

**BYLAWS  
OF  
WILLOW LAKE HOMEOWNER'S ASSOCIATION, INC.**

**ARTICLE I**

The name of the Association is WILLOW LAKE HOMEOWNER'S ASSOCIATION, INC., hereinafter the "Association." The registered office of the Association shall be located at Route 1, Box 17B, Ocean View, Delaware 19970, but meetings may be held at such place within the State of Delaware as may be designated by the Board of Directors.

**ARTICLE II**

Section 1: "The Association" shall mean and refer to Willow Lake Homeowner's Association, Inc., its successors and assigns.

Section 2: "The Property" shall mean and refer to real property described in the Declaration of Reservations, Restrictions, Covenants and Easements for Willow Lake, recorded in the Office of the Recorder of Deeds of Sussex County, State of Delaware in Deed Book 2649, Page 8.

Section 3: "Lot" shall mean and refer to any plot of land intended for private individual residential use by subdivision as shown on any Record Plan of the property.

Section 4: "Revisions" shall mean changes, revisions or amendments on the recorded subdivision plan of Willow Lake, Sussex County.

Section 5: "Member" shall mean and refer to members of the Association.

Section 6: "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to any Lot but shall not include any mortgage who has not obtained fee simple title.

Section 7: "Declarant" shall mean and refer to Holston Farms Associates, Inc., its successors, administrators, heirs and assigns.

Section 8: "Declaration" shall mean and refer to the Declaration of Reservations, Restrictions, Covenants and Easements for Willow Lake, recorded in the Office of the Recorder of Deeds of Sussex County.

Section 9: "System" shall refer to the community on-site sewer collection, treatment and disposal system to be located in Willow Lake, and the associated pipelines, manholes and appurtenances, the sewage pumping station and the force main.

Section 10: "Developer" shall mean Holston Farms Associates, Inc., its successors, administrators, heirs and assigns.

### **ARTICLE III**

Section 1: *Membership.* Qualifications for membership shall be as defined in the Certificate of Incorporation.

Section 2: *Suspension of Membership.* During any period in which a member shall be in default for more than sixty (60) days in the payment of any annual or special assessment levied by the Association, the voting rights of such member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed thirty (30) days, for violation of any rules and regulations established by the Board of Directors governing the use of the System.

### **ARTICLE IV**

#### **BOARD OF DIRECTORS - SECTION - TERM OF OFFICE**

Section 1: *Number.* As of and after the first annual meeting of the members, the affairs of this Association shall be managed by a Board of at least two (2) directors, who need not be members of the Association. Said Board shall manage the affairs of the Association until seventy-five percent (75%) of the Lots are sold, or sooner as hereafter provided.

Section 2: *Election.* At the first annual meeting after seventy-five percent (75%) of the Lot sales have occurred, or sooner if the Developer so decides and amends these Bylaws, the members shall elect two (2) directors for a term of one (1) year, and at each annual meeting thereafter the members shall elect two (2) directors for a term of three (3) years.

Section 3: *Removal.* Any director may be removed from the Board with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4: *Compensation.* No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

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

## **ARTICLE V MEETINGS OF DIRECTORS**

Section 1: *Regular Meetings.* Regular meetings of the Board of Directors shall be held bi-monthly.

Section 2: *Special Meetings.* Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) directors, after not less than six (6) days notice to each director.

Section 3: *Quorum.* A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

## **ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS**

Section 1: *Nomination.* Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nomination Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors.

Section 2: *Election.* Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

## **ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 1: *Powers.* The Board of Directors shall have power to:

1.1 Adopt and publish rules and regulations governing the use of the System, consistent with the Declaration;

1.2 Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Certificate of Incorporation, or the Declaration;

1.3 Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

1.4 Employ a manager, an independent contractor, or such other employees as they deem necessary and as required by the Declaration and other agreements relative to the operation of the system, and to prescribe their duties; and

1.5 To borrow money to improve the system, and in aid thereof mortgage said properties subject to the rights of the Owners therein, and to take such steps as are necessary to protect against foreclosure.

Section 2: *Duties.* It shall be the duty of the Board of Directors to:

2.1 Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

2.2 Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

2.3 As more fully provided herein, and in the Declaration to:

2.3.1 Fix the amount of the annual assessment for the ensuing calendar year against each lot at a special meeting in October of each year. The annual assessment provided for herein shall commence on the first (1st) day of the month following the conveyance of the first Lot from the Developer and to an Owner and shall be due and payable in advance by the fifteenth (15th) day of January for the year. Any amount due for the annual assessment shall be prorated as new Owners acquire lot ownership from the Developer. In the event of any change in the annual assessments as set forth herein, the Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each lot for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner;

2.3.2 Send a written notice (or bill) to every Owner within thirty (30) days following the special meeting in October payable in full on or before January 15 of that assessment year;

2.3.3 Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the date due or to bring an action at law against the owner personally obligated to pay the same.

2.4 Issue, or to cause the appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

2.5 Procure and maintain adequate liability and hazard insurance on property owned by the Association;

2.6 Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

2.7 Cause the system and all other property owned by the Association to be preserved and maintained in accordance with the provisions of the Declaration.

2.8 Developer shall not be responsible for payment of assessments to the Association until responsibility for the Association governance has been transferred to the Owners.

#### **ARTICLE VIII LIABILITY OF DIRECTORS**

Section 1: The Association and its members shall indemnify and hold harmless the Board of Directors for any error of judgment, negligence or otherwise except for willful misconduct or bad faith.

#### **ARTICLE IX COMMITTEES**

Section 1: The Board of Directors shall appoint such committees as deemed appropriate in carrying out the purposes of the Association.

Section 2: It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its area of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association with delegated authority in

respect thereto. Committees may be delegated such authority to carry out their assigned functions as directed by the Directors, subject to approval by the Directors.

## **ARTICLE X MEETINGS OF MEMBERS**

**Section 1:** *Annual Meetings.* The annual meeting of the Association shall be held on the second Saturday in January of each year at 1:00 p.m. The new Board of Directors shall be elected at that meeting.

**Section 2:** *Special Meetings.* Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the entire membership.

**Section 3:** *Notice of Meetings.* Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary/Treasurer or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and year of the meeting, and, in the case of a special meeting, the purpose of the meeting.

**Section 4:** *Quorum.* The presence at the meeting of members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the votes shall constitute a quorum for any action except as otherwise provided in the Certificate of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid, shall be present or be represented.

**Section 5:** *Proxies.* At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing to the President and filed with the Secretary/Treasurer. Every proxy shall be in writing to the President and filed with the Secretary/Treasurer. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

## **ARTICLE XI OFFICERS AND THEIR DUTIES**

**Section 1:** *Enumeration of Officers.* The officers of this Association shall be a President and a Secretary/Treasurer, who shall at all times be members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.

**Section 2:** *Election of Officers.* The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

**Section 3:** *Term.* The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

**Section 4:** *Special Appointments.* The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

**Section 5:** *Resignation and Removal.* Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 6:** *Vacancies.* A vacancy in any office may be filled in the manner provided for regular elections. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

**Section 7:** *Multiple Offices.* The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

**Section 8:** *Duties.* The duties of the officers are as follows:

8.1 **President.** The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

8.2 **Vice-President.** The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

8.3 **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association, together with their addresses; shall send Owners notice of monthly and special assessments due, and shall perform such other duties as required by the Board.

8.4 Treasurer. The Treasurer shall receive and deposit in the appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all check and promissory notes of the Association; keep proper books of account; cause an annual budget audit of the Association books to be made by public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members; shall give the Secretary all information required to inform each unit Owner of monthly and special assessments due, and shall be responsible for collection of all assessments, and any other proceeds or reimbursements due the Association for the benefit of all Owners.

**ARTICLE XII  
BOOKS AND RECORDS**

Section 1: The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

**ARTICLE XIII  
CORPORATE SEAL**

Section 1: The Association shall have a seal in the form hereinafter set forth.

**ARTICLE XIV  
AMENDMENTS**

Section 1: These Bylaws may be amended at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2: In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**ARTICLE XV  
MISCELLANEOUS**

Section 1: The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the fiscal year shall begin on the date of incorporation.