

Prep. by & return to:

Zoar Estates, LLC

17252 North Village Main Blvd.

Suite 13

Lewes, DE 19958

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BK03518 PG00226

Tax map No.: 2-34-15.00-7.00

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
ZOAR ESTATES**

This declaration is made and executed this 2nd day of NOVEMBER, 2007,
by Zoar Estates LLC (hereinafter referred to as the "Developer").

WITNESSETH

WHEREAS, the Developer is the fee simple owner of certain real property located in Indian River Hundred, Sussex County, Delaware as set forth in Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Property"), and desires to develop therein a residential community; and

WHEREAS, the Developer desires to provide for the preservation of the values and amenities in said community and for the maintenance of said common lands and facilities and to this end desires to subject the Property to the covenants, restrictions, easements, charges and liens (hereinafter referred to collectively as the "Restrictions"), as hereinafter set forth, for the benefit of the Property and each owner thereof; and

WHEREAS, the Developer deems it desirable for the efficient preservation of values and amenities in said community to create an entity to which will be delegated and assigned the powers of maintaining and administering the community facilities, common lands and recreational amenities, and administering and enforcing the covenants and restrictions and levying, collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, the Developer will cause a nonprofit corporation, known as the Zoar Estates Homeowners Association, Inc., to be incorporated under the laws of the State of Delaware for the purpose of exercising the functions aforesaid.

NOW THEREFORE, the Developer hereby declares that the following Restrictions shall run with, burden and bind the Property, and the Developer hereby declares the Property is and shall be held, transferred, sold, conveyed, occupied and used

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subject of the restrictions hereinafter set forth and during the period of time hereinafter set forth; and subject to all easements, rights of way and restrictions previously placed upon the Property as recorded in the Office of the Recorder of Deeds in and for Sussex County by the Developer, or its predecessors in title.

ARTICLE I

Definitions

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

- A. **"Association"** shall mean and refer to the Zoar Estates Homeowners Association, Inc., or such other nonprofit corporation as the Developer shall form, its successors and assigns.
- B. **"Common Areas"** shall mean and refer to those areas of land designated on the Record Plot and incorporated herein by reference. The Common Areas shall be designated as Common Areas (including but not limited to, all private streets and entrance, whether within or adjacent to the Property and all areas for storm water management, erosion and sediment control as shown on the Record plot). All Common Areas are intended to be devoted to the common use and enjoyment of the members of the Association, as herein defined, and are not dedicated for use by the general public. All Common Areas shall be subject to the restrictions created herein, and shall be subject to all restrictions, easements and rights-if-way previously granted by the Developer or its predecessors in title.
- C. **"Developer"** shall mean and refer to Zoar Estates LLC and its successors and assigns.
- D. **"Lot"** shall mean and refer to any unimproved or improved plot of land intended and subdivided for a detached single unit residence, shown upon the Record Plot as numbered parcel, but shall not include the "Common Areas" as hereinabove defined.
- E. **"Member"** shall mean and refer to all those Owners who are members of the Association as provided in Article II, Section 1 of this Declaration.

- F. "Mortgage" shall mean and refer to any mortgage, deed of trust, or similar instrument granted as security for the performance of any obligation.
- G. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, holding a fee simple title to any Lot, but shall not mean or refer to any mortgagee or subsequent holder or a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.
- H. "Record Plot" shall mean the plot of record in the Office of the Recorder of Deeds, in and for Sussex County, recorded in Plot Book ____ at Pages ____ and any amendment thereto approved by the Planning and Zoning Commission of Sussex County, and endorsed as an amendment by the Developer.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot, which is subject to assessment or shall be eligible for a later assessment shall be a Member of the Association provided, however, that any such person or entity who holds such interest merely as security for performance of an obligation shall not be a Member, unless and until such person or entity has succeeded to such Owner's interest by enforcement of such security interest. Membership shall be appurtenant to and may not be separated from the ownership of any Lot, which is subject to assessment. Provided, however, that the Developer shall be considered an Owner of each Lot held by it whether such Lot or Lots are or are not subject to assessment.

Section 2. The Association shall have one class of voting membership. A member shall be entitled to one (1) vote for each Lot. 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.

Section 3. The Developer shall establish the Association by the filing of a Certificate of Incorporation of the Association when the Developer, in its sole discretion, deems the creation of such Association appropriate.

ARTICLE III

PROPERTY SUBJECT TO DECLARATION

Section 1. Property. The real property subject to this Declaration is all that property located in Indian River Hundred, Sussex County, Delaware as shown on the Record Plot, and as described in Exhibit "A," and this Declaration and the lands subject to this Declaration shall also be subject to restrictions, easements or rights of way previously granted by the Developer, or its predecessors in title as recorded in the Office of the Recorder of Deeds, in and for Sussex County, or as such land has been duly dedicated to any public authority.

ARTICLE IV

PROPERTY RIGHTS IN THE GENERAL COMMON AREAS

Section 1. Owners' Easement of Enjoyment. Subject to the provisions of Section 3, of Article IV, every owner shall have a right of easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and shall pass with the title of every lot.

Section 2. Title to Common Areas. The Developer shall convey legal title in the Common Areas to the Association, but it may retain legal title to the Common Areas until such time as the Developer has completed improvements thereon, and until such a time as, in the opinion of the Developer, the Association shall be able to maintain the same, but, notwithstanding any other provision herein, the Developer hereby covenants for itself, its successors and assigns, that it shall convey all its right, title and interest in the Common Areas to the Association, free and clear of all liens, but subject to all previous restrictions of record and this Declaration.

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

- (A). The right of the Association, in accordance with its Certificate of Incorporation and By-Laws, to borrow money for the purpose of improving the

Common Areas and in aid thereof to mortgage the properties, except the roads as shown on the Record Plot, and the rights of such mortgagee in the property shall be subordinate to the rights of the Owners hereunder, provided, however, that no such borrowing or mortgaging shall be made unless approved by the vote of two-thirds (2/3) of the eligible votes at a meeting duly called for such purpose.

(B). The right of the Association to take such steps as are reasonably necessary to protect the above described properties against foreclosure.

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

(D) The rights of the Association to dedicate or transfer all or any part of its interest in the Common Areas (subject to easements created hereunder, or previously created of record) to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer or determination as to purpose or as to the conditions thereof, shall be effective unless an instrument of consent signed by the Members entitled to cast two-thirds (2/3) of the votes has been recorded.

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

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

(G). The right of the Association, by and through its Board of Directors, to levy a reasonable liquidated damage assessment in an amount to be determined by the Association's Board of Directors after a hearing, against an Owner for violation of this Declaration of Covenants, Conditions and Restrictions, duly

adopted By-Laws, Architectural Guidelines, or any duly adopted rules and regulations by the Owner, members of the Owner's household, or the guest, invitees, tenants, agents or employees of the Owner. The liquidated damage assessment will be imposed at a hearing held no sooner than ten (10) days after the Association provides written notice of the violation of the Owner and informs the Owner of a date, time and place for the Owner to appear for a hearing before the Board of Directors, or its designated committee, to determine the reasonable liquidated damage assessment or a method of cure, at which hearing the notice Owner shall have an opportunity to appear and fully participate, together with counsel. After the hearing and if a liquidated damage assessment is imposed, the liquidated damage assessment so imposed shall be an assessment pursuant to Article V of this declaration and collection may be enforced in any manner permissible for collection of any assessment.

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

Section 5. Obligations of the Association. The Association shall:

- (a) Take title to, own, manage and maintain the Common Areas, particularly the roads, recreational areas, and areas for storm water management, erosion and sedimentation control.
- (b) Operate and maintain, for the use and benefit of all Members of the Association, all Common Areas and facilities and improvements developed thereon.
- (c) Operate and maintain all facilities and/or landscaping on all Common Areas.
- (d) Maintain and restrict the use or uses to be made on or to the Common Areas.

ARTICLE V

COVENANT FOR MAINTENANCE BY THE DEVELOPER

Section 1. Until the common areas are improved and transferred to the Association, title to the common areas shall be retained by the Developer. The Developer shall be entitled to utilize initial assessments at a fixed rate of Three Hundred Dollars (\$300.00) and annual assessments paid by lot owners at a fixed rate per annum of not less than Two Hundred Fifty Dollars (\$250.00) to defer maintenance expenses in the Common Areas until seventy-five (75%) percent of all lots in the recorded subdivision are sold to third party purchasers for value.

The Developer shall have one (1) vote for each lot to which he holds title. In the event that the actual maintenance of the Common Areas exceeds the expenses discharged by an annual assessment of Two Hundred Fifty Dollars (\$250.00) per year, per sold lot, then in that event, the Developer shall pay the excess maintenance requirements until seventy-five (75%) percent of the lots are sold. After 75% of the lots are sold, the Developer shall be under no obligation to contribute to common area maintenance expenses. Any capital improvements to Common Areas shall be made by the Developer at its expense until seventy-five (75%) percent of the lots are sold by the Developer to a third party purchaser for value.

ARTICLE VI

COVENANT FOR MAINTENANCE AND TO ACCEPT AND DISCHARGE
ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation of Assessments. The Developer, for itself and its successors and assigns, and for each Lot within the Property, hereby covenants, and each Owner of any Lot, by acceptance of a deed or other transfer document therefore, whether or not it shall be expressly established in such Deed or other transfer document, hereby covenants and agrees to pay the Association: (1) annual assessments or charges; (2) special assessments for capital improvements and operating repair and replacement, reserve funds; (3) liquidated damage assessments, if imposed, pursuant to the provisions of Article IV, Section 3 (g); and (4) an initial assessment in the

amount of Three Hundred Dollars (\$300.00) due upon the conveyance of any Lot from the Developer to a third party purchaser for value, such assessments to be fixed, established and collected as hereinafter provided. The annual, special assessment, liquidated damage assessment and initial assessment, together with interest and costs and reasonable attorney's fees, shall be a charge on the Lot, and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, cost, 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 was due. A personal obligation for delinquent assessment shall not pass to the Owner's successor in title (other than as a lien on the land), unless expressly assumed by them. No assessment shall be due from any Lots owned by the Developer until such Lot is sold and conveyed to a third party purchaser for value.

Section 2. Purpose of Assessments. Assessments levied by the Association shall be for the purpose of promoting the recreation, health, safety and welfare of the residents in the Property, or for the improvement and maintenance of the Common Areas of the Property, and for services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas, including, but not limited to, repair and replacement of the roads, the payment of taxes and insurance thereon, repair, replacement and additions thereto, for the cost of labor, equipment, materials, management and supervision thereof, or for operating reserve funds and reserve funds for repair and replacement of the Common Areas and the facilities thereon, or for a purpose of discharging a duty or obligation of the Association.

Section 3. Basis and Maximum Annual Assessment. Each respective Lot to be sold by the Developer, as conveyed by the Developer after the final date of transfer to any owner, shall thereafter be subject to assessments to be paid to the Association. The amount of such annual assessment shall be fixed annually at Two Hundred Fifty Dollars (\$250.00) per year until seventy-five (75%) of all lots in the Development are sold to third parties other than the Developer, or a successor Developer, and thereafter periodically as needs for annual assessments arise, as determined by the Association through the Board of Directors, and shall be charged or assessed in equal proportions against each Lot within the Property, except for assessments for liquidated damages. The

first assessment year shall be January 1, 2005, and the assessment rate for the first assessment year is set at Two Hundred Fifty Dollars (\$250.00), and thereafter each assessment shall be made for each subsequent calendar year commencing as of January 1 of each year. Each annual assessment shall be due and payable on or before thirty (30) days after it has been fixed and levied. It shall be the duty of the Association to notify all Owners, whose addresses are listed with said Association, within thirty (30) days after said annual assessment has been fixed or levied, giving the amount of the charge of the assessment for said year, when 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 for any one year shall not affect the right of the Association to do so for any subsequent year.

Section 4. Establishment of Annual Assessment Rate. The Board of Directors of the Association may, after seventy-five (75%) of all lots are transferred and sold to third parties other than the Developer, after consideration of current maintenance costs and future needs of the Association, fix the annual assessment in an amount deemed appropriate and may provide for the payment in monthly or quarterly installments; provided however, that if any periodic payment obligation is not paid on its due date, the full annual amount of the assessment shall be due.

Section 5. Initial Assessment. In addition to the annual assessment or other assessments, the Developer hereby establishes an initial assessment to be paid by the purchaser upon the conveyance of each Lot from the Developer to a third party purchaser for value; and the amount of such initial assessment is set at Three Hundred Dollars (\$300.00). The Developer may use that fund to pay the cost of any obligation to maintain the Common Areas pending transfer of the fund and the Common Areas to the Association.

Section 6. Special Assessment for Capital Improvements and Operating Reserve. In addition to the Annual Assessment authorized by Section 3 hereof, the Association may levy in any assessment year a special assessment (which must be fixed at one uniform rate for each Lot) applicable to that year only, for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto, repair and replacement of the roads, and for operating

the Common Areas, for which a reserve fund does not exist or is not adequate. No assessment shall be due from any Lots owned by the Developer until such Lot is sold and conveyed to a third party purchaser for value.

Section 7. Liquidated Damage Assessments. The Board of Directors has the power and duty to impose liquidated damage assessments for violations of these Restrictions and/or By-Laws or Rules of the Association. Such assessment shall be imposed at a hearing conducted in the manner set forth in Article IV, Section 3 (g).

Section 8. Date of Commencement Assessment: Due Date. The annual assessments as to any Lot shall commence on the conveyance of such Lot, prorated for the remaining portion of said year, providing such conveyance is after January 1, 2005. The due date of any special assessment under Section 6 hereof shall be fixed in any resolution authorizing such assessment. The due date of any liquidated damage assessment shall be established at the hearing by the Board of Directors or its designated committee in establishing the liquidated damage assessment.

Section 9. Effect of Nonpayment of Assessment. The Personal Obligation of the Owner; the Lien; Remedies of the Association. If any Assessment is not paid on the date when stated to be due in the notice of assessment, then the Assessment shall be deemed delinquent, and if the delinquent payment is a periodic payment (i.e.; monthly, quarterly, etc.), the entire assessment shall be delinquent, and shall, together with such interest thereon and cost of collection thereof, including reasonable attorney's fees, 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 Owner, his heirs, devisees, personal representatives, successors and assigns. In addition to such lien rights, the obligation of the assessment shall be a personal obligation of the then Owner to pay such Assessment, however, the personal obligation shall not pass to his 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 delinquency, the Assessment shall bear interest from the date of delinquency at the rate of the legal interest rate authorized by 6 Del. c. §2301 as amended and the Association may bring legal action against the Owner personally obligated to pay the same or may enforce or foreclose the lien against the Lot; and in the event a judgment is obtained, such judgment shall include interest on the Assessment from its due date and

reasonable attorney's fees to be fixed by the Court, together with the costs of collection. No Owner of a Lot may waive or otherwise escape liability for an Assessment of his or its Lot. The Association reserves the right to suspend the enjoyment rights of any Member in any easement or Common Area for the period during which any assessment against such Member remains unpaid.

Section 10. 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. However, sale or transfer of any Lot by foreclosure of any first mortgage or any proceedings in lieu thereof shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. 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;
- (b) All Common Areas; and
- (c) All Lots owned by the Developer and not sold or leased by the Developer to third persons.

ARTICLE VII

RESTRICTIVE AND PROTECTIVE COVENANTS

Section 1.

A). Utility Easements. The Developer, its successors and assigns, and the Association hereby reserve the right to grant easements over, under, on and through the Common Areas, all roads, and the designated areas of the Lots as shown on the Record Plot for the installation, construction, reconstruction, relocation, removal, maintenance, repair, operation, inspection of sewer, water, drainage, electric, gas, television, telephone, and cable telephone and television facilities and wires, lines, conduits and other necessary

and proper attachments in connection therewith for the benefit of the property, the Developer, and federal, state, or local authority, commission or agency having jurisdiction thereover or any corporation, either public, quasi public or private, supplying or serving such facilities.

B). The Developer reserves unto itself, its successors and assigns, a ten foot (10') drainage and/or utility easement from the right-of-way in the front yard and/or rear yard of all Lots and centered on all side and rear Lot lines. Developer further reserves a ten-foot (10') drainage and/or utility easement along the interior side of all perimeter boundary lines.

Section 2. Utility Easements. Prior Restrictions. The property is subject to all those prior easements, rights of way and restrictions placed upon the property by the Developer's predecessors in title as such be recorded among the land records in the Office of the Recorder of Deeds in and for Sussex County.

Section 3. Restrictions Against Business Use and Use Before Completion. No lot shall be used except for residential purposes and the use or occupancy of any lot or improvement thereon for any trade, business or commercial purpose is hereby excluded and prohibited, except for (i) the Developer's activity to develop or sell lots in the subdivision, (ii) the conduct by the Developer or the Homeowners Association of business or operation of amenities, which are limited to the use of the owners of lots in the subdivision or their guests and not available to the general public, (iii) the purchase of any lot for speculation or construction of residential improvements thereon for re-sale, provided that the improvements so constructed may be occupied for residential purposes only, and (iv) the conduct of business activities from a residence by mail, phone or electronic media. Other Home Occupations as defined by the Sussex County Zoning Code are not permitted. No one shall reside on any Lot, casually, temporarily or permanently except in a dwelling house completed according to the plans and specifications approved as hereinafter provided.

Section 4. Limit of House Type. Construction shall be limited to "stick built" improvements and modular homes that meet the Zoar Estates Architectural Review Committee (ARC) requirement and standards. Specifically prohibited shall be any mobile home or manufactured home. This restriction shall not prohibit the manufacture off site of structural frames and roof membranes. All lots shall be residential lots and no building shall be erected, placed or permitted to remain on any residential building lot in Zoar Estates, other than one detached single family dwelling, which may include an attached garage (hereinafter sometimes referred to as the main dwelling), not to exceed two stories in height and one (1) accessory building. The use of any such main dwelling or accessory building shall not include any activity normally conducted as a business. Such accessory buildings may be used only in connection with the main dwelling and may not serve as a residence, temporarily or permanently. Notwithstanding the above restrictions, boat trailers for boats less than 30 feet long shall be permitted, provided that they are located in the driveway behind the rear line of the main dwelling.

Section 5. Architectural Review Committee, Approval of Building Plans.

A). In order to insure the development and maintenance of Zoar Estates as a residential development of high standards, there shall be at least two (2) but no more than three (3) member Zoar Estates Architectural Review Committee (ARC). The initial members shall be appointed by the Developer and shall serve until such time as their successors are designated by the Association, but in no event before seventy-five (75%) of the Lots are transferred by the Developer. The ARC is vested with the power to control all buildings, structures, improvements and landscaping to be placed upon any Lot within Zoar Estates. The ARC may retain an architect to assist the Committee in its responsibilities.

B). No building, structure, fence, wall or other erection shall be commenced, erected, maintained, or used, nor shall any addition to or change or alterations therein, or in the use thereof, be made upon any of the Lots which are the subject matter of the Restrictive Covenants, no matter for what purpose or use, until

complete and comprehensive plans and specifications showing the nature, kind, shape, height, materials, floor plans, exterior architectural scheme, location and frontage on the Lot, the grading and landscaping of the Lot to be built upon or improved, the location of the driveway and the type of driveway material, which shall be either hot-mix asphalt or concrete, and such other required information shall be submitted to and approved in writing by ARC or its successors. The plans shall be submitted to ARC for approval along with a check in the amount of One Hundred Twenty-Five Dollars (\$125.00) payable to the said Association as a review fee. A copy of all such plans and specifications, finally approved as foreshaid, shall be lodged permanently with the said Committee, or its successors; PROVIDED, HOWEVER, that nothing herein shall require the aforesaid approval as to interior decorations, alterations or changes.

C). The ARC, or its successors shall have the right to refuse to approve any such plans or specifications, grading or landscaping plans or changes, which are not suitable or desirable in the sole discretion of the ARC, or its successors, for purely aesthetic or other reasons; and in passing on such plans, the ARC shall take into consideration the suitability of the proposed building or other improvements or erections and/or the materials of which the building or other improvements or erections are to be built, and the site upon which it is proposed to be built, the harmony thereof with the surrounding, and the affect of such improvements, additions, alterations or changes used, as planned, on the adjacent or neighboring property, and any and all factors which in its opinion, would affect the desirability or suitability of such proposed improvements, erections, alterations or changes.

D). In addition to the powers stated above, the ARC shall administer and enforce ZOAR ESTATES ARCHITECTURAL GUIDELINES which is a document containing information regarding design requirements. A copy of the Zoar Estates Architectural Guidelines is attached hereto as Exhibit B and incorporated herein by reference. Each Lot purchaser shall receive a copy of the Zoar Estates Architectural Guidelines at the time of purchase and agrees to be bound by said standards and any changes thereto. Developer may amend or modify the Zoar Estates Architectural

Guidelines in its sole discretion, at any time, up until it establishes the Association pursuant to Article II, Section 3 of this Declaration. After the Developer establishes the Association, the Zoar Estates Architectural Guidelines may be amended or modified by a vote of two-thirds (2/3) of the eligible votes of the membership. Any amendments or modifications of the Standards shall be sent to each Lot Owner within thirty days (30) of its approval.

E). Zoar Estates, the Association, and the Developer shall have the right to enforce the provisions of this section and the requirements of the Zoar Estates Architectural Guidelines against any person or persons violating or attempting to violate said requirements by appropriate legal action.

Section 6. Resubdivision. No Lot shall be re-subdivided, sold or otherwise alienated in a lesser or smaller parcel.

Section 7. Sanitation and Water. No individual water wells shall be allowed within the subdivision, if the subdivision is served by a central water system. Until such time as the community is served by a central water system, individual wells shall be allowed.

In the event a centralized sewer system becomes available, all Lots shall connect to the central sewer system. Pending development of a central sewer system, if available, each Lot shall obtain a permit for an on-site wastewater disposal system approved by the Department of Natural Resources and Environmental Control.

The ARC shall approve the location and, subject to regulations of the Delaware Department of Natural Resources and Environmental Control, the design of all septic systems on all lots in Zoar Estates, which approval shall be evidenced by a writing signed by a member of the ARC after the submission to the ARC of a site plan which shows the location of the proposed septic system, together with copies of all necessary governmental permits. In the event that the "as build" septic system shall be built and located contrary to the site plan as submitted and as approved and shall, in the opinion of the ARC, disclose a potential for polluting or being polluted by a neighboring system or systems, whether or not said neighboring system or systems be then built, the said "as

built" system shall be moved or reconstructed as directed by the ARC at the expense of said lot owner.

This paragraph shall also be applicable to any extension or modification of any septic system or systems existing as of the date of the signing of this Declaration of Restrictions as well as to any new system or systems on a lot with a system existing as of this date.

All septic systems shall be properly maintained and septic tanks shall be cleaned and/or pumped when necessary. Declarant and/or the Association shall have the right to enforce the maintenance and repair of septic systems and shall have the further right to enter upon any lot or lots and clean and pump the said septic systems, all at the expense of the owner of said lot or lots which cost shall be assessed as a special assessment.

Section 8. Signs and Advertising Regulated. No signs, notice or advertising matter of any structure and description shall be erected, used or permitted upon any of the Lots, except after securing the written permission of the Developer and/or the Association or its successors or assigns, except for signs of the Developer or its agents regarding sale of Lots.

Section 9. Setback Restrictions-Height Limitation.

- A). No building or improvement, of any kind, including accessory buildings shall be erected on any Lot, nearer than forty feet (30') to the front Lot line.
- B). Each side yard setback line of any Lot shall be fifteen feet (15') from the respective side of such Lot.
- C). In the case of a single ownership of more than one Lot which are contiguous, the foregoing side set back lines shall apply to the parcel owned as whole, if the Owner or occupier thereof makes use of the same thereof as a whole.
- D). No main building or accessory building shall be erected on any Lot nearer than twenty feet (20') to the rear line.
- E). The height of any main dwelling shall be as determined pursuant to the Sussex County Comprehensive Zoning Ordinance. No accessory building shall be erected at a height greater than eighteen feet (18').

Section 10. Garbage Receptacles. Each Lot shall provide receptacles for garbage in a screened area not generally visible from any interior road.

Section 11. Storage Receptacles. No fuel tanks or similar storage receptacles may be exposed to views; but some may be installed within the main dwelling, or within an accessory building or buried underground or properly screened from view, in accordance with Zoar Estates Architectural Standards.

Section 12. Construction and Demolition. Once construction or demolition of any building has been commenced on any Lot, such construction or demolition shall proceed without delay until the same is completed, including the driveway, except where such completion is impossible or results in great hardship to the Owner or builder due to the strikes, fires, national emergencies or national calamities. Cessation of work upon construction or demolition of any building once started and before completed thereof for a continuous period of sixty (60) days shall be prima facie evidence of an attempt to be a public nuisance. In the event construction plans have been approved pursuant to Section 5, construction must commence pursuant to said approved plans within one (1) year of the date of approval. Failure to commence construction within one (1) year of the date of approval of plans will void the approval.

Section 13. Fences. No fence whatsoever shall be erected or allowed to remain on any Lot, except as provided in the Zoar Estates Architectural Standards.

Section 14. Nuisance. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly, or unkempt conditions of buildings or grounds upon a Lot, which shall tend to substantially decrease the beauty of the Property as a whole, or the beauty of the specific area. No noxious or offensive activity shall be permitted upon any Lot nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance of the property. There shall not be maintained upon any Lot any plant, animal, device or thing of any sort of the normal activities of which is any way noxious, dangerous, unsightly, unpleasant or of such a nature as may diminish or destroy the enjoyment of the Property. Specifically included under this section is the prohibition against any livestock being kept on any Lots. The

keeping of any non-domestic animals shall be deemed a nuisance per se under this section; but the keeping of domestic cats and dogs, or other traditional household pets, unless the activity of such pets is in any way noxious, dangerous, unsightly or unpleasant, shall not be prohibited under this section. No disabled vehicle will be allowed to remain in view as a nuisance, nor shall any unlicensed vehicle be allowed to remain more than a reasonable period of time, not to exceed 15 days. No trucks, campers, motor homes, dump trucks or vehicles in excess of 8,000 pounds gross volume weight shall be permitted on any Lot, roadway or Common Area, except in connection with the construction, maintenance and repair of residences and Common Area within the Property.

Section 15. Landscaping. No landscaping, shrubs or trees to be placed on any Lot in conjunction with the erection of any main dwelling shall be planted, until complete and comprehensive landscaping plans shall be submitted and approved in writing by the ARC. The land area not occupied by structures, hard surfacing, vehicular driveways or pedestrian paths shall be kept planted with grass, trees, shrubs or other ground covering or landscaping in conformance with the requirements set by the Zoar Estates Architectural Guidelines.

Section 16. Weeds. No noxious weeds, or accumulated trash of any kind shall be permitted to grow or be maintained upon any Lot by the owner or occupier thereof. The Association or its successors and assigns may first notify the Owner or occupier to cut and/or remove any such offending growth or trash within thirty (30) days from the giving of such notice. Any such notice must be in writing. If the Owner or occupier shall fail or neglect to comply with any such notice, then and in such an event, the Association or its successors shall be empowered to enter upon any such Lot, together with such assistance and equipment as may be required and thereupon to cut and/or remove the same, all without being deemed a trespass and all the expense of the Owner of the Lot. This covenant shall not be construed as an obligation on the part of the Association or its successors to provide garbage or trash removal services.

Section 17. Square Footage. The square footage of all improvements on any Lot shall be in accordance with the Zoar Estates Architectural Guidelines, but in no case shall the under roof heated interior space, exclusive of porches and decks, garage or similar non-year-round heated space, be less than one thousand six hundred (1,600) square feet for a one-story home and two thousand two hundred (2,200) square feet of finished living space on a two-story home.

Section 18. Driveways and Parking Spaces. Each Lot shall provide for outside parking for two (2) automobiles on site and off all roadways and a driveway, which shall be made of either concrete or "hot-mix" asphalt.

Section 19. Sales and Marketing. Notwithstanding anything herein to the contrary, the Developer, its successors and assigns shall be permitted to place and maintain a sales and marketing office on any on any Lot, including any recreational Lot or may use the structural facilities located on any recreational areas, including the exclusive use of the buildings, patio area and the parking spaces in connection with the sales and marketing. The Developer shall permit the reasonable use of the structural facilities located on any recreational area by Lot Owners which do not interfere with the Developer's sales and marketing activities provided that said determination shall be at the sole discretion of the Developer. The above use shall terminate when the Developer, in its sole discretion, so determines.

ARTICLE VIII

General Provisions

Section 1. Duration and Amendment. The restrictions of this Declaration run with and bind the Property and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, as the case may be, in perpetuity. Subject, however, to the provision that the Association or its successors, by and with the vote or written consent of seventy percent (70%) of the eligible votes of the membership, shall have the power to waive, abandon, terminate, modify, alter, change, amend, eliminate or add to these Restrictions and this Declaration at any time hereafter. Any such waiver,

abandonment, termination, modification, alteration, change, amendment, elimination or addition shall take effect when a copy thereof, executed and acknowledged by the Association or its successors in accord with the usual form of execution and acknowledgement of deeds, together with written consents of the requisite number of Owners, has been filed for record in the Office of the Recorder of Deeds, in and for Sussex County, and the same shall thereafter remain in effect in perpetuity unless otherwise provided.

Section 2. Remedies. The Developer, the Association, or any Owner, shall have the right to enforce this Declaration and the Restrictions contained herein by any proceeding at law or in equity, against any person or persons violating or attempting to violate any provisions of this Declaration or any Restrictions contained herein, to restrain violation, to require specific performance, and/or to recover damages; and to proceed against any Lot to enforce any lien created by these Restrictions. The expense and cost in enforcement by the Association shall be chargeable to the Owner of the Lot, including the costs of reasonable attorney's fees. In the event any legal action is taken by the Association, such fees, approved by a court of competent jurisdiction, shall constitute a lien on the Lot, collectible in the same manner as assessments hereunder.

Section 3. Assignability. The Developer, his successors and assigns, shall at all times have the right to fully transfer and assign any or all of its rights and powers under this Declaration, subject to the Developer's obligations hereunder.

Section 4. Nonwaiver. Failure of the Developer or any Owner, or their respective legal representatives, heirs, successors and assigns, to enforce any Restrictions contained in this Declaration shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to such violation or breach occurring prior to subsequent thereto.

Section 5. Construction and Interpretation. The Association to the extent provided herein, may adopt and promulgate reasonable rules and regulations regarding the administration, interpretation and the enforcement of the provisions of this Declaration and the Zoar Estates Architectural Guidelines incorporated herein by reference. In so adopting and promulgating such rules and regulations and in making any finding, determination, ruling or order or in carrying out any directive contained herein

relating to the issuance of permits, authorizations, approvals, rules or regulations, the Association shall take into consideration the best interest of the Owners to the end that the Property shall be preserved and maintained as a viable community.

Section 6. Severability. All the covenants, conditions, restrictions, and reservations contained in this Declaration are hereby declared to be severable, and a finding by any court of competent jurisdiction that any of them or any clause or phrase thereof is void, unlawful or unenforceable, shall not affect the validity or enforceability of any other covenants, conditions, restrictions, reservations or clause or phrase thereof.

Section 7. Non-liability. Nothing contained in this Declaration shall be construed in any manner as to impose upon the Association or the Developer, or their successors or assigns, any liability whatsoever for property damage and/or personal injury occurring to any person or persons whomsoever, or by reason of any use of any Common Areas, or roads, or adjacent waters, depicted on Exhibit "A" hereto. Any and all persons using roads, Common Areas, or any of them, shall do so at their own risk and without any liability whatsoever on the part of the Association, the Developer or their respective successors or assigns, as the case may be.

Section 8. Agricultural Uses Notice. This property is located in the vicinity of land used primarily for agricultural purposes on which normal agricultural uses and activities have been afforded the highest priority use status. It can be anticipated that such agricultural uses and activities may now or in the future involve noise, dust, manure and other odors, the use of agricultural chemicals and nighttime farm operations. The use and enjoyment of this property is expressly conditioned on acceptance of any annoyance or inconvenience which may result from such normal agricultural uses and activities.

IN WITNESS WHEREOF, the said Zoar Estates LLC has executed this Declaration of Covenants, Conditions and Restrictions, the day and year first above written.

ZOAR ESTATES LLC

James A. Yori
Witness

BY: [Signature]

STATE OF DELAWARE)
) SS.
COUNTY OF SUSSEX)

This instrument was acknowledged before me on
NOVEMBER 2, 2007, ~~2005~~, by ROBERT F. GRESS
_____, an authorized member of Zoar Estates LLC.

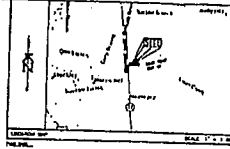
James A. Yori
Notary Public or Notarial Officer
My Commission Expires : N/A
James A. Yori
Attorney At Law
Notarial Authority
Per 29 Del C §4323 (A)(3)

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RECORD SUBDIVISION PLAT

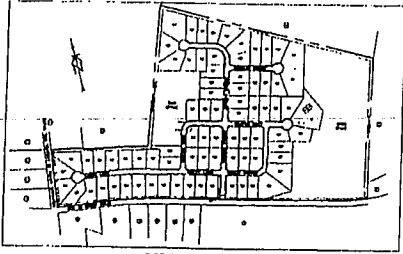
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PREPARED FOR
ZOAR ESTATES



LEGEND

Property Line	---
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Water	~~~~~
Proposed	---
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Survey	---
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SITE LOCATION PLAN
 SCALE: 1" = 200'

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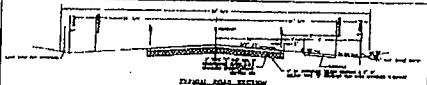
ABBREVIATIONS

AS - ...
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SITUATE IN
 INDIAN RIVER HUNDRED
 SUSSEX COUNTY*STATE OF DELAWARE



AERIAL PHOTO

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 [Name]
 [Title]

[Signature]
 [Name]
 [Title]

Meridian
 ARCHITECTS & ENGINEERS
 2045 BRIDGEMAN ROAD, WILTON, DELAWARE 19880
 (302) 481-1800 • FAX (302) 484-9124
 "HONESTY, INTEGRITY, RESPECT"

EXHIBIT B
ZOAR ESTATES ARCHITECTURAL GUIDELINES

The guidelines and project philosophy as set forth are meant to establish a level of aesthetics which will benefit the value of the individual homes and properties, and therefore the entire community. These standards will be the basis of the architectural review process. It is the stated goal to maintain this natural condition and to build on the remaining site in a way that results in a cohesive character with a strong sense of community identity. Each new house design, while maintaining its individuality, should recognize its important role of reinforcing the established character of the community.

The intent of these guidelines is to establish architectural guidelines that enhance and complement the natural setting, create a community that will increase in value over time and that promotes a favorable style of living. It is recommended that persons interested in building should obtain the services of an architect, landscape architect or other recognized professional design consultant.

LEGAL RESTRICTIONS

All construction shall conform to the codes and ordinances of Sussex County and the State of Delaware. This document, which will be made a part of the Declaration of Covenants, Conditions and Restrictions ("the Covenants"), is a legal agreement among all property owners in Zoar Estates. It provides for a community association and gives that Association certain powers. The Architectural Guidelines, by agreement, establish directives on the use and development of all property in Zoar Estates to protect the character and quality of the community for the benefit of the members.

One essential component of this agreement is the establishment of the Architectural Review Committee. This provision is made and described in the General Covenants. The Zoar Estates Architectural Review Committee ("ARC") is charged with responsibility of interpreting the intent of the Architectural Guidelines to promote, preserve, and protect the design and quality of Zoar Estates. For this purpose, these building standards and regulations have been established.

BUILDING STANDARDS AND REGULATIONS

1. All plans for main dwellings, garages and accessory buildings shall be approved by the ARC. New homes and home improvement applications require two (2) sets of the following site plans (showing location of the structure or addition with dimensions to property lines and to include landscape plans), floor plans, elevations, and a description of the exterior materials and colors. For additions, the plans and elevations should show both the existing structure and the new construction. The drawings should address as many of the Guidelines as possible.

Prior to construction on any lot, Developer/ Association must approve a valid site plan.

2. There shall be no more than one dwelling per lot as delineated on the Record Plan. The minimum size of each residential structure shall be 900 square feet of enclosed floor area exclusive of decks, stairs, porches, breezeways, carports, garages, terraces, and the like. If a two-story home is submitted, there must be a minimum of 1,400 square feet of finished living space on the both floors. Homes with identical front elevations will not be allowed on adjacent lots.
3. The minimum roof pitch shall be 7/12 for a main dwelling, including additions and garage. Exceptions to this rule may be granted by ARC for special uses, such as a front porch tying into an existing roof on Cape Cod style homes, two-story homes and multi-ridged ranchers. This exception will only be granted on a case-by-case basis.
4. All shingles shall be at least 25-year Architectural shingles.
5. Each residential structure, including the garage, shall have eave and gable overhangs of at least 12 inches.
6. The height of any main dwelling shall be as determined pursuant to the Sussex County comprehensive Zoning Board. No accessory building shall be erected at a height greater than 18'.
7. No front or rear primary exterior wall will be windowless.
8. All residential structures, including the garage, shall have white gutters and downspouts on the front and rear unless the roof is hipped, then on front, rear, and sides.
9. All residential structures shall have shutters on window board on all front windows, including any windows on the front of the garage.
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12. No more than one outbuilding (i.e. sheds), shall be placed on an individual lot. No small metal kit-type sheds are permitted. Outbuildings must have an exterior finish compatible with main dwelling.
13. All residential structures must have a masonry foundation at the perimeter of the base walls of the main dwelling. The masonry foundation must have a finish coating of stucco or parged surface, at a minimum, brick is an alternative acceptable finished surface of the exterior foundation. No exterior foundation shall be unfinished concrete block or cinder block.
14. All front steps must be of brick or concrete and attached to the house.
15. All rear steps must be of brick, concrete, or salt treated lumber; all steps must be attached to the house. Step railings must be white.
16. All decks and additions not supported by a block foundation must have white lattice screening (bordered) around the base of the enclosure. Deck posts and rails must be white. Composite posts and rails may be approved as a substitute.
17. Within six (6) months of the issuance date of the Certificate of Occupancy, the homeowner must improve the interior driveway with a surface treatment as approved by the ARC, which approval shall be issued in conjunction with approval of house plans. The completed driveway surface, i.e., asphalt or concrete, must be installed within six (6) months of the date of occupancy.
18. The minimum setback for building construction shall be forty (30') feet for the front, fifteen (15') feet for the sides, and thirty (20') feet for the rear.
19. Each lot is required to have a two thousand dollar (\$2,000) minimum landscaping plan which must be approved by the ARC and completed within six (6) months of the completion of any house constructed on the lot.
20. No fences whatsoever shall be erected or allowed to remain on any lot, except as approved by the ARC. Fences must be located in the backyard behind the rear line of the house and cover an area no more than three times the heated squared footage of the first floor of the house.
21. No swimming pools shall be erected without the approval of the ARC. The basic pool shall be an in ground pool with fencing in accordance with the County regulations.
22. The ARC shall approve all requests for modular homes. Modular homes have to meet all the requirements outlined by the ARC.
23. All electric panels, meters, phone, and cable will be located on the sides or rear of the garage or house only.

24. No access to any Lot is permitted until the ARC approves installation of a buried culvert pipe so as to not disturb drainage. Precautions must be taken, in the form of silt fencing or stone, at the sides of each culvert to prevent any erosion of fill material into swales. There shall be no access permitted from adjoining Lot or adjoining parties. Any damage caused to the roads, swales, or other properties, shall be at the expense of the home owner/lot owner. The home owner/lot owner is responsible to inform his/her contractors/visitor not to access the property.
25. Silt fence must be installed along front property line and any side and rear lines that abut to storm water swales and common area prior to construction. Owner/contractor must stake road side of lot and string "Do Not Enter" tape to prevent degradation of the road side swales. Any swale damage will have to be reported to Sussex County Erosion & Sediment Control Division for remedying and possible fines.
26. All dumpsters and portable toilets shall be permitted only while the home is under construction. All dumpsters and portable toilets shall be placed within the parameters of the lot where the home is being constructed. No dumpster or portable toilet is permitted in the streets, right of ways, or swales. Blowing debris will not be tolerated.
27. All lot owners shall cut lots monthly from May through October. Lots are to be cut out to the street.
28. All TV antennas and satellite dishes cannot exceed 24" in diameter, and must be located behind the main dwelling and away from view of street traffic.
29. All boats, trailers or motor vehicles shall be stored in the backyard, behind the rear line of the house.
30. No abandoned or untagged vehicles shall be permitted on the lot/property.
31. All screening for garbage receptacles and storage receptacles shall be of latticework or of the same siding of the house. The height of the screening shall not exceed five (5) feet unless approved by the ARC.
32. All fuel tanks must be buried or shielded from view.
33. Except during construction, no advertising/For Sale sign(s) may be placed on any property. Real Estate signs shall be exempt from this restriction.
34. It shall be the responsibility of each owner to prevent the development of any unclean, unsightly, and unkempt conditions of buildings or grounds upon a lot, which will tend to substantially decrease the attractiveness of these parcels. This includes regular grass cutting of lot out to development road. NO obnoxious or

offensive activity shall be permitted upon any parcel, nor shall anything be done which may cause embarrassment, discomfort, annoyance, or nuisance to owners of other lots or guests.

35. Once construction of any building has begun, the exterior portion shall be finished within six months from the date of commencement.
36. Any restriction contained herein shall be null and void if it is in conflict with any state or county laws or regulations.
37. Any trees that are cut must have stumps/roots removed from the parcel or be cut level with the ground.
38. Burn barrels, as well as burning of leaves, branches, roots, trash, etc. are strictly prohibited.
39. Discharge of all firearms is strictly prohibited.

The building standards and regulations are established as written or as modified and agreed upon by both the buyer(s) and seller(s).

RECORDER OF DEEDS
JOHN F. BRADY
11/07/2007 11:00A
SUSSEX COUNTY
DOC. SURCHARGE PAID

RECEIVED

NOV 08 2007

**ASSESSMENT DIVISION
OF SUSSEX COUNTY**