty (30) days in advance of any proposed amendment to the Declaration, Certificate of Incorporation, Bylaws or other matter that could possibly require the City's consent hereunder, and a copy of such proposal shall be sent in writing to the office of the City Manager and to the office of the City Solicitor.

4.04. Declarant's Rights to Waive or Exclude. Notwithstanding the foregoing provision or any other provision herein to the contrary, Declarant reserves the right to waive or modify any requirement as to any individual Lots necessary to avoid hardship resulting from unintentional noncompliance with this Declaration, provided the City of Lewes shall have granted a variance for such noncompliance if same also violates the applicable Zoning Code, Subdivision Code or any other regulation. Declarant also reserves the right to exclude any street, utility or common area or facility from further regulation hereunder, if and to the extent same in whole or in part are dedicated to and accepted by any governmental agency.

4.05. Real Covenants. This Declaration of Restrictions and all subsequent amendments and Modifications thereto and to the Plans shall be regarded as consisting of real covenants running with and binding upon the Lots in the Community as defined on the first page of this Declaration or any subsequent amendment hereto, and only with and upon, the aforesaid enumerated and identified Lots in the Community and such other streets and portions of the Community within or upon Reserve at Pilottown as Declarant may have expressly submitted to this Declaration. It shall not be binding upon or effective with respect to any Lots or portions of Reserve at Pilottown which have not been or which no longer remain submitted to this Declaration by Declarant. Except as otherwise specifically provided herein, the terms and provisions hereof shall be binding upon Declarant, its heirs, personal legal representatives, assigns and grantees (while it or they hold title to any such Lot) until the last day of December in the twentieth (20th) year from the year in which this Declaration has been executed, counting the year in which such execution occurred as the first year. Thereafter, this Declaration shall automatically continue in full and binding force and effect for successive ten (10) year periods, unless and until at least two (2) years before the last day of December in the twentieth year from execution hereof, or unless and until at least two (2) years before the expiration of any subsequent ten (10) year period, the Owners of sixty percent (60%) or more of the Lots shall (with the written consent of their respective mortgagees) execute and acknowledge a declaration or declarations releasing, at the end of such twenty (20) year or subsequent ten (10) year period or periods, all or any part of the land affected hereby from all or any of the provisions herein contained, and shall record such declaration or declarations in the aforesaid Office where this Declaration lies of record. In no event shall any such action taken, declaration or release be effective without the prior written consent of the City of Lewes, which may be withheld but only insofar as it does not provide for continued ownership, title to and possession of all common spaces, areas and facilities by the Corporation, and the ongoing maintenance, operation, repair and replacement thereof to the City's satisfaction, including without limitation, the storm water management system and facilities.

4.06. Interpretation. This Declaration shall be construed to effectuate its purposes under and in accordance with the laws of the State of Delaware; but the invalidation of any part or portion hereof shall in no way effect or invalidate the remaining parts or portions. In no event shall any provision be construed more strongly against or less strongly in favor of Declarant as the author hereof. The singular and the plural, the masculine, feminine and neuter, and the tense of verbs shall be interchangeable as the context may require. No portion of this Declaration shall be deemed waived, abandoned, or modified by course of conduct or failure to enforce the terms hereof. Whenever the prior written consent, approval or other action by Declarant, the Corporation or any other party is required, such consent, approval or action may be withheld in the sole discretion of the party from whom it is sought.

4.07. Assignment of Rights. Declarant shall have the right, power and authority at any time and from time-to-time, without notice to, action by, or consent of any other Lot Owner or Lot Owners or other persons or entities, to assign temporarily or permanently all or any part of its rights, powers, privileges and authorities hereunder to the Corporation and/or to any other party or parties by written document specifically reciting the intent so to assign which shall be executed and acknowledged by such other party or parties, and recorded in the aforesaid Office where this Declaration lies recorded. In no event shall Declarant's conveyance of any Lot be deemed to constitute any such assignment, but such assignment must be by a separate instrument to be effective. The term "Declarant" shall also mean and include, whenever appropriate, any company, firm, person or any other entity performing development or construction work to or on any Lot or in the Community at the direction of, or pursuant to contract with, the Declarant if Declarant determines that the benefit of this Declaration should extend to such company, firm, person or entity. Said determination by Declarant may be made before or after the fact, but must be confirmed in writing. Without limiting the foregoing, Declarant hereby assigns (which assignment may at any time be revoked by Declarant's recordation of an instrument of revocation in the Office of the Recorder of Deed in and for Sussex County) all of Declarant's further rights and powers hereunder to Blenheim Management Company, a Delaware corporation, or such other entity or entities as Declarant may designate from time to time in writing (herein sometimes called "Designee"), and Declarant shall have absolutely no liability or obligation to any Lot owner or other person or entity for (i) any act or omission of Designee in exercising or failing to exercise its assigned rights and powers hereunder, or (ii) any act or omission of Declarant in making, enforcing or failing to enforce this Declaration or the assignment to Designee. Any such assignment may be revoked in whole or in part at any time and from time to time by Declarant, or rejected and terminated by a Designee, upon notice to the Corporation.

4.08. Exceptions for Declarant. Notwithstanding any other provision in this Declaration to the contrary, no restriction, limitation, covenant or other provision in this Declaration or in the attached Community Rules and Regulations and the Architectural and Lot Standards, or promulgated pursuant hereto, shall be so applied, construed or enforced as to limit, impede or interfere with the construction and sale of homes in the Community by or for Declarant or any of its affiliates. Without limiting the foregoing, the presence of construction vehicles, materials, equipment, trailers, portable toilets and temporary sheds, the existence of noise, dust, dirt and other inconveniences of construction, the pursuit of construction and sales

activities utilizing on-site sales offices and signs, and the showing for sale and/or temporary rental of homes, shall not be deemed violative of this Declaration.

4.09. Equitable Enforcement. Each Lot Owner, by accepting a deed to his or her Lot, and each occupant of any Lot or dwelling thereon, is thereby deemed to have agreed that breach of this Declaration (other than by Declarant for construction purposes as permitted above) will result in irreparable harm to the other Lot Owners, may be enjoined, that specific performance hereof may be awarded, and that any Lot Owner (other than Declarant and Builder) found to have breached this Declaration may be held liable for attorney's fees and court costs incurred in its enforcement. Each Lot Owner further empowers the Corporation, as agent for all Lot Owners, to bring any action to enforce this Declaration.

IN WITNESS WHEREOF, the Declarant has executed this Instrument the day and year first above written.

WITNESS:

Pilottown Road, L.L.C.

Tina M. Carlton

By: Jay N. Sonecha
Authorized Member

STATE OF DELAWARE)
 : SS.
NEW CASTLE COUNTY)

BE IT REMEMBERED, that on this 5th day of August, 2004, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, JAY N. SONECHA, Authorized Member of Pilottown Road, L.L.C., a Delaware limited liability company, party to this Indenture, personally known to me as such, and acknowledged this Indenture to be his act and deed and the act and deed of said limited liability company.

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

Tina M. Carlton
Notary Public

TINA M. CARLTON
NOTARY PUBLIC
STATE OF DELAWARE
My Commission Expires Oct. 10, 2005

