

ZOAR ESTATES

Tax Parcel Numbers: 234-15.00-7.00, 234-15.00-359.00 through 367.00 (inclusive), 234-15.00-369.00, 371.00, 372.00, 375.00, 378.00, 379.00, 380.00, 382.00 through 385.00 (inclusive), 387.00, 388.00, 390.00, 391.00, 393.00 through 398.00 (inclusive), 401.00, 403.00, 404.00, 405.00, 406.00, 408.00 through 440.00 (inclusive)

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THE BYLAWS OF ZOAR ESTATES

These Bylaws of Zoar Estates (the "Bylaws") are made and executed this ____ of _____ 2019, by Zoar Estates Homeowners Association, Inc. (the "Association")

SECTION 1. OFFICES

1.1 The principal office of the corporation shall be located at the home of the president of the Association, County of Sussex, State of Delaware.

SECTION 2. CORPORATE SEAL

2.1 The corporate seal shall have inscribed thereon the name of the corporation, the year of its incorporation and the words "Incorporated, Delaware."

SECTION 3. MEMBERS

3.1 Member shall mean every Owner of a lot in Zoar Estates as defined in the Declaration of Covenants, Conditions and Restrictions of Zoar Estates recorded in the Office of the Recorder of Deeds in and for Sussex County, in Deed Book 3518, Page 226, *et seq.*, hereinafter the "Declaration," *see* Article II ("Membership and Voting Rights").¹

3.2 The Association shall be entitled to treat the holder of title to a "Lot" (as the same is defined in the Declaration) in Zoar Estates as the Owner and Member in fact thereof and

¹ Any capitalized term not otherwise expressly defined herein shall have the meanings or definitions provided in the Declaration.

accordingly shall not be bound to recognize any equitable or other claim to or interest in such membership on the part of any other person whether or not it shall have express or other notice thereof, except as expressly provided by the laws of Delaware.

SECTION 4. MEETINGS OF MEMBERS

4.1 Annual Meetings. A meeting of the Members of the Association shall be held at least once each year. The annual meeting of the Members of the Association shall include the election of the Executive Board, also known as the Board of Directors in the Declaration. The annual meeting shall be held in October each year. An alternate date may be set if requested by a majority of the Members.

4.2 Special Meetings. Special meetings of the Association may be called by (1) the President, (2) a majority of the Executive Board, or (3) at the request in writing of Voting Members having at least twenty (20) percent of the votes in the Association.

4.3 Emergency Meetings. Emergency meetings may be called by (1) the President or (2) a majority of the Executive Board.

4.4 Place of Membership Meetings. All meetings of the Membership shall be held in Sussex County, Delaware, at such place or places, within Sussex County, State of Delaware, as may from time to time be fixed by the Executive Board or as shall be specified and fixed in the respective notices or waivers of notice thereof.

SECTION 5. NOTICE

5.1 Timing of Notice. Except in cases of emergency meetings, which may be held without prior notice, not fewer than 10 nor more than 60 days in advance of any regular or special meeting of the Membership, the secretary or their designee shall cause notice of that meeting to be delivered to each Member by any means described herein or sent prepaid by United States mail to any mailing address designated in writing by the Member.

5.2 Contents of Notice. The notice of any meeting must state the time and place of the meeting and the items on the agenda, or must state the website address where the agenda is located as provided in this section including: (i) a statement of the general nature of any proposed amendment to the Declaration or Bylaws; (ii) a statement that in the absence of objection from any Member present at the meeting, the president may add items to the agenda; (iii) any budget changes; and (iv) any proposal to remove an Officer or Member of the Executive Board. The agenda may be posted on the website of the Association, in lieu of being included in the notice, provided that the Association shall, by any means described in these bylaws, furnish to any Member who so requests a copy of the agenda prior to the meeting. Regardless of the agenda, Members shall be given a reasonable opportunity at any meeting to offer comments to the Executive Board regarding any matter affecting the Association.

5.3 Special Meetings Called by the Members. If the Association does not notify Members of a special meeting within thirty (30) days after the requisite number or percentage of

Members requested the secretary to do so (see Section 4.2), the requesting Members may directly notify all the Members of that meeting. Only matters described in the meeting notice required by this section may be considered at a special meeting.

5.4 Forms of Notice. The following methods of giving notice shall be used by the Association:

- (i) hand delivery of the notice to the Member;
- (ii) mailing of the notice, prepaid by United States mail to the mailing address of each Member designated in the Sussex County Tax Records, unless that person has designated in writing a different mailing address in which case it shall be sent to the designated address; or
- (iii) sent by electronic means if the Member gives the Association prior written authorization to provide that notice, together with an electronic address.

5.5 The ineffectiveness of a good faith effort to deliver notice by any authorized means does not invalidate action taken at a meeting or in lieu of a meeting.

SECTION 6. QUORUM

6.1 Membership Meetings. A quorum is present throughout any meeting of the Members of the Association if:

- (1) Persons entitled to cast at least twenty (20) percent of the votes in the Association are present in person, by proxy or by ballot at the beginning of the meeting; or
- (2) Ballots solicited in accordance with Section 7.5 of these Bylaws are delivered to the secretary in a timely manner by persons who, together with those persons present in person or by proxy or ballot at the beginning of the meeting, would comprise a quorum for that meeting.

6.2 Executive Board Meetings. A quorum is present throughout any meeting of the Executive Board if persons entitled to cast a majority of the votes on such board are present throughout the meeting.

SECTION 7. VOTING

7.1 Membership Voting. If only 1 of several Owners of a Lot is present at a meeting of the Members of the Association, that Owner is entitled to cast the vote allocated to that Lot. If more than 1 of the Owners is present, the vote allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the Owners. There is majority agreement if any 1 of the Owners casts the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

7.2 Proxies. Votes allocated to a Lot may be cast pursuant to a proxy duly executed by the Owner. If a Lot is owned by more than 1 person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. An

Owner may revoke a proxy given pursuant to this section only by actual notice of revocation to the person presiding over a meeting of the Members of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates 1 year after its date, unless it specifies a shorter term.

7.3 Lots Owned by the Association. Votes allocated to a Lot owned by the Association may not be cast and shall not be calculated either in a quorum or in any percentage of unit votes needed for any action by the Members.

7.4 Vote by Majority. Except in cases where a greater percentage of Member votes in the Association is required in the Declaration, a majority of the votes cast in person, by proxy or by ballot at a meeting of the Members of the Association where a quorum is present shall determine the outcome of any action of the Association where a vote is taken so long as the number of votes cast in favor comprise at least a majority of the number of votes required for a quorum for that meeting.

7.5 Voting/Action by Ballot without a Meeting. Action may be taken by ballot without a meeting as follows:

(1) Any action that the Association may take at any meeting of Members may be taken without a meeting if the Association delivers a written or electronic ballot to every Member entitled to vote on the matter. A ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(2) All solicitations for votes by ballot must: (A) indicate the number of responses needed to meet the quorum requirements; (B) state the percentage of approvals necessary to approve each matter other than election of the Executive Board; (C) specify the time by which a ballot must be delivered to the Association in order to be counted, which time shall not be less than 3 days after the date that the Association delivers the ballot; and (D) describe procedures (including time and size and manner) by when Owners wishing to deliver information to all Owners regarding the subject of the vote may do so.

(3) Approval by the ballot pursuant to this section is valid only if: (A) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action; and (B) the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes by ballot.

(4) A ballot shall not be revoked after delivery to the Association by death, disability or revocation by the person who cast that vote.

SECTION 8. EXECUTIVE BOARD

8.1 Administration. The property and business of the Association shall be managed and controlled by the Executive Board (also referred to as the Board of Directors in the Declaration).

8.2 Number of Board Members. The number of Members on the Executive Board (hereinafter "Directors") shall be no less than three (3) and no more than five (5). If a vacancy arises by reason of death, resignation, or otherwise, such vacancy shall be filled, for the unexpired term of that position, by a Member who shall be selected by the remaining Directors.

8.3 Nomination. Nominations for election of directors at the annual meeting shall occur only as set forth in this section. Sixty (60) days prior to the annual meeting, the Executive Board shall provide notice to the Members of positions to be available on the Executive Board. Nominations for election to the Board of Directors shall be made in writing by the Member(s) seeking election to the Executive Board no less than thirty (30) days prior to the annual meeting. If a Member proposes another Member the Executive Board shall confirm with the Member whether he or she wishes to be on the ballot. Nominations may also be made from the floor at the annual meeting.

8.4 Election. Directors shall be elected by the Members, except that if there be a vacancy in the Board it shall be filled as set forth in Section 8.2. Except for vacancies filled as set forth in Section 8.2, election to the Board shall be by written ballot. At any such election, the Members (by in-person voting or by absentee ballot) or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The person(s) receiving the largest number of votes cast in person, by absentee ballot, or by proxy at a meeting at which a quorum is present shall be elected. Voting shall be by straight voting.

8.5 Term of Office. Any person elected to the Executive Board shall be elected for a two-year term, provided, however, the Directors serve at the will of the Members and may be removed as set forth in Section 15. Exceptions to the provision for two year tenure shall be in the case of Director's first taking office following the turnover of the corporation by the Developer to the Members. Of the first five (5) Directors, three (3) shall hold office until the second subsequent annual meeting, and two (2) shall hold office until the third subsequent meeting. If less than five (5) Directors are selected at the turnover meeting, a similar proportion for alternating the tenure of the Directors elected shall be used. The Directors shall hold office until their successors are elected and qualified. The newly elected Directors shall succeed to Office and the outgoing Directors shall retire from Office at the first meeting of Directors following the election, which meeting is to be held within sixty (60) days of the election.

8.6 Joint Ownership. In the case of joint ownership of a Lot in Zoar Estates, only one of the Owners may serve on the Executive Board at any one time.

8.7 Ownership Required. The Executive Board shall be comprised of Owners.

SECTION 9. POWERS OF EXECUTIVE BOARD

9.1 Requirements. The Executive Board shall adopt and amend budgets as set forth herein in Section 14 and shall collect assessments for common expenses, including funds for the repair and replacement reserve, from Owners.

9.2 General Powers. The Executive Board of Directors shall have, in addition to such powers as are hereinafter expressly conferred on it, all such powers as may be exercised by the Association, subject to the provisions of Delaware General Corporate Law, the Certificate of Incorporation, these Bylaws, and the Declaration.

9.3 Specific Powers: The Executive Board shall have power to:

- (1) To adopt Rules;
- (2) Invest any funds of the Association;
- (3) Hire and discharge managing agents and other employees, agents, and independent contractors;
- (4) Institute, defend, or intervene in litigation, arbitration, mediation or administrative proceedings in its own name on behalf of itself or 2 or more Owners on matters affecting the Association;
- (5) Make contracts, obtain insurance and incur liabilities;
- (6) Regulate the use, maintenance, repair, replacement, and modification of Association property;
- (7) Cause additional improvements to be made as a part of the Association property;
- (8) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property;
- (9) Grant easements, leases, licenses, and concessions through or over the Association's property;
- (10) Impose and receive any payments, fees, or charges for the use, rental, or operation of the Association's property and for services provided to Owners;
- (11) Suspend any privileges of Owners, other than the right of an Owner to vote on any matter submitted to a vote of Owners, or services provided to Owners by the Association (other than those necessary for the habitability of the Owner's lot) for non-payment of assessments; may impose charges for late payment of assessments; and, after notice and an opportunity to be heard, may levy reasonable fines for violations of the Declaration, Bylaws and Rules of the Association;
- (12) Impose reasonable charges for the preparation and recordation of amendments to the declaration, resale certificates, or statements of unpaid assessments;

(13) Provide for the indemnification of its officers and Executive Board and maintain Directors' and Officers' liability insurance;

(14) Assign its right to future income, including the right to receive common expense assessments, except to the extent limited by the Declaration;

(15) To determine by whom and in what manner the Association's bills, notes, receipts, acceptances, endorsements, checks, releases, contracts or other documents shall be signed.

(16) Exercise any other powers necessary and proper for the governance and operation of the Association;

(17) By rule, require that disputes between the Executive Board and Owners or between two or more Owners regarding the Association be submitted to nonbinding alternative dispute resolution in the manner described in the Bylaws as a prerequisite to commencement of a judicial proceeding; and

(18) By resolution or resolutions passed by a majority, designate one or more committees. Each committee must consist of Owners and may but need not consist of one or more of the Directors of the Association. Each committee shall periodically report in writing to the Executive Board. The Executive Board may designate one or more Directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of such committee or committees the member or members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Executive Board to act at the meeting in the place of any such absent or disqualified member.

SECTION 10. MEETINGS OF DIRECTORS

10.1 Scheduling of Meetings. Meetings of the Executive Board must be held at least quarterly. Special meetings of the Executive Board may be called by the president or a majority of the Executive Board. For purposes of this section, "meetings of the Executive Board" do not include incidental or other informal gatherings of 2 or more Directors for social or other purposes or any meetings where no decisions are made or discussed regarding Association business. The Executive Board and individual Directors shall not use incidental or social gatherings of Directors or other devices to evade the open meeting requirements of this section.

10.2 Notice of Meetings. Except when a schedule of meetings has been distributed to Owners that identifies the meeting in question or in cases of emergency meetings that may be held without prior notice, the secretary shall cause notice of any regular or special Executive Board meeting to be delivered to each Owner as described in Section 5 of these Bylaws, not fewer than 10 nor more than 60 days in advance of the meeting (but not later than the time notice of the meeting is sent to Members of the Executive Board). The notice must state the time and place of

the meeting and the items on the agenda, including an opportunity for Owners to offer comments to the Executive Board regarding any matter affecting the Association.

10.3 Post-Developer Open Meetings. After turnover of the Association from the Developer, all meetings of the Executive Board shall be open to the Owners except for executive sessions held for purposes of: (i) consulting with the Association's lawyer regarding, or Board discussion of, litigation, mediation, arbitration or administrative proceedings or any contract matters; (ii) labor or personnel matters; (iii) discussing matters relating to contract negotiations, including the review of bids or proposals, if premature general knowledge of those matters would place the Association at a disadvantage; or (iv) discussion of any complaint from or alleged violation by an Owner, when the Executive Board determines that public knowledge would violate the privacy of the Owner.

10.4 Materials Distributed Prior to Executive Board Meetings. If any materials are distributed to the Executive Board before the meeting, the Association shall at the same time make copies of those materials reasonably available to Owners, except that the Association need not distribute copies of unapproved minutes or materials that are to be considered in executive session.

10.5 Form of Meeting. The Executive Board may meet in a telephonic or video conference call or interactive electronic communication process provided that:

(1) The meeting notice must indicate that the meeting is to be a telephonic, video or other conference and, if not a meeting in executive session, provide information as to how Owners may participate in the conference directly or by meeting at a central location or conference connection; and

(2) The process must provide all Owners the opportunity to hear the discussion and offer comments as provided in subsection (b) of this section. After turnover of the Association from the Developer, Owners may amend the Bylaws to vary the procedures for conference calls described in this subsection.

10.6 Action by Unanimous Consent. After turnover of the Association from the Developer, in lieu of a meeting, the Executive Board may act by unanimous consent as documented in a record signed by all its members, but the Executive Board may not act by unanimous consent to: (i) adopt a rule, budget or special assessment, (ii) impose a fine or take action to enforce the Declaration, Bylaws or Rules, (iii) buy or sell real property, (iv) borrow money, or (v) contract for any sum greater than 1 percent of the Association's annual budget. The secretary shall promptly notify all Owners of any action taken by unanimous consent.

SECTION 11. COMPENSATION OF DIRECTORS AND MEMBERS OF COMMITTEES

11.1 Directors and members of committees shall serve without compensation for attendance of each regular or special meeting of the Board, Membership or committee.

SECTION 12. OFFICERS OF THE CORPORATION

12.1 The Officers of the corporation shall be a President, one (1) or more Vice Presidents, a Secretary, a Treasurer, and such other officers as may from time to time be chosen by the Executive Board. The President and Vice President shall be chosen from among the Directors.

12.2 One (1) person may hold the offices of Secretary and Treasurer, or Vice President and Treasurer or Vice President and Secretary, but not the offices of Vice President, Secretary and Treasurer.

12.3 The officers of the corporation shall hold office until their successors are chosen and qualified in their stead. Any officer chosen or appointed by the Executive Board may be removed either with or without cause at any time by the affirmative vote of a majority of the whole Executive Board. 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 remaining Directors.

SECTION 13. DUTIES OF THE OFFICERS

13.1 President. The President shall be the chief executive officer of the Association. It shall be his duty to preside at all meetings of the Membership and Directors; to have general and active management of the business of the Association; to see that all orders and resolutions of the Executive Board are carried into effect; to execute all contracts, agreements, deeds, bonds, mortgages and other obligations and instruments, in the name of the corporation, and to affix the corporate seal thereto when authorized by the Executive Board. The President shall have the general supervision and direction of the other officers of the Association and shall see that their duties are properly performed. Finally, the President shall cause all amendments to the Declaration to be prepared, executed, certified and recorded on behalf of the Association.

13.2 Vice President. The Vice President shall be vested with all the powers required to perform all the duties of the President in his absence or disability and shall perform such other duties as may be prescribed by the Executive Board.

13.3 President Pro Tem. In the absence or disability of the President and the Vice President(s), the Executive Board may appoint from their own number a President pro tem.

13.4 Secretary. The Secretary shall attend all meetings of the association and the Executive Board. He shall act as clerk thereof and shall record all of the proceedings of such meetings in a book kept for that purpose. He shall give proper notice of meetings of Members and Directors and shall perform such other duties as shall be assigned to him by the President and the Executive Board.

13.5 Treasurer. The Treasurer shall have custody of the funds and securities of the Association and shall:

- (1) Keep full and accurate accounts of receipts and disbursements in books

belonging to the Association and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Executive Board;

(2) Keep an account of the Membership registered in such manner and subject to such regulations as the Executive Board may prescribe;

(3) Prepare and present the budget described in Section 14 to the Executive Board, at each annual meeting of the Members and at such other times as the Executive Board shall direct;

(4) Ensure that any local, county, state and federal tax returns or statements, which are required under the applicable regulations and laws, are timely filed; and

(5) Give the Association a bond, if required by the Executive Board, in such sum and in form with security satisfactory to the Executive Board 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 and in his possession, belonging to the corporation. He shall perform such other duties as the Executive Board may from time to time prescribe or require. The cost of said bond shall be a common expense of the Association.

13.6 Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of over \$2,000.00 shall be executed by any two (2) officers or by an officer and such other person or persons as may be designated by the Executive Board. All such instruments for expenditures or obligations of less than \$2,000.00 may be executed by any one (1) officer or by such other person as may be designated by the Executive Board.

SECTION 14. BUDGET

14.1 Annual Budget. The Executive Board shall, at least annually, prepare a proposed budget for the Association. Within 30 days after adoption of any proposed budget after turnover of the Association from the Developer, the Executive Board shall provide to all Owners a summary of the budget, including any reserves and a statement of the basis on which any reserves are calculated and funded. Simultaneously, the Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 60 days after providing the summary. Unless at that meeting a majority of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. If a proposed periodic budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

14.2 Special Assessment Budget. In addition to adoption of its regular periodic budget, the Executive Board may at any time propose a budget which would require a special assessment against all the Lots. Except as provided in Section 14.3, the special assessment is effective only if the Executive Board follows the procedures for ratification of a budget described in Section 14.1 of this section and the Owners do not reject that proposed special assessment.

14.3 If the Executive Board determines by unanimous vote that a special assessment is necessary in order to respond to an emergency, then: (i) the special assessment shall become effective immediately in accordance with the terms of the vote; (ii) notice of the emergency assessment shall be promptly provided to all Owners; and (iii) the Executive Board shall spend the funds paid on account of the emergency assessment solely for the purposes described in the vote.

SECTION 15. REMOVAL OF DIRECTORS

15.1 Removal by Members. The Members, by a two-thirds vote of all persons present, in person or by proxy and entitled to vote at any meeting of Members at which a quorum is present, may remove any member of the Executive Board with or without cause, except that a Director appointed by the Developer may not be removed by an Owner vote before turnover of the Association from the Developer.

15.2 Notice of Removal of Member of Executive Board. The Members may consider the question of whether to remove a member of the Executive Board either: (1) at any regularly scheduled meeting of the Members at which a quorum is present if that subject was listed in the notice of the meeting, or (2) at a special meeting called for the purpose of removing a member of the Executive Board, whether or not a quorum is present, so long as the voting at the special meeting is conducted in the manner described in Section 15.4.

15.3 Meeting Process for Removal of Member of Executive Board. At any meeting at which a vote to remove a member of the Executive Board is to be taken, the Executive Board shall provide a reasonable opportunity to speak before the vote to all persons favoring and opposing removal of that member, including without limitation the member being considered for removal.

15.4 Removal Process if a Special Meeting is called to Remove a Member of the Executive Board. If a special meeting is called for the purpose of removing a member of the Executive Board, then the following rules apply, whether or not a quorum is present at that meeting in person or by proxy:

(1) After all persons present at the meeting have been given a reasonable opportunity to speak, the meeting shall be recessed for a period calculated in the manner described in paragraph (2) of this section below.

(2) Promptly following the recess, the Association shall notify all Members of the recessed meeting and inform the Members of their opportunity to cast votes either in favor or against removal during the 30-day period following the day that the notice is sent.

(3) The notice sent to Members shall specifically inform them of their right to cast votes either in a secret written ballot, on a form provided to the Members or by electronic means according to instructions contained in that notice.

Whether a vote under this subsection (Subsection 15.4) is taken before or after a recess, and whether or not taken by electronic means, a member of the Executive Board may be removed only

if the number of votes cast in favor of removal: (i) exceeds the number of votes cast in opposition to removal and (ii) is greater than one-third of the total votes of the Association.

SECTION 16. DUTIES MAY BE DELEGATED

16.1 In case of the absence or disability of any officer of the corporation or for any other reason deemed sufficient by a majority of the Executive Board, the Executive Board may delegate his powers or duties to any other officer or to any Director for the time being.

16.2 A management company may be retained to manage day-to-day operations which include but are not limited to the collection of assessments, payment of bills, contracting with vendors, sending of correspondence to the Members, etc. Any management company retained by the Board shall not be able to sign any amendments to the Declaration, these Bylaws, an easement, deed or other such document.

SECTION 17. DIRECTOR LIABILITY/INDEMNIFICATION

17.1 Pursuant to 8 Del. C. Section 102 (b)(7), Directors of this Corporation shall not be personally liable for monetary damages to the Corporation or its Members, except as provided for under the aforementioned code section for actions involving bad faith, intentional misconduct or actions for improper personal benefit.

17.2 This Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of this corporation) by reason of the fact that he is or was a director, officer, employee, or agent of this Corporation, or is or was serving at the request of this Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of this corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of this corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful., the corporation may purchase insurance in addition to this indemnification which insurance shall be a common expense.

SECTION 18. FISCAL YEAR

18.1 The fiscal year of the corporation shall begin on the first (1st) day of January in each year.

SECTION 19. BOOKS AND RECORDS

19.1 The books, accounts and records of the Association except as otherwise required by the laws of the State of Delaware, may be kept within the State of Delaware, at such place or places as may from time to time be designated by the Bylaws or by resolution of the Directors.

19.2 The Association shall maintain the following records in written form or in another form capable of conversion into written form within a reasonable time:

(1) Detailed records of receipts and expenditures affecting the operation and administration of the Association and other appropriate accounting records, including those for the repair and replacement reserve. All financial records shall be kept in accordance with generally accepted accounting practices.

(2) Minutes of all meetings of its Members and Executive Board, a record of all actions taken by the Members or Executive Board without a meeting, and a record of all actions taken by a committee of the Executive Board in place of the board or Directors on behalf of the Association.

(3) A record of its Members in a form that permits preparation of a list of the names and addresses of all Members, in alphabetical order by class, showing the number of votes each Member is entitled to cast and the Members' class of membership, if any; and

(4) In addition, the Association shall keep a copy of the following records at its principal office: (1) its original or restated certificate of incorporation and bylaws and all amendments to them currently in effect; (2) the minutes of all Members' meetings and records of all action taken by Members without a meeting for the past 3 years; (3) any financial statements and tax returns of the association prepared for the past 3 years, together with the report of the auditors of the financial records; (4) a list of the names and business addresses of its current Directors and officers; (5) its most recent annual report delivered to the Secretary of the State; and (6) financial and other records of the Association.

19.3 Subject to Section 19.4, all records kept by the Association, including the Association's Membership list and address, and aggregate salary information of employees of the Association, shall be available for examination and copying by an Owner or the Owner's authorized agent so long as the request is made in good faith and for a proper purpose related to the Owner's membership in the Association. This right of examination may be exercised: (i) only during reasonable business hours or at a mutually convenient time and location, and (ii) upon 5-

days' written notice reasonably identifying the purpose for the request and the specific records of the Association requested.

19.4 Records kept by the Association may be withheld from inspection and copying to the extent that they concern:

- (1) Personnel matters relating to specific persons or a person's medical records;
- (2) Contracts, leases, and other commercial transactions to purchase or provide goods or services, currently in or under negotiation;
- (3) Pending or threatened litigation, arbitration mediation or other administrative proceedings;
- (4) Matters involving federal, state or local administrative or other formal proceedings before a government tribunal for enforcement of the Declaration, Bylaws or Rules;
- (5) Communications with legal counsel which are otherwise protected by the attorney-client privilege or the attorney work product doctrine;
- (6) Disclosure of information in violation of law;
- (7) Meeting minutes or other confidential records of an executive session of the Executive Board; or
- (8) Individual Owner files other than those of the requesting Owner.

19.5 An attorney's files and records relating to the Association are not records of the Association and are not subject to inspection by Owners or production in a legal proceeding for examination by Owners.

19.6 The Association may charge a fee for providing copies of any records under this section but that fee may not exceed the actual cost of the materials and labor incurred by the Association.

19.7 The right to copy records under this section includes the right to receive copies by xerographic or other means, including copies through an electronic transmission if available and so requested by the Owner.

19.8 The Association is not obligated to compile or synthesize information.

19.9 Information provided pursuant to this section may not be used for commercial purposes.

SECTION 20. AMENDMENTS OF BYLAWS

20.1 These Bylaws may be amended, altered, repealed or added to at any regular meeting of the Voting Members or any special meeting called for that purpose by affirmative vote of a majority of the Membership entitled to vote. If the requirements for an amendment described in this Section have been fulfilled, the President of the Executive Board shall prepare or cause to be prepared, the formal amendment to be recorded with the Recorder of Deeds.

SECTION 21. AMENDMENTS OF DECLARATION

21.1 The Declaration shall be amended as set forth in Article VIII, Section 1 of the Declaration. If the requirements for an amendment described in the Declaration have been fulfilled, the President of the Executive Board shall prepare or cause to be prepared, the formal amendment to be recorded with the Recorder of Deeds. The amendment shall be signed by the President of the Executive Board and the Secretary of the Board shall also sign the Declaration and apply the corporate seal to the amendment prior to causing it to be recorded with the Recorder of Deeds.

SECTION 22. DISPUTE RESOLUTION

22.1 Internal Dispute Resolution. To promote a fair, reasonable, and expeditious dispute resolution procedure for the resolution of disputes, the following procedures shall be utilized regarding disputes between Members or the Association and a Member or Members concerning the enforcement of the provisions of the governing documents:

(1) Any party to a dispute within the scope of this Section may invoke the following procedure:

(a) The Member submitting a Complaint (“Complainant”) may request the Member against whom the Complaint is made or the Association (“Complaine”) to meet and confer in an effort to resolve the dispute. The “Complaint” shall be a written statement submitted by one or more Members regarding any matter within the purview and control of the Executive Board.

(b) Within fifteen (15) calendar days of its receipt of the Complaint, the Board shall send written notice acknowledging receipt of the request, schedule a meeting at a mutually convenient time and place and provide notice to all interested parties as to the meeting date. Where reasonably practical, the meeting shall occur within thirty (30) days of the Board’s receipt of the Complaint.

(c) The Executive Board shall designate a Director to “meet and confer.”

(d) The parties shall meet, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.

(e) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.

(2) An agreement reached under this Section binds the parties and is judicially enforceable if both of the following conditions are satisfied:

(a) The agreement is not in conflict with law or the governing documents.

(b) The agreement is either consistent with the authority granted by the Executive Board to its designee or the agreement is ratified by the Executive Board.

(3) A Member may not be charged a fee to participate in the process, unless the Executive Board determines in good faith that a requesting party is abusing the process.

(4) If the dispute is not resolved through the process outlined above, or requires additional information, the entire Executive Board shall within thirty (30) days of the failed “meet and confer” schedule a special meeting to review the Complaint. The Board shall deliver notice of the date, time and location for consideration of the Complaint. The Executive Board may hear the positions of each party at such special meeting. The parties shall treat each other with dignity, respect and civility. The Executive Board may exclude parties who fail to act respectfully, and may limit the parties to 15-minute explanations of their positions. No later than fourteen (14) days after consideration of the Complaint, the Board shall make its final determination of the Complaint in writing, with written notice of the final determination to the Complainant and Complainee. The final determination shall be dated with the date of issuance and include:

(a) The written final determination with an explanation of the decision;

(b) Specific quotation of the Declaration, Bylaws, rules or other governing documents or a reference to applicable law or, regulation or rule that led to the Board’s final determination; and

(c) Any supporting documents, correspondence, and other materials related to the final decision.

(5) The notice of final determination, if adverse to a party, shall inform the party of the right to submit the Board’s final determination to the Delaware Office of the Ombudsperson in substantially the following form: “You have the right to file a notice of final adverse determination with the Common Interest Community Ombudsman in accordance with 29 Del. C. §2544 (9), (10).”

IN WITNESS WHEREOF, the President of the Association has hereto set his hand and seal the day and year aforesaid.

**ZOAR ESTATES HOMEOWNERS
ASSOCIATION, INC.**

By: _____{SEAL}
_____, President

Attest: _____{SEAL}
_____, Secretary

STATE OF DELAWARE :
 : ss.
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this _____ day of _____, A.D. 2019, personally appeared before me, the Subscriber, a Notary Public for the State and County aforesaid, _____, as President Zoar Estates Homeowners Association Inc., party to this Indenture, known to me personally to be such, who, after being duly sworn, acknowledged this Indenture to be his act and deed and the act and deed of said Association, that the signature of the President thereto is in his own proper handwriting, that his act of executing, acknowledging and delivering said Indenture was duly authorized by his appointment to the position of President and the President hereby certifies before the undersigned Notary that the foregoing Bylaws were effected by and with the consent of a majority of the Voting Members set forth in the Affidavit and Certification attached hereto as Exhibit "A."

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

Notary Public
Printed Name: _____
Notary expires: _____

STATE OF DELAWARE :
 : ss.
COUNTY OF SUSSEX :

BE IT REMEMBERED, That on this _____ day of _____, A.D. 2019, personally came before me, the Subscriber, a Notary Public for the State and County aforesaid, _____, Secretary of Zoar Estates Homeowners Association Inc., party to this Indenture, known to me personally to be such, and acknowledged this Indenture to be his act and deed, and the act and the deed of the said Association; that the signature of the Secretary is in his own proper handwriting; and that the act of signing, acknowledging and delivering the said Indenture was first duly authorized by the Association.

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

Notary Public
Printed Name: _____
Notary expires: _____

EXHIBIT "A"
AFFIDAVIT AND CERTIFICATION BY
ZOAR ESTATES HOMEOWNERS ASSOCIATION, INC.
PERTAINING TO THE ADOPTION OF THE:

BYLAWS OF ZOAR ESTATES

STATE OF DELAWARE :
 : ss.
COUNTY OF SUSSEX :

BE IT REMEMBERED, that on this ____ day of _____, A.D., 2019, personally appeared before me, a Notary Public for the State and County aforesaid, _____, known to me personally to be such, who did depose, certify, and state as follows:

1. I am the President of the Zoar Estates Homeowners Association, Inc. (the "Association").

2. The document to which this Affidavit and Certification is attached, entitled "Bylaws of Zoar Estates Homeowners Association, Inc.," (the "Bylaws"), is a written instrument setting forth the Bylaws for Zoar Estates.

3. The Bylaws were adopted by affirmative vote of a majority of the Membership entitled to vote at a regular/special meeting of the Voting Members. The final voting tally was as follows:

_____ Votes in the Affirmative
 _____ Votes in the Negative
 _____ Not Voting

4. The voting results are on file with the Association and available for inspection upon reasonable request.

ZOAR ESTATES HOMEOWNERS
ASSOCIATION, INC.

By _____ {SEAL}
 _____, President

Attest: _____ {SEAL}
 _____, Secretary

GIVEN under my hand and seal of office, the day and year aforesaid.

Notary Public
Printed Name: _____
Notary expires: _____