

This proposal to revise a single Article of the Quillen's Point Covenants was drafted by a committee¹ of QP owners, including three members of the Board of Directors, over a period of more than ten months, with advice from two experienced local attorneys. It conforms to current Delaware laws; indeed it incorporates specific language from applicable laws.

The text of this proposed amendment has undergone final legal review by Delaware attorney Chad Toms, and was unanimously endorsed by the QPHA Board of Directors on July 23, 2022. The Board plans to submit this proposal to the community for a vote in early 2023.

ARTICLE V

COVENANT FOR MAINTENANCE, IMPROVEMENTS, REPAIR AND REPLACEMENT

ASSESSMENTS

Section 1. Creation of Lien and Owner's personal obligation for Assessments

Each Owner of any lot, by acceptance of a deed or other transfer document therefor, whether or not it shall be expressly established in such Deed or other transfer document, hereby covenants and agrees to pay the Association:

- (a) **Annual Assessments**;
- (b) **Special Assessments**; and
- (c) **Marina User Assessments** as are provided for in Section 3 hereof.

The **Annual**, **Special** and **Marina User** assessments, together with interest, costs and reasonable attorney's fees for the collection thereof, shall be a charge on the land, and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees for the collection thereof, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. A personal obligation for delinquent assessments shall not pass to the Owner's successor in title (other than as a lien on the land) unless expressly assumed by them.

Both Annual and Special Assessments shall be fixed at a uniform rate, equal for each lot.

¹ Members of the committee were (alphabetically): Ralph Begleiter, David Green, Ann Mellish, James Rich and John Szczur. In June, 2022, Ferne Cooper and Peter Hoffberger were appointed to the committee, Ann Mellish left the committee to assume other duties.

Section 2. Purposes of Assessments**(a) Purpose of Annual and Special Assessments**

The Annual and Special Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Owners, and particularly for the maintenance, improvement, repair and replacement of the Common Areas located within the Property, and for services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas. The purpose of these Assessments shall also include, but not be limited to, the payment of taxes and insurance thereon, and for operating reserve funds and reserve funds for maintenance, improvement, repair and replacement of the Common Areas and the facilities thereon.

(b) Purpose of Marina User Assessments

The Marina User Assessments levied by the Association shall be used exclusively for the purpose of the maintenance, improvement, repair and replacement of the marina located upon or adjoining the waterfront recreation area shown on the recorded plot. The Marina User Assessments shall only be charged to the Owners who have been granted the use of a boat slip within the marina by the Association. The Marina User Assessments established by the Association shall be calculated to defray the cost of maintenance, improvement, repair and replacement of the marina.

Section 3. Establishment of Assessments**(a) Establishment of Annual Assessments**

Each Owner shall be subject to an Annual Assessment to be paid to the Association. In order to determine the amount of the Annual Assessment, the Association Board shall, at least annually, prepare a proposed budget for the Association. The proposed budget shall include one or more line items for any reserves proposed by the Board, such as an operating reserve and/or a repair and replacement reserve. Within 30 days after adoption of any proposed budget, the Association Board shall provide to all Owners a summary of the budget, including any reserves, and a statement of the basis on which any reserves are calculated and funded. The summary shall also include a clear statement of Assessments required to fund the budget. Simultaneously, the Association Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 60 days after providing the summary. Unless at that meeting a majority of all Owners, voting in person or by proxy in accordance with procedures established in the By-laws, reject the budget, the budget is ratified, whether or not a quorum is present. If a proposed periodic budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Association Board.

(b) Establishment of Special Assessments**(i) Special Assessments to Fund Supplemental Budget Items**

In addition to adoption of its regular periodic budget, the Association Board may at any time propose a supplemental budget which would require a Special Assessment against all the Owners. Except as provided in Subsection (ii) of this Section, any Special Assessment is effective only if the Association Board follows the same procedures as required for ratification of a budget as described in Subsection (a) of this Section.

(ii) Special Assessments for Emergency Expenditures

If the Association Board determines by unanimous vote of the Board that a Special Assessment is necessary in order to respond to an emergency, then: (A) the Special Assessment shall become effective immediately in accordance with the terms of the vote; (B) informational notice of the Emergency Assessment shall be promptly provided to all lot Owners; and (C) the Association Board shall spend the Emergency Assessment funds solely for the purposes described in the vote of the Board. For the purposes of this section, "emergency" expenses shall not include anticipated, predictable, or recurring expenses.

(c) Establishment of the Marina User Assessments

In addition to the Annual Assessment and Special Assessments, the Association Board shall establish a Marina User Assessment to be paid by any Owner who has been granted use of a particular boat slip in the marina located in the waterfront recreation area as shown on the recorded plat.

Section 4. Scheduling of Assessments**(a) Scheduling of Annual Assessments**

Annual Assessments shall be due and payable annually on January 1, but no sooner than sixty (60) days after they have been fixed and levied by way of ratification of the budget. It shall be the duty of the Association to notify all Owners whose addresses are listed with the Association within thirty (30) days after the Assessment has been fixed or levied giving the amount of the charge of the Assessment for the year, when it is due, and the amount due on each lot or parcel of land owned by each such Owner. Failure of the Association to levy the Assessment or charge for any one year shall not affect the right of the Association to do so for any subsequent year.

(b) Scheduling of Special Assessments

The due date of any Special Assessment under Section 3(b) hereof, whether with regards to a supplemental budget or emergency need, shall be fixed in any resolution authorizing such Assessment.

(c) Scheduling of Marina User Assessments

The Marina User Assessment shall be billed annually and shall be payable according to regulations established by the Association Board.

Section 5. Effect of Nonpayment of Assessments

If any Assessment is not paid on the date when due then such Assessment shall be deemed delinquent and shall together with such interest thereon and cost of collection, including reasonable attorney's fees, thereof as hereinafter provided, continue as a lien on the Lot and any structure built thereon which shall bind such Lot in the hands of the then Owner, their heirs, devisees, personal representatives, successors and assigns. In addition to such lien rights, the personal obligation of the then Owner to pay such Assessment, however, shall remain their personal obligation and shall not pass to their successors in title (other than as a lien on the land) unless expressly assumed by them.

If the Assessment is not paid within thirty (30) days after the due date (defined as the date of delinquency), the Board may assess a late fee, in an amount to be determined by the Board, for each month that any assessment is delinquent. The Board may consider appeals with respect to such late fees. The Association may also bring legal action against the Owner who is delinquent in payment, or may enforce or foreclose the lien against the lot. All costs of collection, including attorney fees and court costs, shall be due from the owner, regardless of whether legal action is initiated or concluded. No Owner of a lot may waive or otherwise escape liability for the Assessment by nonuse of the Common Areas or abandonment of their lot.

Section 6. Subordination of the Lien to the First Mortgage

The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage on the Lot. Sale or transfer of any Lot shall not affect the Assessment lien. No sale or transfer shall relieve such lot from liability for any Assessments thereafter becoming due or from the lien thereof.

Section 7. Exceptions to Assessments

The following property subject to this Declaration shall be exempted from the Assessments, charges and liens created herein:

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