

## By-laws

### The Longwood Lane Association

**1. DEFINITIONS.** All words and phrases defined in the Certificate of Incorporation for this Corporation (the "Certificate") or in the Declaration of Covenants, Conditions and Restrictions for Longwood Lane (the "Declaration") shall have the same meanings in these by-laws unless they are defined differently in these by-laws or the context clearly indicates otherwise.

**2. OFFICES.** Until there is no Class B membership in the Corporation according to the Declaration, the principal office of the Corporation shall be at 1 Longwood Lane, Clayton, Delaware 19938. Thereafter, the principal office shall be at the residence of the current President of the Corporation. The Corporation may also have an office or offices at such other places as the Board of Directors may from time to time designate.

**3. CORPORATE SEAL.** The corporate seal shall have inscribed thereon the name of the Corporation and the year of its incorporation.

**4. MEETINGS OF MEMBERS.** When there is no Class B membership in the Corporation, an annual meeting of Members shall be held each year during the month of October at which the Members shall elect a Board of Directors and may transact such other business as may come before the meeting. Directors shall be elected by ballot and plurality vote. Each annual meeting shall be held at a time and place in Kent County, Delaware as may be established by the Board of Directors.

Special meetings of Members may be called at any time by the President and shall be called by the President or Secretary upon a majority vote of the Directors or upon written request from a majority of Members. If there are no Directors and no President or Secretary, special meetings may be called by notice of action in writing by a majority of the Members.

The Secretary shall maintain a complete list of Members entitled to vote, and that list shall be open to examination by any Member.

At meetings of Members, each Member shall be entitled to vote in person or by proxy signed by him, but no proxy shall be voted more than one (1) year after its date unless the proxy itself provides for a longer period. A Member's right to vote shall be subject to the right of the Board of Directors to close the transfer books or to establish a record date for voting rights as hereinafter



provided, but if the Directors have not established an earlier record date, no person who became a Member during the twenty (20) days prior to the meeting may vote at the meeting. A Member's right to vote may also be suspended according to the Declaration.

Joint owners of a Lot shall be entitled to only one vote in respect of the Lot; if joint owners vote in conflicting ways, they shall be deemed to have waived their right to vote on the matter for which they voted in conflict.

Notice of all meetings shall be mailed or hand delivered by the Secretary or the Secretary's assistant to each Member of record entitled to vote, to his or her last known postal address, at least twenty (20) days prior to annual meetings and five (5) days prior to special meetings.

A majority of the Members entitled to vote shall constitute a quorum (counting one Member for each Lot regardless of the number of persons holding title to the Lot), but any smaller number of Members may adjourn from time to time without further notice until a quorum is secured.

**5. DIRECTORS.** The property and business of the Corporation shall be managed and controlled by a Board of Directors, which shall consist of two (2) or three (3) Directors until there is no Class B membership, and which thereafter shall consist of three (3), four (4) or five (5) Directors. Directors must be Members or designated representatives of entities which are Members.

At the first annual meeting of Members when there is no Class B membership, at least one Director shall be elected for a 3-year term, one shall be elected for a 2-year term and one shall be elected for a 1-year term. Thereafter, at least one Director shall be elected at each annual meeting for a 2-year term, with the objective that at least two members on any three- or four-Director Board, and at least three members on any five-Director Board, shall hold over at each election so that the Board shall never consist entirely of inexperienced Directors after the first election (unless by resignation or recall). The Directors shall hold office until their successors are elected and qualify. Directors shall be elected by the Members, but if there is a vacancy by reason of death, resignation or otherwise, it shall be filled by majority vote of the remaining Directors, even if less than a quorum, until the next annual meeting of Members, when they can elect a Director for the term remaining; or, if there are no remaining Directors, or if a majority of Members call a special meeting for this purpose, the vacancy shall be filled by vote of the Members.

**6. POWERS OF DIRECTORS.** The Board of Directors shall have those general and specific powers which are conferred upon corporations by the General Corporation Law of the State of Delaware, as amended from time to time, subject only to those provisions of applicable law, the Certificate, the Declaration and these By-laws which may restrict or deny such powers.



**7. MEETINGS OF DIRECTORS.** After each annual election of Directors, the Board of Directors shall meet to organize, elect officers and transact other business, at such time and place as they may establish at the annual meeting. If a majority of the Directors is present at the annual meeting to establish the time and place of their meeting, no other or prior notice of the Directors' meeting shall be required. The time and place of Directors' meetings may also be fixed by the written consent of the Directors.

Meetings of the Directors may be called by the President on five (5) days' notice in writing or on two (2) days' notice by telephone to each Director and shall be called by the President in like manner on the written request of two Directors or by two Directors if there is no President or President *pro tem*. A majority of the Directors shall constitute a quorum, but a smaller number may adjourn from time to time without further notice until a quorum is secured.

**8. EXECUTIVE AND OTHER BOARD AND NON-BOARD COMMITTEES.** A majority of the Directors may by resolution designate an Executive Committee and one or more other Board committees to assist the Board in its functions. Each such committee shall consist of two or more Directors.

The Executive Committee shall have no authority to make, alter or amend the by-laws but may exercise all other powers of the Board of Directors between meetings of the Board. The Executive Committee may not, however, fill its own vacancies; that may only be done by the Board.

The Executive Committee and other Board committees shall meet at stated times or on notice to all by any of their own number. They shall fix their own rules of procedure. A majority shall constitute a quorum, but the affirmative vote of a majority of the whole committee shall be necessary for any action by the committee. Committees shall have and may exercise the powers of the Board of Directors to the extent as provided in such resolution or resolutions.

The Board of Directors shall also appoint the members of the Design Review Committee referred to in the Declaration. That committee shall carry out the functions assigned to it in the Declaration and is not a Board committee.

**9. OFFICERS OF THE CORPORATION.** The officers of the Corporation shall be the President, one or more Vice-Presidents, Secretary, Treasurer, and such other officers as may from time to time be chosen by the Board of Directors. The President and Vice-Presidents shall be chosen from among the Directors, and other officers shall be Members of the Corporation.

The officers of the Corporation shall hold office until their successors are chosen and qualify. Any officer chosen or appointed by the Board of Directors may be removed either with or without



cause at any time by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the affirmative vote of a majority of the whole Board of Directors.

**10. DUTIES OF THE PRESIDENT.** The President shall be the chief executive officer of the Corporation. It shall be his duty to preside at all meetings of the Members and Directors; to have general and active management of the business of the Corporation; to see that all orders and resolutions of the Board of Directors are carried into effect; to execute all agreements and other instruments in the name of the Corporation; and to affix the corporate seal thereto when authorized by the Board of Directors or the Executive Committee.

The President shall have the general supervision and direction of the other officers of the Corporation and shall see that their duties are properly performed. He shall report concerning the operations of the Corporation for the year to the Directors and to the Members at the annual meeting of Members. He shall be *ex-officio* a member of all Board committees (but not the Design Review Committee), and he shall have the general duties and powers of supervision and management usually vested in the office of the president of a corporation.

**11. DUTIES OF THE VICE-PRESIDENT(S).** The Vice-President or Vice-Presidents, in the order designated by the Board of Directors if there is more than one, shall be vested with all powers and required to perform all duties of the President in his absence or disability and shall perform such other duties as the Board of Directors may prescribe.

**12. DELEGATION OF OFFICERS' POWERS AND DUTIES.** In the absence or disability of the President and the Vice-President(s), the Board may appoint from their own number a President *pro tem*. Likewise, in the absence or disability of any other officer of the Corporation or for any other reason deemed sufficient by a majority of the Board, the Board of Directors may delegate his powers or duties to any other officer or to any Director for the time being.

**13. DUTIES OF THE SECRETARY.** The Secretary shall attend all meetings of the Corporation, the Board of Directors, the Executive Committee and other Board committees (but not the Design Review Committee). He shall act as clerk and shall record all proceedings of the meetings in a book kept for that purpose. He shall keep an accurate record of the Members and their mailing addresses in such manner and subject to such regulations as the Board of Directors may prescribe.



He shall give proper notice of meetings of Members and Directors and shall perform such other duties as may be assigned to him by the President or the Board of Directors.

**14. DUTIES OF THE TREASURER.** The Treasurer shall have custody of the funds and securities of the Corporation, shall keep or supervise the keeping of full and accurate accounts of receipts and disbursements in books belonging to the Corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

The Treasurer shall disburse the funds of the Corporation as ordered by the Board, Executive Committee or President, taking proper vouchers, receipts or assurances for such disbursements when necessary or advisable, and shall give to the President and the Directors whenever requested an account of all his transactions as Treasurer and of the financial condition of the Corporation, and at the annual Members' meeting a like report for the preceding year.

If required by the Board of Directors, the Treasurer shall give the Corporation a bond in the sum and form and with the security required by the Board of Directors, for the faithful performance of the duties of his office and the restoration to the Corporation, in case of his death, resignation or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession belonging to the Corporation. The Corporation shall pay the cost of the bond and security. The Treasurer shall also perform such other duties as the Board of Directors, President or Executive Committee may from time to time prescribe or require.

**15. LIABILITY OF DIRECTORS AND OFFICERS.** No Director and no officer of the Corporation shall be personally liable to the Corporation or to its Members for monetary damages for breach of fiduciary duty as a Director or officer except for liability (i) for any breach of the Director's or officer's duty of loyalty to the Corporation or its Members, (ii) for acts or omissions not in good faith or which involve misconduct with the intent to harm, or (iii) for any transaction from which the Director or officer derived an improper and undisclosed personal benefit. For these purposes the fact that a Director or officer is a principal in the Declarant (as defined in the Declaration and which also is the developer of the Community) and likely will benefit personally from the Declarant's business of developing and marketing the Community shall not be deemed to constitute an improper or undisclosed personal benefit.

In addition to the foregoing, no Director and no officer of the Corporation shall be personally liable to the Corporation or to its Members for monetary damages for any mistake of judgment,



negligence or other reason, except for his or her own individual bad faith or misconduct with the intent to harm.

**16. MEMBERS OF RECORD.** Only record title holder(s) of a Lot in the Community shall be members of the Corporation. The holder(s) of an equitable interest or other lien or claim against the Lot or against the record title holder(s) of the Lot shall not be members of the Corporation and shall have no rights in the Corporation. In order to efficiently conduct the business of the Corporation, the Board of Directors may close the membership transfer books of the Corporation for a period of up to twenty (20) days prior to the date of any meeting of Members.

If any Lot in the Community is held jointly or in common, the owners of each interest shall, when they purchase the Lot and from time to time thereafter, designate to the Corporation one address to which all notices to the joint or common owners of the Lot shall be sent. In the absence of such designation, notices shall be sent to the address of the Lot.

**17. VOTING RIGHTS.** The number of votes of each Member shall be as set forth in the Certificate and the Declaration.

**18. FISCAL YEAR.** The fiscal year of the Corporation shall end on December 31 each year.

**19. ASSESSMENTS.** General assessments and special assessments, if any, shall be established by majority vote of the Directors and, if required by the Declaration, shall be presented to the Members for approval with favorable recommendation by the Directors. The Directors may, by majority vote, authorize the Treasurer to grant discounts of a specified and uniform amount or rate for the prompt or early payment of assessments.

**20. SURPLUS FUNDS.** Surplus funds at the end of any fiscal year shall be held by the Corporation for use in future years. They may be applied for any proper purpose of the Corporation and may serve to reduce assessments in future years. No Member shall be entitled to refund or distribution of any surplus funds.

**21. PAYMENTS.** All checks, drafts or orders for the payment of money shall be signed by two officers, one of whom must be the President or the Treasurer and the other of whom can be the other of them or such other officer as the Directors may from time to time designate.



**21. BOOKS AND RECORDS.** The books, records and accounts of the Corporation, except as otherwise required by the laws of the State of Delaware, may be kept within or without the State of Delaware, at such place or places as may from time to time be designated by these By-Laws or by resolution of the Board of Directors.

**22. NOTICES.** A required notice under the provisions of these By-Laws to any Director, officer or Member shall not be construed to mean personal notice, but may be in writing and mailed by depositing it in a U.S. Postal Service post office or a letterbox served by the U.S. Postal Service, in a post-paid envelope, addressed to such Member, officer or Director at his or her address which then appears on the books of the Corporation, and such notice shall be deemed to be given at the time it is so mailed. Any Member, officer or Director may waive, in writing, any notice required to be given under these By-Laws, whether before or after the time stated therein.

**23. AMENDMENT.** These By-laws may be amended, altered, repealed or added to at any annual meeting of the Members or at any special meeting called for that purpose, by affirmative vote of a majority of the Members who actually vote on the question, but as long as Class B membership exists, (i) no amendment shall be effective unless it is approved in writing by Declarant, and (ii) the United States Department of Housing and Urban Development and the United States Veterans Administration shall each have the right to veto any such amendment.

**24. ACTION BY UNANIMOUS RESOLUTION.** Notwithstanding any provision of these By-laws to the contrary, the written unanimous resolution of the Board of Directors, dated and signed, shall constitute the effective act of the Corporation as of such date without the necessity of prior notice or formal meeting, and such resolution shall in itself constitute a duly executed waiver of prior notice for a meeting to consider the subject matter of the resolution.

**25. INDEMNIFICATION.**

**Section I. Right to Indemnification.** Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative ("proceeding"), by reason of the fact that he or she or a person for whom he or she is the legal representative is or was a Director or officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director or officer, employee or agent of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such



proceeding is alleged action in an official capacity as a Director, officer, employee or agent or in any other capacity while serving as a Director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against all expenses, liability and loss (including attorneys fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith. Such right shall be a contract right and shall include the right to be paid by the Corporation expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses incurred by a Director or officer of the Corporation in his or her capacity as a Director or officer (and not in any other capacity in which service was or is rendered by such person while a Director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Director or officer, to repay all amounts so advanced if it should be determined ultimately that such Director or officer is not entitled to be indemnified under this section or otherwise.

**Section II. Right of Claimant to Bring Suit.** If a claim under Section I is not paid in full by the Corporation within ninety (90) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant had not met the applicable standard of conduct.



**Section III. Non-Exclusivity of Rights.** The rights conferred by Sections I and II shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-law, agreement, vote of stockholders or disinterested Directors or otherwise.

**Section IV. Insurance.** The Corporation may maintain insurance, at its expense, to protect itself and any such Director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Adopted on May 22, 1998.

B. L. Anstine

B. L. Anstine, Initial Director

J. L. Anstine

J. L. Anstine, Initial Director