

BY-LAWS

**SILVER RIDGE PARK WEST
HOMEOWNERS ASSOCIATION, INC**

MARCH 2026

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**BY-LAWS FOR
SILVER RIDGE PARK WEST HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I NATURE OF BY-LAWS

1.01. Purpose

These By-Laws are intended to govern the administration of the Silver Ridge Park West Homeowners Association, Inc., a non-profit corporation organized under Title 15A of the New Jersey Statutes, and to provide for the management, administration, utilization and maintenance of the Common Property described in the Declaration of Covenants and Restrictions for the Silver Ridge Park West Homeowners Association, Inc., and any amendments or supplements thereto. It is the intent and purpose of the Association via its governing documents, including these By-Laws, to maintain the Properties as "Housing for Persons Age 55 and Over" in accordance with the provisions of the Declaration of Covenants and Restrictions and applicable Federal, State and municipal requirements, and order of the Board of Fire Underwriters or other similar bodies.

1.02. Definitions

Unless the context clearly indicates otherwise, all definitions set forth in the Declaration of Covenants and Restrictions for the Silver Ridge Park West Homeowners Association are incorporated herein by reference.

1.03. Fiscal Year

The fiscal year of the corporation shall be determined by the Board of Trustees.

1.04. Principal Office

The principal office of the corporation is located at 145 Westbrook Drive, Toms River, New Jersey 08757.

1.05. Principal Residence

Principal Residence is determined by proof of either of the following confirmed within five (5) days of the record date fixed for such meeting or other Association action: At least one of the Property Owners of the Lot or Living Unit has the Silver Ridge Park West identified on (1) his/her driver's license or state identification card; or (2) the most recent 1040 tax return; and/or (3) on a copy of a bank statement for a period of no less than three (3) months prior to record date.

1.06. Definitions

Definitions set forth in Declaration of Covenants are incorporated herein.

ARTICLE II MEMBERSHIP AND VOTING RIGHTS

2.01. Members

Every person who is a record Owner or Co-Owner of the fee title to any Lot or Living Unit shall be a Member of the Association provided that the person is age fifty-five (55) or over, or otherwise qualifies for Membership pursuant to Article VIII(A) of the Declarations of Covenants and Restrictions. It is the intention of the Association to comply with any and all orders or requirements affecting the premises maintained by the Association placed thereon by any federal, state, county or municipal authority having jurisdiction thereover, including the maintenance of the Properties as "Housing for Persons Age 55 and Over" in accordance with the provisions of the Declaration of Covenants and Restrictions, and applicable Federal, State and municipal requirements, and

order of the Board of Fire Underwriters or other similar bodies. Any person, firm, association, corporation or legal entity who holds such title or interest merely as a security for the performance of an obligation (including but not limited to mortgagees or trustees under deeds of trust) shall not be a Member of the Association.

2.02. Member in Good Standing

A Member shall be deemed to be in good standing and entitled to vote in person at any meeting of the Association or in any ballot by mail, if their principal residence is Silver Ridge Park West and if on the record date fixed for such meeting or other Association action by the members, s/he has fully paid all installments due for assessments made or levied against him and his Lot or Living Unit by the Board as hereinafter provided, together with all interest, costs, attorney's fees, late fees, penalties and or other charges lawfully assessed, properly chargeable to him and to his Lot or Living Unit, and said Member is not otherwise in violation of the Declaration of Covenants and Restrictions, these By-Laws, and any Rules and Regulations promulgated pursuant to these governing documents. A Member shall also be in Good Standing if s/he is in full compliance with a settlement agreement with respect to the payment of common expenses, late fees, interest on unpaid assessments, legal fees, or other charges lawfully assessed, or the Member has a pending unresolved dispute concerning charges assessed which dispute has been initiated through a valid alternative to litigation or through a pertinent court action. A Member in "Good Standing" and shall be eligible to (1) vote in Board of Trustees elections, (2) vote to amend the By-Laws, Covenants and Restrictions or other governing documents, and (3) nominate or run for any position on the Board of Trustees. Any date set forth in these By-Laws for determining good standing for voting purposes, as well as any related requirement which may be established by the Board of Trustees, shall be deemed supplemental to, and not in derogation of, the record date provisions of N.J.S. 15A:5-7.

2.03. Associate Members

Every person who is entitled to possession and occupancy of a Lot or Living Unit as a tenant or lessee of a Lot or Living Unit Owner pursuant to Article IV of the Declaration of Covenants and Restrictions may be an Associate Member of the Association, but shall not be entitled to any vote with respect to Association matters or in elections, or any access to the books and records of the Association.

2.04. Change of Membership

Change of membership shall be accomplished by recordation in the Ocean County Clerk's Office of a deed or other instrument establishing a record title to a Lot or Living Unit, and delivery to the Secretary of the Association of a certified copy of such instrument together with such sums of money as are required for the payment of any membership fee and contribution to capital. The membership of the prior Lot or Living Unit Owner shall be thereby terminated. In the event that the Owner dies, the surviving spouse, widow or widower, if under age fifty-five (55), will have the right to ownership and continued residence, provided that the survivor consents to and agrees to be bound by these By-Laws and all rules and regulations. If the surviving spouse remarries, and both are under age fifty-five (55), then the Lot and Living Unit will have to be sold or leased to an eligible person or persons who qualify as members.

2.05. Rights of Membership

Every person who is entitled to membership in the Association, pursuant to the provisions of the Declaration of Covenants and Restrictions and these By-Laws, and establishes Silver Ridge Park West as principal residence, including any Associate Member, shall be privileged to use and enjoy the Common Property, subject however to the right of the Association to promulgate Rules and Regulations governing such use and enjoyment; suspend the use and enjoyment of the Common Property as provided in Section 2.06 of this Article II; and transfer, grant or obtain easements, licenses and other property rights with respect to all or part of the Common Property, other than any Building in which any Lot or Living Units are obtained, as provided in Section 6.01(j) of Article VI hereof.

2.06. Suspension of Rights

The Membership and voting rights of any Member may be suspended by the Board for any period over thirty (30) days during which any type of assessment or installment thereof, against the Lot or Living Unit to which his Membership is appurtenant remains unpaid, but upon payment of such assessments, and any interest accrued thereon and the amount due as counsel fees, if any, pursuant to Section 7.09 hereof, whether by cash or check, the rights and privileges shall be immediately and automatically restored, except such restoration shall not affect any date set forth in these By-Laws for determining good standing for voting purposes. Further, the rights and privileges of any person including Members, Associate Members and/or guests, in violation thereof or in violation of any non-monetary covenant of the Declaration of Covenants and Restrictions, By-Laws, or Rules and Regulations may be suspended at the discretion of the Board for a period not to exceed thirty (30) days for any single violation, but if the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board until the Lot or Living Unit Owner is afforded an opportunity for an alternative dispute resolution hearing consistent with the principles of due process of law.

2.07. Membership Fees

Prior to the acquisition of title to his Lot or Living Unit, each Lot or Living Unit Owner, shall pay to the Association a non-refundable and non-transferable membership fee in an amount to be determined annually by the Association in its annual budget, but in no case not less than \$1000.00 which will be allocated to the repair and replacement fund and/or reserve fund within the discretion of the Board. This fee shall apply to the resale of all Lot or Living Units as well as the initial sale thereof. Prior to leasing a Lot or Living Unit, each Lot or Living Unit Owner, shall provide a copy of the proposed lease and pay to the Association a non-refundable and non-transferable membership fee to be determined annually by the Association in its annual budget, but in no case not less than \$250.00. This fee shall apply to each lease of the Lot or Living Unit in which there is a change of tenants. On an annual basis, regardless of the terms (length) of the lease, Owners of rented Living Units shall provide the Association with a copy of the then-current lease, certify to the Association that the tenants are persons age fifty-five (55) or over, and/or otherwise qualifies for Membership pursuant to Article VIII(A) of the Declaration of Covenants and Restrictions, and pay the Association a lease review and compliance fee to be determined annually by the Association in its annual budget, but in no case not less than \$200.00.

2.08. Votes

Each member in Good Standing shall be entitled to vote for each Lot or Living Unit to which s/he holds title as is provided in Article IV of the Declaration of Covenants and Restrictions. When

more than one person holds title, the vote for each Lot shall be exercised as the co-owner Members among themselves determine, but there shall be only one vote cast per Lot or Living Unit.

ARTICLE III MEETINGS OF OWNERS

3.01. Place of Meetings

All meetings of the membership of the Association shall be held at 145 Westbrook Drive, Toms River, New Jersey 08757, or at such other place convenient to the Members as may be designated by the Board.

3.02. Quarterly Homeowner Meetings

The Quarterly Homeowner Meetings of the Membership shall be held during the second week of February, May, August, and November of each and every year. The place and time of the meeting shall be designated by the Board of Trustees. The election of Officers and/or Trustees shall take place in the first week of May. If the election of Officers and/or Trustees shall not be held during the first week of May or any adjournment of such meeting, the Board shall cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting the Owners may elect the Officers and Trustees and transact other business with the same force and effect as at a quarterly meeting duly called and held. All absentee ballots validly received for the originally scheduled meeting shall remain in full force and effect for any such adjourned meeting or special meeting and new absentee ballots may be received for any such subsequent meeting.

3.03. Special Meetings

Special meetings of Members may be called by the President whenever s/he deems such a meeting advisable, or shall be called by the Secretary upon the order of the Board, or upon the written request of Members representing not less than twenty-five (25%) percent of all the Members in good standing. Such request shall state the purpose(s) of such meeting and the matter(s) proposed to be acted upon. Unless Lot or Living Unit Owners representing at least fifty (50%) percent of all the Membership request, no special meeting may be called to consider any matter which is substantially the same as a matter voted upon at any meeting of the Lot or Living Unit Owners held during the preceding twelve (12) months, which determination shall be made in the sole and absolute discretion of the Board.

3.04. Notice of Meeting

(a) Adequate notice to Lots and Living Unit Owners of the time and place of all meetings required to be open to all unit owners shall be provided.

(b) The "adequate notice" required by this section shall mean written notice, at least 48 hours in advance, giving the time, date, location and, to the extent known, the agenda of any regular, special, or rescheduled meeting, except conferences or working sessions at which no binding votes are to be taken, which notice shall be:

1. Posted prominently in at least one place on the association property that is accessible at all times to all owners;
2. Mailed, telephoned, emailed, or published in the Association's monthly newsletter currently known as the Sentinel;
3. Filed with the person responsible for administering the business office of the Association.

(c) At least once each year, within seven (7) days following the annual May meeting of the Association, the governing body shall post, and maintain posted throughout the year at the place

or places at which notices are posted pursuant to (b)1 above, and filed with the person responsible for administering the business office of the association, a schedule of the regular meetings of the Board of Trustees to be held during the succeeding year.

1. Such schedule shall contain the location of each meeting, and the time and date of each meeting. In the event that such schedule is thereafter revised, the Association, within seven days, shall post, mail and submit such revision in the manner set forth in this subsection.

2. If the location of a meeting is set forth in the schedule, additional notice of the meeting pursuant to (b) above shall not be required.

(d) In the event that a meeting of the governing body is required in order to deal with matters of such urgency and importance that delay for the purpose of providing 48 hours advance notice would be likely to result in substantial harm to the interests of the association, and provided that the meeting is limited to discussion or and acting with respect to such matters of urgency and importance, notice of the meeting shall be deemed to be adequate if it is provided as soon as possible following the calling of the meeting by posting, delivering and filing written notice of the meeting in the manner set forth in (b) above.

3.05. Quorum and Adjourned Meetings

At each quarterly meeting of the Lot or Living Unit Owners, forty (40) members in good standing present in person, shall constitute a quorum for the transaction of business at a meeting of the membership except where otherwise provided by law. In the absence of a quorum, a majority of the votes present in person may adjourn the meeting from time to time, until a quorum shall be present or represented. At any such adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting originally called.

3.06. Organization

At each meeting of the Association, the President, or, in his absence, the Vice President, or in the absence of both of them, a person chosen by a majority vote of the Board of Trustees present in person shall act as a chairperson, and the Secretary, or in his/her absence, a person whom the chairperson shall appoint, shall act as Secretary of the meeting.

3.07. Voting on questions

Only Lot or Living Unit Owners who hold memberships in good standing and at least thirty (30) days prior to any quarterly meeting at which a vote is to occur shall be entitled to vote on questions. A majority in interest of votes present at any duly constituted meeting of the membership or by mail ballot shall be sufficient on those questions submitted to a vote of the membership. The vote on any question at a meeting need not be taken by ballot, unless (i) the chairperson of the meeting determines a ballot to be advisable, or (ii) a majority in interest of the votes present at the meeting determine that the vote on the question submitted shall be taken by ballot, or (iii) it is otherwise required by law or the Association Documents.

3.08. Voting in Elections of Officers and Trustees

Only Lot or Living Unit Owners who hold memberships in good standing and Silver Ridge Park West is their primary residence five (5) days prior to any meeting at which an election is to occur shall be entitled to vote in elections of Trustees except that any Member whose rights and privileges are suspended due to delinquent assessment, fines, assessed legal fees and costs shall be immediately reinstated upon payment of the delinquencies. As provided in Article IV of the Declaration of Covenants and Restrictions, each Lot or Living Unit Owner shall be entitled to one

(1) vote for each Lot or Living Unit to which s/he holds title with respect to all elections. The election of Officers and Trustees shall be conducted by written ballot. These By-Laws do not permit tenants of Unit owners to be Members; tenants of Unit owners are expressly prohibited from being Members, are not Members, may not run for election to the Board, may not serve as Trustees, and have no voting rights whatsoever.

3.09. Elections

- (a) The Association shall provide written request for nominations to all Members that informs the Members of the right to nominate themselves or other Members in Good Standing for candidacy to serve on the Board of Trustees as an Officer or Section Trustee. Such notice shall be provided at least 30 days prior to date of the Association's written notice of an election.
- (b) The time period for submitting nominations shall not be less than 14 days from the date of the Association's written request for nominations.
- (c) The Association shall accept written nominations so long as the nomination is received prior to the sending of ballots to Association Members, which sending shall occur no earlier than the day following the expiration of the time period in which candidates must be nominated, or if no expiration date is set forth in the written nomination of candidates, then business day prior to the Association's written notice of election.
- (d) The Association shall provide Members with written notice of an election by personal delivery, mail, or electronic means, no less than 14 nor more than 60 days prior to the meeting at which an election of the Board of Trustees members is scheduled. This notice shall include an absentee ballot, which ballots shall list in alphabetical order by last name the names of all candidates nominated. In the case of mailing, the notice shall be effective when deposited in the mailbox with proper postage.

Sample Election Timeline:

March 3, 2026: Association sends out "call for nominations" to serve on the Board (must be sent at least thirty (30) days before mailing the election meeting notice and absentee ballot)

March 19, 2026: Nominations are due back to the Association (must be at least fourteen (14) days from the mailing of the "call for nominations")

April 4, 2026: Association sends out written notice scheduling the election meeting along with absentee ballots (must be sent no less than fourteen (14) days or more than sixty (60) days prior to the date of the election meeting)

May 5, 2026: Association holds election meeting

- (e) The Association shall use ballots, whether paper ballots or electronic ballots, that contain

the names of all persons nominated as a candidate for the Board of Trustees (Officer and/or Section Trustee)

- (f) The Association shall not prohibit any Member in Good Standing for voting purposes from voting for any nominated candidate in a Board of Trustees election, except that there shall be only one vote per Unit. Members may only vote for District Trustee in the District in which the Member's Lot or Living Unit is located.
- (g) No proxies shall be permitted or used.
- (h) Counting of ballots shall conform to the requirements of the "New Jersey Nonprofit Corporation Act" (N.J.S. 15A:1-1 et seq).
- (i) Not more than one Unit owner, or Unit entity-owner representative from a single unit may serve on the Board of Trustees simultaneously.
- (j) No person shall take a Board of Trustees position through appointment, provided that nothing herein shall prevent the Association Board of Trustees from filling a vacancy in the Board created by resignation, death, failure to maintain any reasonable qualification, including maintaining Good Standing, to be a Board of Trustees member or by removal following a vote in favor of removal open to all Members in accordance with the terms of the bylaws.

3.10. Ballot by Mail

The Board, in lieu of calling a membership meeting, may submit any question or election, to a vote of the membership by a ballot by mail. No ballot by mail shall be valid or tabulated unless the Lot or Living Unit Owner(s) submitting the ballot has been verified in accordance with procedures established by the Board. Only members in good standing on the record date established by the Board shall be entitled to vote. The Board shall appoint judges to tabulate the ballot whose report shall be included in the minute book. In order to conduct a ballot by mail for a question submitted to a vote of the membership, the Board shall serve a notice upon all members which shall (i) state with specificity in terms of motion(s) the question(s) upon which the vote is to be taken; (ii) state the date by which ballots must be received in order to be counted; (iii) provide an official ballot for the purposes of the vote; and (iv) state the date upon which the action contemplated by the motion(s) shall be effective, which date shall not be less than ten (10) days after the date ballots must be received. No actions contemplated by a question submitted to a ballot by mail shall be taken unless at least forty (40) members in good standing respond, and a majority (51%) of all owners in good standing responding approve such action.

In order to conduct a ballot by mail for an election of Officers and Trustees, the Board shall serve a notice upon all members which shall (i) provide an official ballot for the purposes of the election; and (ii) state the date by which the ballot must be received in order to be counted. No ballot shall be counted if the Member casting same is not in good standing on the record date established by the Board.

3.11. Proxies

Voting by proxy shall not be permitted.

3.12. Inspectors

If, at any membership meeting, a vote by ballot shall be taken, the chairperson of such meeting shall appoint two persons to act as inspectors with respect to the ballots. Each inspector so appointed shall first subscribe an oath to execute faithfully the duties of an inspector with strict

impartiality and according to the best of his or her ability. Such inspectors shall decide upon the qualifications of voters and shall report the number of votes represented at the meeting and entitled to be cast, shall conduct and accept the votes, and when the voting is completed, shall ascertain and report to the Secretary the number of votes for and against the questions or candidates, respectively. Reports of inspectors shall be in writing and subscribed and delivered by them to the Secretary of the meeting. Any Officer or Trustee of the Association may be an inspector on any question, other than a vote for or against his or her election or any other question in which he may be directly interested.

3.13. Order of Business

The order of business at any quarterly meeting of the Lot or Living Unit Owners or at any special meeting insofar as practicable shall be:

- (a) Calling of the roll.
- (b) Proof of notice of meeting.
- (c) Reading and consideration of any unapproved minutes.
- (d) Appointment of inspectors of election, if appropriate.
- (e) Election of officers and trustees, if appropriate.
- (f) Receiving reports of officers and trustees.
- (g) Receiving reports of committees.
- (h) Old Business.
- (i) New Business.
- (j) Announcements.
- (k) Good and Welfare at the discretion of the Board.
- (l) Adjournment.

ARTICLE IV BOARD OF TRUSTEES

4.01. Qualifications

The following criteria shall be qualifications for nomination, appointment or election to a Trusteeship.

- (a) Membership in Good Standing: Membership in Good Standing and primary residence is Silver Ridge Park West, shall be a qualification of any nominee or appointee to a Trusteeship and for continued service on the Board.
- (b) Disqualification of Trustees. Any Trustee whose membership in the Association is not in good standing for thirty (30) consecutive days shall automatically be disqualified as a Trustee upon expiration of said thirty (30) day period and a replacement shall be appointed by the Board. Despite the aforesaid, any Trustee who conveys title to his or her Lot or Living Unit and no longer holds title to any other Lot or Living Unit is automatically disqualified as a Trustee effective on the date of said conveyance.
- (c) Any Trustee who shall be absent, without approval by the Board of Trustees, from three (3) consecutive regular monthly Trustee meetings or from four (4) regular Trustee meetings and/or 50% of Trustee Workshops during one (1) year beginning June 1, except for reasons of severe illness or family crisis, shall be deemed to have resigned their Trusteeship.

- (d) Any District Trustee who no longer maintains principal residence in the represented District shall be automatically disqualified as a District Trustee and shall immediately resign as District Trustee.

4.02. Number

The Board shall consist of nine (9) Board Members, designated as four (4) Officers, and five (5) Trustees (four (4) District Trustees and one (1) At-large Trustee), collectively referred to as the "Trustees", "the Board", or "Board of Trustees." District One (two (2) Trustees) shall consist of all odd number sections, 1,3,5,7,9,11. District Two (two (2) Trustees) shall consist of all even number sections 2,4,6,8,10. District Trustees are required to reside in the District the Trustee represents. Failure of District Trustee to resign due to non-residency shall result in the Board removing the District Trustee.

4.03. Term of Office

Officers and District Trustees shall serve a two (2) year term and may be reelected for two (2) subsequent terms and may continue to serve thereafter only if no successor is nominated. It is the purpose and intent hereof that election of odd number District Trustees shall be held in alternate years to the even number District Trustees in order to create staggered terms. Officers and Trustees shall hold office for the term for which s/he was appointed and until his successor has been appointed and has qualified.

4.04. Removal of Members of the Board

At any duly held and constituted regular or special meeting of the Lot or Living Unit Owners, any one or more Officers or Trustees, may be removed with or without cause by vote of the Lot or Living Unit Owner votes present, provided that the notice of the meeting expressly includes this item, and twenty five (25) percent of the Members in good standing are present and participate in the vote with a majority of those present and participating voting affirmatively for removal. Any Officer or Trustee whose removal has been proposed shall be given an opportunity to be heard at the meeting but the failure of any Trustee to be a Member in Good Standing for a period of thirty (30) consecutive days or more shall be grounds for automatic removal without any vote of the members.

4.05. Vacancies of District Trustee

The Board as a whole shall be charged with representation of Districts without representation until such District Trustee vacancy can be filled. No person shall take a Board of Trustees position (Officer or District Trustee) through appointment, provided that nothing herein shall prevent the Association Board of Trustees from filling a vacancy in the Board created by resignation, death, failure to maintain any reasonable qualification, including maintaining Good Standing, to be a Board of Trustees member or by removal following a vote in favor of removal open to all Members in accordance with the terms of these bylaws. Each person so appointed shall be a Trustee for the remainder of the term of the Trustee whose term s/he is filling and until his or her successor shall have been duly elected and qualified.

ARTICLE V TRANSACTION OF BUSINESS BY THE BOARD OF TRUSTEES

5.01. Meeting of the Board; Notice to Trustees; Waiver of Notice

Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board, but at least two meetings shall be held each year. Notice of regular meetings of the Board shall be given to each Trustee by telephone, electronic means, or

mail at least three (3) days prior to the day of the meeting. Special meetings of the Board may be called by the President on three (3) days' notice to each Trustee given by telephone, electronic means, or mail which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or the Secretary in like manner and on like notice on the written request of at least three (3) Trustees. Any Trustee may, at any time, waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by Trustees at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the Trustees are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

5.02. Quorum and Adjourned Meetings

At all meetings of the Board, a majority of the elected and appointed Trustees shall constitute a quorum for the transaction of business and the votes of a majority of the Trustees present and voting at a meeting at which a quorum is present shall constitute a valid decision. A quorum shall be based and determined on the total number of Board of Trustee members after the May election of the current election year. If at any meeting of the Board there shall be less than a quorum present, the majority of those present shall adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the original meeting may be transacted without further notice. The vote of a majority of those present at a Board meeting at which a quorum is present shall be necessary for valid action by the Board on any matter.

5.03. Non-Waiver

All the rights, duties and privileges of the Board shall be deemed to be continuing and shall not be exhausted by any single act or series of acts. To the same extent, the failure to use or employ any remedy or right hereunder or hereafter granted shall not preclude its exercise in the future nor shall any custom bind the Board.

5.04. Consent in Lieu of Meeting and Vote

Despite anything to the contrary in these By-laws, the Certificate of Incorporation or the Declaration of Covenants and Restrictions, the entire Board of Trustees shall have the power to take action on any matter on which it is authorized to act, without the necessity of a formal meeting and vote, if the entire Board, or all the Trustees empowered to act, whichever the case may be, shall consent in writing to such action.

5.05. Meetings Open to Lot or Living Unit Owners; Notice

All Board Meetings, except conferences or working sessions at which no binding votes are to be taken, shall be open to attendance by all Lot or Living Unit Owners, subject to those exceptions set forth in N.J.A.C. 5:20-1.1, as now or hereafter amended. The Board may exclude or restrict attendance at those meetings, or portions of meetings, at which any of the following matters are to be discussed: 1) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; 2) any pending or anticipated litigation or contract negotiations; 3) any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his or her ethical duties as a lawyer; or 4) any matter involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Association. Adequate written notice of the time, place and the agenda, to the extent known, of all such open meetings shall be given by the Board to all Lot or Living Unit Owners at least forty-

eight (48) hours in advance of such meeting in the manner required by N.J.A.C. 5:20-1.2). Moreover, the Board shall also within seven (7) days following the Annual Meeting of the Association post, and file with the administrator of the business office of the Association a schedule of the regular Board Meetings to be held in the succeeding year, as prescribed in Section 3.04 herein and make appropriate revisions thereto, all as required by N.J.A.C. 5:20-1.2(c)1. The Association shall keep minutes of all its meetings showing the time and place, the Members present, the subjects considered, the actions taken, the vote of each member, and any other information required to be shown in the minutes by the by-laws. Such minutes shall be made available to the public in the Association office within thirty (30) days, if only in draft form.

5.06. Member Participation at Board Meetings

During the Board Meetings, the Board, in its discretion, may permit comments by the Members in attendance. To the extent permitted by the Board, comments made by the Members at a Board Meeting shall be limited to matters on the agenda for such Meeting and matters regarding which a binding vote is to be taken at such Meeting. The Board may designate a set period for comments by the Members during the Good and Welfare portion of the agenda and may restrict the time allotted for comments by the Members, including, without limitation, the amount of time allotted to each Member as well as to the cumulative time allotted for comments by the Members as a group. The Board may take such actions, and set such limitations and guidelines (including, without limitation, with respect to comments from the Members), as it deems necessary or prudent to conduct the Meeting in an orderly fashion. The Board may refuse access to a Meeting by any Member who disrupts a Meeting and/or does not abide by the procedures for comment established by the Board at a Meeting. Any period of time designated by the Board for comments by the Members shall not confer any right on the Members to have questions answered by the Board or by other individuals.

5.07. Meetings of District Trustees

Any District Trustee may call a meeting of the Members of his or her District at any time. Any decision made at the District Meeting shall be advisory but not binding on the Association.

ARTICLE VI POWERS AND DUTIES OF BOARD OF TRUSTEES

6.01. General Powers and Privileges

Subject to the Declaration of Covenants and Restrictions or other instruments of creation, the Association Board of Trustees may do all it is legally entitled to do under the laws applicable to its form of organization. The Association shall discharge its powers in a manner that protects and furthers the health, safety and general welfare of the residents of the Association, and maintains the Properties as "Housing for Persons Age 55 and Over" in accordance with the provisions of the Declaration of Covenants and Restrictions and applicable Federal, State and municipal requirements, and order of the Board of Fire Underwriters or other similar bodies. The Association shall provide a fair and efficient procedure for the resolution of disputes between individual Lot or Living Unit Owners and the Association, and between different Lot or Living Unit Owners, that shall be readily available as an alternative to litigation.

The property, affairs and business of the Association shall be managed by the Board of Trustees, which shall have all those powers granted to it by the Certificate of Incorporation, the Declaration of Covenants and Restrictions, these By-Laws, and by law. The Board shall have those powers, which include but which are not necessarily limited to the following, together with such other

powers as may be provided herein or in the Declaration of Covenants and Restrictions, or which may be necessarily implied in order to transact the business of the Association.

- (a) To employ any person, firm or corporation to repair, maintain or renovate the Common Property of the Association; to lay pipes or culverts; to bury utilities; to put up lights or poles; to erect signs and traffic and safety controls of various sorts on said Property; and
- (b) To employ professional counsel and obtain advice from persons, firms or corporations such as, but not limited to, landscape architects, architects, engineers, lawyers and accountants; and
- (c) To employ or contract for water and sewer, electricity and gas or other forms of utilities, cable or master antenna television, not individually metered; and
- (d) To adopt, amend and publish Rules and Regulations covering the details of the operation and use of the Common Property including but not limited to pet controls; and
- (e) To secure full performance by Lot or Living Unit Owners or occupants of all items of maintenance for which they are responsible; and
- (f) Have the authority to hire an outside collection agent to expedite the collection of delinquent dues; and
- (g) To enforce obligations of the Lot or Living Unit Owners and do anything and everything else necessary and proper for the sound management of the Association, including the right to bring, defend or settle lawsuits to enforce the terms, conditions and restrictions contained in the Declaration of Covenants and Restrictions, these By-Laws, or any Rules and Regulations; and
- (h) To borrow and repay monies, giving notes, mortgages or other security upon such term or terms as it deems necessary; and
- (i) To invest and reinvest monies; sue and be sued; collect interest, dividends, and capital gains; exercise rights; pay taxes; make and enter into contracts; enter into leases or concessions; make and execute any and all proper affidavits for various purposes; compromise any action without leave of court; and all other powers contained herein, and those necessary and incidental thereto; and
- (j) To transfer, grant or obtain easements, licenses, and other property rights with respect to the Common Property in a manner not inconsistent with the rights of Lot or Living Unit Owners; and
- (k) To purchase or lease or otherwise acquire in the name of the Association or its designees, corporate or otherwise, on behalf of all Lot or Living Unit Owners within the Association, Lot or Living Units offered for sale or lease or surrendered by their Owners to the Board provided that the foregoing shall not be construed to constitute a right of first refusal; and
- (l) To purchase Lot or Living Units within the Association at foreclosure or other judicial sales in the name of the Association or its designees, corporate or otherwise, on behalf of all Lot or Living Unit Owners; and
- (m) To sell, lease, mortgage (but not vote the votes appurtenant thereto) or otherwise deal with Lot or Living Units acquired by the Association, and sublease any such Lot or Living Units leased by the Association or its designees, on behalf of all Lot or Living Unit Owners; and
- (n) To enter into contractual agreements with purchasers of Living Units who seek to

rehabilitate homes for resale to individuals conforming with all requirements, restrictions and applicable laws regarding residence in a 55+ community; requiring said purchasers to post a security deposit to make necessary repairs to obtain a Certificate of Occupancy and to comply with Association's Declaration of Covenants, Bylaws and Rules and Regulations and such other restrictions as determined in the sound discretion of the Board; and

- (o) To bring and defend actions by or against more than one Lot or Living Unit Owner which are pertinent to the operation of the Association, the health, safety or general welfare of the Lot or Living Unit Owners, or any other legal action to which the Lot or Living Unit Owners may consent in accordance with these By-Laws; and
- (p) To be responsible for the disposition of all insurance proceeds; and
- (q) To create, appoint members to and disband such committees as shall from time to time be deemed appropriate or necessary to aid the Board in the discharge of its duties, functions and powers;
- (r) To establish Committees as hereinafter provided in Article X; and
- (s) To survey the Lot or Living Unit Owners to establish age verifications of the occupants of Living Units in accordance with the requirements of The Housing for Older Persons Act (HOPA), and to enforce obligations of the Lot or Living Unit Owners to respond to HOPA age verification requests through fines (\$50.00 for non-compliance) or other enforcement actions enumerated in Article XI herein.

6.02. Duties of the Board

It shall be the affirmative and perpetual obligation and duty of the Board to perform the following:

- (a) To cause the Common Property to be maintained according to accepted standards and as set forth in the Declaration of Covenants and Restrictions, including, but not limited to such maintenance, painting, replacement and repair work as may be necessary, lawn maintenance and clearing of snow as the Board deems appropriate. All repairs and replacements shall be substantially similar to the original application; and
- (b) To investigate, hire, pay, supervise and discharge the personnel necessary to be employed, and provide the equipment and materials necessary, in order to properly maintain and operate the Common Property. Compensation for the services of such employees or contractors shall be considered an operating expense of the Association; and
- (c) To cause to be kept a complete record of all its acts and corporate affairs and to present a summary report thereof to the Members at the annual meeting or at any special meeting when requested in writing at least twenty-one (21) days in advance by Members in good standing entitled to cast at least twenty-five (25%) percent of the total votes of the Association; and
- (d) To allocate common surplus or make repairs, additions, improvements to, or restoration of the Common Property in accordance with the provisions of these By-Laws and the Declaration of Covenants and Restrictions after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; and
- (e) To take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises maintained by the Association placed thereon by any

federal, state, county or municipal authority having jurisdiction thereover, and order of the Board of Fire Underwriters or other similar bodies; and

- (f) To manage the fiscal affairs of the Association as hereinafter provided in Article VII; and
- (g) To place and keep in force all insurance coverages required to be maintained by the Association, applicable to its property and Members including, the premiums of which shall be Common Expenses of the Association, but not limited to:

- (i) Physical Damage Insurance. To the extent available in the normal commercial marketplace, broad form insurance against loss by fire and against loss by lightning, windstorm and other risks normally included within all risk extended coverage, including vandalism and malicious mischief, insuring all Common Property and improvements thereon, together with all service machinery appurtenant thereto, as well as common personal belongings to the Association, and covering the interest of the Association, the Board, and all Lot or Living Unit Owners and any Mortgage Holder who has requested the Association in writing to be named as a loss payee, as their respective interests may appear, in an amount equal to the full replacement value of the Common Property without deduction for depreciation. The amount of any deductible and the responsibility for payment of same shall be determined by the Board, in its sole discretion.

- (ii) Public Liability Insurance. To the extent obtainable in the normal commercial marketplace, public liability insurance for personal injury and death from accidents occurring within the Common Property, (and any other areas which the Board may deem advisable), and the defense of any actions brought by injury or death of a person or damage to property, occurring within such Common Property, and not arising by reason of any act or negligence of any individual Lot or Living Unit Owner. Said insurance shall be in such limits as the Board may, from time to time, determine, covering each Member of the Board, and shall also cover cross liability claims of one insured against another. Such public liability insurance shall be in a single limit of not less than \$1,000,000.00 covering all claims for personal injury or property damage arising out of any one occurrence. The Board shall review such limits once a year.

- (iii) Trustees and Officers Liability Insurance. To the extent obtainable in the normal commercial marketplace, liability insurance indemnifying the Trustees and Officers of the Association against the liability for errors or omissions occurring in connection with the performance of their duties, in an amount of at least \$1,000,000.00 with any deductible amount to be in the sole discretion of the Board.

- (iv) Workers' Compensation Insurance. Workers' compensation and New Jersey disability benefits insurance as required by law.

- (v) Vehicular Liability Insurance. To the extent obtainable in the normal commercial marketplace, vehicular liability insurance to cover all motor vehicles, if any, owned or operated by the Association.

- (vi) Flood Insurance. Flood hazard insurance in the event any of the insurable Common Property are located within a federally designated zone of greater than minimal flood hazard.

- (vii) Water Damage. Water Damage legal liability insurance.

(viii) Other Insurance. To assure any entity providing services to the Association, activities to residents, repair and service companies, vendors and the like provide current written documented proof of liability insurance. Any Clubs, Committees or organized resident groups that are formally recognized by the Association and/or use the Association property, facilities or resources must obtain and maintain appropriate liability coverage as required by the Associations' insurance company. Vendors, repair/service and the like are to provide current written documented proof of liability and workers' compensation insurances. A certificate of insurance naming the Association as an additional insured is required. As such, any other insurance as the Board may determine to be appropriate.

The Board may determine, in its sole discretion, the amount of any deductible and the responsibility for payment of same as to any policy of insurance maintained under this subsection. Despite any other provisions of this subparagraph, the Association shall not be required to provide any type or amount of insurance not commonly available in the normal commercial marketplace.

ARTICLE VII FISCAL MANAGEMENT

7.01. Budget; Common Expense Assessments

The Board shall prepare an annual Common Expense Budget which reflects the anticipated operating expenditures and repair and replacement reserve accumulation requirements for the next ensuing fiscal year of the Association. Common Expenses shall include, but not be limited to, the estimated costs for the operation, repair and maintenance of the Association, and any reserves for deferred maintenance, replacement or capital improvements of the Common Property.

The Board shall have the duty to collect from each Lot or Living Unit Owner, his or her heirs, administrators, successors and assigns, as "Annual Common Expense Assessments", the proportionate part of the Annual Common Expenses assessed against such Lot or Living Unit Owner as provided in the Declaration of Covenants and Restrictions, the Certificate of Incorporation, these By-Laws, and in accordance with applicable law.

7.02. Determination of Annual Common Expenses

The amount of monies for Annual Common Expenses deemed necessary by the Board and the manner of expenditure thereof, including but not limited to, the allocation thereof, shall be a matter for the sole discretion of the Board; however, the Annual Common Expense shall not increase by greater than twenty (20) percent of the preceding year's Annual Common Expense. The Board may also, in its sole discretion, distribute to Owners their respective shares of common surplus, if any.

7.03. Disbursements

The Board shall take and hold the funds as collected and shall disburse the same for the purposes and in the manner set forth herein and as required by the Declaration of Covenants and Restrictions, Certificate of Incorporation, and applicable law. Any proposed or published expenditure in excess of \$10,000.00, shall be presented to the Board for approval, with the exception of emergency expenditures. A minimum of three bids is to be requested for any item costing \$5000.00 or more or documentation of attempts to obtain three bids was unsuccessful.

7.04. Depositories

The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board and in which the monies of the Association shall be deposited. Withdrawal of

monies from such accounts shall be only by checks signed by such parties as are authorized by the Board, which shall include two (2) Officers' signatures.

7.05. Accounts

The receipts and expenditures of the Association shall be Common Expense Assessments and Common Expenses respectively, and shall be credited and charged to accounts under the following classifications as the Board shall deem appropriate, all of which expenditures shall be Common Expenses:

- (a) Current expenses, which shall include all expenditures within the year for which the budget is made, including reasonable allowances for contingencies and working funds. Current expenses shall not include expenditures chargeable to reserves.
- (b) Reserve for deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually.
- (c) Reserve for replacement, which shall include funds for repair or replacement of the Common Property and those portions of the Common Property for which repair or replacement is required because of damage, depreciation or obsolescence. The amounts in this account shall be allocated among each of the separate categories of replacement items, which amounts and items shall be determined in the sole discretion of the Board.
- (d) Reserve for capital improvements, which shall include the funds to be used for capital expenditures or for acquisition of additional personal property that will be part of the Common Property.
- (e) Operations, which shall include all funds from the use of the Common Property. Only the additional direct expense required by any revenue producing operation will be charged to this account, and any surplus from any operation or otherwise shall be used to reduce the assessments for current expenses for the year during the one in which the surplus is realized, or at the discretion of the Board, in the year following the one in which the surplus is realized.
- (f) Recreation, which shall only include monies collected from recreation committees, is to be utilized for recreation committee activities.

The Board shall not be required to physically segregate the funds held in the above accounts except for the reserves for replacement and repair and escrow deposits, if any, which funds must be maintained in separate accounts. The Board may, in its sole discretion, maintain the remaining funds in one or more consolidated accounts. As to each consolidated account, the division into the various accounts set forth above need be made only on the Association's records.

7.06. Reserves

The Board shall not be obligated to expend all of the revenues collected in any accounting period, and must maintain reasonable reserves for, among other things, repairs, replacements, emergencies, contingencies of bad weather or uncollected accounts. Despite anything herein to the contrary, the Board in its determination of the Common Expenses and the preparation of a budget shall specifically designate and identify that portion of the Common Expenses which is to be assessed against the Lot or Living Unit Owners as a capital contribution and is allocable to reserves for each separate item of capital improvement of and to said property. The amounts assessed and collected for the reserves shall be kept in one or more interest-bearing accounts, or certificates of deposit and shall not be utilized for any purpose other than that which was

contemplated at the time of the assessment. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking or petty cash account, for the necessary discharge of its functions.

7.07. Notice; Emergencies

The Board shall give written notice to each Lot or Living Unit Owner of the amount estimated by the Board for Annual Common Expenses for the management and operation of the Association by providing copy of the proposed budget for the next ensuing budget period, directed to the Lot or Living Unit Owner at his or her last known address by ordinary mail or by hand delivery of the monthly newsletter currently known as *The Sentinel* to the Living Unit, and by posting the same on the bulletin board in the Association Clubhouse. Said notice shall be conclusively presumed to have been delivered five (5) days after deposit in the United States mails. If an Annual Common Expense Assessment is not made as required, an Assessment shall be presumed to have been made in the amount of the last prior year's Assessment, and installments on such Assessment shall be due upon each installment payment date until changed by an amended Assessment. In the event the Annual Common Expense Assessment proves to be insufficient, the budget and Assessments may be amended at any time by the Board so long as the Assessment does not exceed twenty (20) percent of the preceding year's Annual Common Expense Assessment. Nothing herein shall serve to prohibit or prevent the Board from imposing an Emergency Assessment in the case of any immediate need or emergency which cannot be met by funds earmarked for such contingency.

7.08. Acceleration of Assessment Installment Upon Default

If a Lot or Living Unit Owner shall be in default less than thirty (30) days in the payment of an installment upon any type of assessment, the Board may notify the delinquent Lot or Living Unit Owner that the remaining installments of the assessment shall be accelerated if the delinquent installment has not been paid by a date stated in the notice, which date shall not be less than five (5) days after delivery of the notice to the Lot or Living Unit Owner, or not less than ten (10) days after the mailing of such notice. If the default is for a period of more than thirty (30) days, then the Board shall be required to give such notice. If the default continues following the time for payment prescribed in the notice, then the Board shall be required to accelerate the remaining installments of the assessment and notify the delinquent Lot or Living Unit Owner that a lien for the accrued assessment and accelerated assessment shall be filed on a date certain stated in the notice if the amounts of accrued assessment and accelerated balance have not then been paid. The lien for such accelerated assessment as permitted by law shall then be filed if the delinquent assessments have not been theretofore paid and the Board may also notify any holder of a mortgage encumbering the Lot or Living Unit affected by such default or publish appropriate notice of such delinquency to the membership of the Association. If said default continues for a period of ninety (90) days after filing of lien, then the Board may foreclose the foregoing lien pursuant to law and/or commence an independent suit against the appropriate parties to collect the Assessment. The Board's power to collect and lien the Lot or Living Unit is in addition to the powers set forth in Section 6 of the Declaration of Covenants and Restrictions.

7.09. Interest and Counsel Fees

The Board at its option shall have the right in connection with the collection of any type of assessment, or other charge, to impose a late charge of any reasonable amount and/or interest at the legal maximum rate permitted by law if such payment is made after a date certain stated in such notice. In the event that the Board shall effectuate collection of said Assessments or charges

by resort to counsel, and/or the filing of a lien, the Board may add to the aforesaid Assessments or charges a reasonable sum as counsel fees, plus the reasonable costs for preparation, filing and discharge of the lien, in addition to such other costs as may be allowable by law.

7.10. Assessment of Expenses in Actions; Allocation of Awards.

In the case of any action or proceeding brought or defended by the Association or the Board pursuant to the provisions of the Declaration of Covenants and Restrictions, Certificate of Incorporation, these By-Laws, or any rule or regulation with the exception for the collection of assessments and fines, the reasonable costs and expenses of preparation and litigation, including attorneys' fees, shall be Common Expenses among all Lot or Living Unit Owners. All Common Expense Assessments received and to be received by the Board, for the purpose of paying any judgment obtained against the Association or the Board and the right to receive such funds, shall constitute trust funds and the same shall be expended first for such purpose before expending any part of the same for any other purpose.

Money judgments recovered by the Association in any action or proceeding brought hereunder, including costs, penalties or damages shall be deemed a special fund to be applied to (1) the payment of unpaid litigation expenses; (2) Common Expense Assessments, if the recovery thereof was the purpose of the litigation; or (3) repair or reconstruction of the Common Property if recovery of damages to same was the purpose for the litigation; and (4) any amount not applied to (1), (2), and (3) above shall be at the discretion of the Board treated either as (i) common surplus or (ii) a set off against the Common Expense Assessments generally.

7.11. Annual Audit

The Board shall submit the financial books, records, and memoranda of the Association to an annual audit by a committee consisting of at least two qualified bookkeepers, accountants, or auditors of the Association who shall audit the same and render a report thereon in writing to the Board and in summary form to the Lot or Living Unit or other persons as may be entitled to same. No member of the Board of Trustees can serve on the Audit Committee, with the exception of the Treasurer who will act as a consultant. The audit shall cover the operating budget and reserve accounts. In lieu of a committee, the Annual Audit may also be performed by an independent certified public accountant.

7.12. Examination of Books

Each Lot or Living Unit Owner shall be permitted to examine the books of account of the Board by appointment in the offices of the Association or such other place as may be designated therefor by the Board at a reasonable time on business days; provided, however, that the Treasurer has been given at least ten (10) days prior written notice of the Lot or Living Unit Owner's desire to make such an examination.

7.13. Fidelity Bonds

Fidelity bonds shall be required by the Board from all persons handling or responsible for the Association funds. The amount of such bonds shall be determined by the Board in its sole discretion, but shall be not less than the balance of the combined accounts as of January 1 in the year in which the bonds are obtained. The premiums on such bonds shall be paid by the Association.

ARTICLE VIII OFFICERS

8.01. Designation

The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer. The Board may also appoint such other Assistant Treasurers and Assistant Secretaries as in its judgment may be necessary.

8.02. Election of Officers

The officers of the Association shall be elected biennial by the Members, and shall have the same Membership qualification requirements enumerated for the Board of Trustees in Article 4.01 herein. Officers shall serve a two (2) year term, and may be reelected for 2 (two) subsequent terms and may continue to serve thereafter only if no successor is nominated. Officers shall hold office for the term for which s/he was elected and until his successor has been elected or appointed and has qualified.

8.03. Removal of Officers

Any officer may be removed, either with or without cause, after an opportunity for a hearing, pursuant to the provisions of Article 4.04 herein.

8.04. Duties and Responsibilities of Officers

- (a) The President shall be the chief executive officer of the Association. S/he shall preside at all meetings of the Association and the Board. S/he shall have all of the general powers and duties which are usually vested in the office of President of an Association.
- (b) The Vice-President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint some other Trustee to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.
- (c) The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Members of the Association; s/he shall have charge of such books and papers as the Board may direct; and s/he shall, in general, perform all the duties incident to the office of the Secretary.
- (d) The Treasurer shall have the responsibility for the custody of Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. S/he shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be authorized by the Board. Ensure that no amount greater than \$20,000.00 be maintained in the Association's checking account, unless deposited in said account for a specific expenditure.

ARTICLE IX COMPENSATION, INDEMNIFICATION AND EXCULPATION

9.01. Compensation

No compensation shall be paid to any Officer or any Trustee, or committee member for acting as such officer or Trustee. Salary compensated employees cannot serve as a Board Officer or Trustee in any capacity. In the event a Board member will not voluntarily serve as Secretary and Treasurer, then the Board in its sound discretion may hire an individual(s) as an Administrative Secretary and Administrative Treasurer. In no event shall an Administrative Secretary nor Administrative

Treasurer be a member of the Board. The Administrative Secretary and/or Administrative Treasurer may be compensated for their services if the Board determines that such compensation is appropriate. Nothing herein stated shall prevent any officer, Trustee or committee member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Association, provided, however, that any such expenses incurred or services rendered shall have been authorized by the Board.

9.02. Indemnification

Each Trustee, Officer or Committee Member of the Association shall be indemnified by the Association against the actual amount of net loss including counsel fees, reasonably incurred by or imposed upon him in connection with any action, suit or proceeding to which s/he may be a party by reason of his or her being or having been a Trustee, officer or committee member of the Association, except as to matters for which s/he shall be ultimately found in such action to be liable for gross negligence or willful misconduct. In the event of a settlement of any such case, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct.

9.03. Exculpation

Unless acting in bad faith, neither the Board as a body nor any Trustee, officer, or committee member shall be personally liable to any Lot or Living Unit Owner in any respect for any action or lack of action arising out of the execution of his or her office. Each Lot or Living Unit Owner shall be bound by the good faith actions of the Board, officers, and committee members of the Association, in the execution of the duties and powers of said Trustees, officers, and committee members.

ARTICLE X COMMITTEES

10.01. Standing Committees

The Board may establish or abolish Committees in its sole discretion. Members of Committees shall be appointed by the President for a term of one (1) year. Standing Committees shall include:

- A. Financial/Membership
- B. Parliamentarian
- C. Common Grounds and Forestry
- D. Architectural Control
- E. Election - Credentials
- F. Recreation
- G. Alternate Dispute Resolution
- H. By-Laws and Covenants and Restrictions
- I. Code
- J. Budget/Audit
- k. Health and Welfare

10.02. Code Committee

It shall be the duty of the Code Committee to investigate the complaints and violations of the governing documents including the Declaration of Covenants and Restrictions, these By-Laws, and any Rules and Regulations promulgated. The Committee shall strive to resolve problems and report any violations of the governing documents to the Board. The Code Committee shall seek compliance with the restrictions governing physical modifications and personal behavior which are set forth in the Association Documents, by the issuance of a cease and desist order to a Lot or Living Unit Owner, whose actions, or those of his or her guests, invitees or lessees, are inconsistent with the requirements of the Association Documents, on petition of any Lot or Living Unit Owner or on its own motion, which cease and desist order shall require that the violation be cured within a reasonable time given its nature. This committee shall advise an offending Owner or Member of a violation, and that a fine may be levied. The levying of reasonable fines shall be the responsibility of the Board, in its sole discretion.

10.03. Alternative Dispute Resolution Committee

The Board shall establish an Alternative Dispute Resolution Committee (“ADR” Committee”), consisting of a chairman and two or more members, none of whom may be Trustees or officers of the Association. The members of the ADR committee shall be appointed by the Board, and each member shall serve indefinitely at the pleasure of the Board. The ADR Committee shall have power to appoint a subcommittee from among its members and may delegate to any such subcommittee any of its powers, duties and functions.

10.04. Powers and Duties of the ADR Committee

The ADR shall administer a fair and efficient procedure for the resolution of housing-related disputes between Lot or Living Unit owners, or between Lot or Living Unit Owners and the Association, which shall be readily available as an alternative to litigation. It shall receive complaints from the Board, Committees, and aggrieved Lot or Living Unit Owners, provide mediation services, hold hearings, and issue decisions all in accordance with the procedure established in Article XI herein. Its authority does not extend to the governance of the Association.

10.05. Committee Fiduciary Reports

Each Association committee, sanctioned club or group that handles or maintains cash accounts shall produce annual fiduciary reports to be reviewed by the Board at such time and place as the Board may designate.

ARTICLE XI ENFORCEMENT

11.01. Enforcement

The Board shall have the power, at its sole option, to enforce the terms of the Declaration of Covenants and Restrictions, this instrument or any Rule or Regulation promulgated pursuant thereto, by any or all of the following: sending notice to the offending party to cause certain things to be done or undone; restoring the Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the ADR Committee or duly constituted authorities, as may be appropriate; or by taking any other action before any court, summary or otherwise, as may be provided by law.

11.02. Exhaustion of Remedies

Any housing-related dispute between or among Owners or with the Association must first be submitted to the ADR Committee for mediation or hearing before any litigation is contemplated by N.J.S. 45:22A-44(c). All complaints for submission to the ADR shall be mailed to the ADR Committee at the Association's address. Before any fine is imposed, the Lot or Living Unit Owner involved shall be given prior written notice and afforded an opportunity to be heard by the ADR Committee, with or without counsel, with respect to the violation(s) asserted, in accordance with the procedures established herein.

11.03. Fines

To the extent now or hereafter permitted by the law of the State of New Jersey, the Association shall have the power to levy fines against any Lot or Living Unit Owner(s) for violation(s) of any Rule or Regulation of the Association or for any covenants or restrictions contained in the Declaration of Covenants and Restrictions or By-Laws, except that no fine may be levied for more than \$50.00 for any one violation; provided, however, that for each day a violation continues after notice it shall be considered a separate violation. Collection of the fines may be enforced against any Lot or Living Unit Owner(s) involved as if the fine were a Common Expense owed by the particular Lot or Living Unit Owner(s). Homeowners are responsible for maintaining their individual properties in accordance with Association standards. If a property falls below those standards, the Homeowner will first receive notification. If the property is not thereafter maintained in consistent manner, the Association may impose fines without further notice.

11.04. Waiver

No restriction, condition, obligation or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of the failure to enforce same irrespective of the number of violations or breaches thereof which may occur.

11.05. Alternative Procedure for Dispute Resolution

- (a) Notice of Hearing. In the event that a dispute is not resolved, the ADR Committee shall mail to the parties a Notice of Hearing, which Notice shall be in the form prescribed herein, by certified mail, return receipt requested. The Notice of Hearing shall state the time, place and date, not later than fourteen (14) days following the mailing, at which the ADR shall provide a panel of three members of the Committee to serve as hearing officers and conduct a hearing. The Notice of Hearing shall state that (i) the ADR will conduct the hearing on the basis of the written record of the matter in the event that a party fails to attend; (ii) parties may, but need not be, represented by counsel; (iii) parties may request the attendance of witnesses and the production of documents; and (iv) each party to the dispute will have the right to make an opening statement, introduce items of evidence and testimony from witnesses, rebut contrary evidence, question opposing witnesses, and make a closing statement.
- (b) Conduct of the Hearing. The three members of the ADR Committee appointed to serve as hearing officers shall select one of them to act as chairperson. The chairperson shall open the proceedings by reviewing this procedure, namely, that the party filing the complaint shall be entitled to present his or her opening statement, items of evidence and testimony, and closing statement without interruption other than the questioning of his or her witnesses by the party deemed to be in violation, on conclusion of which the party deemed to be in

violation may do the same. The chairperson may announce reasonable time limits for each party's presentation. Upon the close of the hearing, the ADR panel shall prepare a written Notice of Decision.

- (c) Notice of Decision. A written Notice of Decision shall be mailed to the parties to the dispute within ten (10) days following the conclusion of the hearing. The Notice shall state the panel's findings of fact and any findings of violations of the Association Documents constituted by the facts. It may require actions to correct violations and may levy a fine on a party so found to be in violation, in accordance with the provisions of Section 11.03 hereof.
- (d) Expenses. All expenses incurred by the Association in the implementation of these procedures shall be deemed common expenses.

11.06. Appeal

Any Owner who is aggrieved by any decision of the ADR Committee shall have the right to appeal such decision to a court of competent jurisdiction, or upon agreement with the opposing party, submit the matter to binding arbitration in accordance with the rules of the American Arbitration Association then pertaining. If there is not an appeal to a court of competent jurisdiction, or if the parties do not agree to binding arbitration, within forty-five (45) days of the decision by the ADR Committee, the decision of the ADR Committee shall be binding on all parties and shall have full force and effect under the laws of the State of New Jersey.

ARTICLE XII AMENDMENTS

12.01. Amendments

These By-Laws, or any of them, may be altered or repealed, or new By-Laws may be made, at any meeting of the Association duly held for such purpose, and previous to which written notice to Lot or Living Unit Owners of the exact language of the amendment or of the repeal shall have been sent, a quorum of not less than forty (40) Members in good standing being present, by an affirmative vote of fifty-one (51%) percent of the votes entitled to be cast in person. The By-Laws may also be amended as follows:

- a) The Members in good standing may call a By-Law Amendment vote by petition signed by at least 15% of the membership. The By-Law amendment meeting must be held within 60 days of the Association's receipt of the petition. The Association must revise the proposed Amendment to clarify any ambiguities and to conform with the other provisions of the By-Laws and with applicable laws. Notice of the meeting, together with the proposed Amendment, must be sent to the Members at least fourteen (14) days prior to the meeting. If absentee ballots are provided then the Association must accept ballots submitted by mail, facsimile, and electronic means up to 1 business day before the meeting.
- b) An amendment proposed by the Association Board shall be considered defeated if, when the Association Board provided notice to all Association members of the proposed amendment, a ballot to reject the amendment was included and at least ten percent (10%) of the Association members in good standing voted to reject the amendment within thirty (30) days of mailing.

c) If a sufficient number of ballots are not received at the meeting to conclusively determine that the proposed amendment has been approved or rejected, the meeting shall be adjourned for a period of 30 days, or such longer period as approved by a motion to extend the vote concerning the amendment, but in no event for longer than 11 months from when the notice of the meeting was sent, and all ballots received prior to the extended date shall remain valid.

d) The number of total authorized votes in the Association shall be based on the whole number of units owned by someone entitled to association membership after subtracting those association members who are ineligible to vote because they are not in Good Standing.

e) When an amendment is approved, a copy of the approved amendment shall be provided to all Members, and the Association shall promptly record the amendment in the county recording office where the bylaws were recorded.

f) The Board of Trustees shall not amend the bylaws of the Association without a vote of the Members open to all Members in Good Standing except that the Board of Trustees may amend the bylaws directly under the following circumstances:

- (1) to the extent necessary to render the bylaws consistent with State, federal or local law; or
- (2) after providing notice to all Members of the proposed amendment, which notice shall include a ballot to reject the proposed amendment. Other than an amendment to render the By-Laws consistent with State, federal, or local law, if at least 10 percent of the Members vote to reject the amendment within 30 days of its mailing, the amendment shall be deemed defeated.

ARTICLE XIII CONFLICT; INVALIDITY

13.01. Conflict

Despite anything to the contrary herein, if any provision of these By-Laws is in conflict with or contradiction of the Declaration of Covenants and Restrictions, the Certificate of Incorporation or with the requirements of any law, then the requirements of said Declaration of Covenants and Restrictions, Certificate of Incorporation or law shall be deemed controlling.

13.02. Invalidity

The invalidity of any part of these By-Laws shall not impair or affect in any manner the enforceability or affect the validity of the remaining provisions of the By-Laws.

ARTICLE XIV NOTICE

14.01. Notice

Any notice required to be sent to any Lot or Living Unit Owner under the provisions of the Declaration of Covenants and Restrictions or Certificate of Incorporation or these By-Laws shall be deemed to have been properly sent and notice thereby given, when mailed, by regular post with postage prepaid, addressed to the Lot or Living Unit Owner at the last known post office address

of the person who appears as a Member on the records of the Association at the time of such mailing, or when the notice is hand delivered to the Lot or Living Unit via publication in and distribution of the Association monthly newsletter currently known as *The Sentinel* and when the notice is posted on the Association bulletin board. Nonresident owners shall be obligated to provide a current mailing address to the Association, and notices shall be mailed to the last known address of the nonresident owner. Notice to one of two or more co-owners of a Lot or Living Unit shall constitute notice to all co-owners. It shall be the obligation of every Lot or Living Unit Owner to immediately notify the Secretary of the Association in writing of any change of address. Valid notice may also be given to Lot or Living Unit Owners by affixing said notice to the front door of any Lot or Living Unit.

ARTICLE XV CIVIL ACTION FOR DAMAGES

15.01. Civil Action for Damages

The Association shall not be liable in any civil action brought by or on behalf of a Lot or Living Unit Owner to respond in damages as a result of bodily injury to Owner occurring on the premises of the Association except as the result of its willful, wanton, or grossly negligent act of commission or omission. No Trustee or Officer of this Corporation shall be personally liable to the Corporation or its Members for breach of any duty owed, except for liability arising from acts or omissions in breach of such person(s) duty of loyalty to the Corporation or its Members, not in good faith or involving a knowing violation of law, or resulting in receipt by such person(s) of an improper personal benefit.

ARTICLE XVI CORPORATE SEAL

16.01. Seal

The Association need not have a seal.

