
BYLAWS
OF
FOUR SEASONS AT STONE HARBOR CONDOMINIUM ASSOCIATION, INC.

DATE: _____

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BYLAWS

OF

FOUR SEASONS AT STONE HARBOR CONDOMINIUM ASSOCIATION, INC.

1.00 Applicability, Member, Membership and Definitions

1.01 Purpose

These Bylaws shall be applicable to Four Seasons at Stone Harbor Condominium Association, Inc., a non-profit corporation of the State of New Jersey ("Association"); to all of the Members thereof; to the community, recreation or other facilities owned or maintained by the Association and to Four Seasons at Stone Harbor, a Condominium, which is now, or may hereinafter be created or expanded ("Condominium").

In accordance with N.J.A.C. 5:26-8.2, the Association, subject to its Certificate of Incorporation, the Master Deed, these Bylaws, or other instruments of creation, if any, (a) may do all that it is legally entitled to do under the laws applicable to its form of organization; (b) must discharge its powers in a manner that protects and furthers the health, safety and general welfare of community residents; and (c) must provide a fair and efficient procedure for resolution of disputes between individual Unit Owners and the Association, and between different Unit Owners, that is to be available as an alternative to litigation.

1.02 Persons Subject to These Bylaws

All present and future Unit Owners and tenants, their guests, licensees, agents, employees and any other person permitted to use the property managed and controlled by the Association or of the Condominium are subject to these Bylaws and to the Rules and Regulations adopted by the Association to govern the conduct of its members. Acquisition, rental or occupancy of any Unit means that the Owner, tenant or occupant has accepted and ratified these Bylaws, the Master Deed and the Rules and Regulations and their Amendments and Supplements and will comply with them.

1.03 Definition of Terms

Unless it is plainly evident from the context that a different meaning is intended, as used throughout these Bylaws, all definitions set forth in the Master Deed for the Condominium or in N.J.S.A. 46:8B-3 are incorporated herein by reference.

(A) "Member" means every person, firm, association, corporation or other legal entity, including the Sponsor, who is a record owner or co-owner of the fee title to any Unit is a Member of the Association; provided, however, that 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 mortgages or trustees under deeds of trust) is not a Member of the Association.

(B) "Sponsor" means K. Hovnanian at Middle Township II, L.L.C., its successors and assigns who have the right to construct Units.

1.04 Rights of Members

Association membership is limited to Condominium Unit Owners, however, when a Unit's title is vested in two or more persons, such Co-Owners are entitled jointly to only one vote for that Unit, except as otherwise set forth in Article 3.07 hereof.

If a Member leases or permits others to occupy a Unit, the tenant or occupant and not the Member-Owner (except as a guest) is permitted to enjoy the Association's recreation and community facilities, if any. The tenant or occupant cannot vote in Association affairs unless the Member permits that person to exercise the proxy vote of the Member. The use of Association community and recreation facilities, if any, is limited to occupants of Units and their guests.

Every lawful transfer of title to a Member's Unit includes membership in the Association, and upon making such transfer the previous Owner's membership automatically terminates. Each Member, within seven days after execution of a contract to sell a Unit, must send written notice to the Association specifying the purchaser's name, address, and anticipated closing date.

Except as provided herein, membership in the Association may not be assigned or transferred and any attempt to do so is void and of no effect.

Evidence of Association membership and ownership of a Unit may be evidenced by a membership card issued to each Member of the Association.

2.00 Principal Office

The principal Association office is located initially at c/o Diversified Property Management, 311 South New York Road, Galloway, New Jersey 08205. It thereafter may be located at such other suitable and convenient place as may be permitted by law and designated by the Board.

3.00 Meetings of Members: Voting

3.01 Place of Meetings

All Association annual and special meetings will be held at the Association's principal office or such other suitable and convenient place as may be permitted by law and from time to time fixed by the Board and designated in the notices of such meetings.

3.02 Annual Meeting

All annual meetings of the Association Members will be held on the day and month of the year to be established by the Board, except that the first such annual meeting will be held not more than thirteen (13) months following the date of the incorporation of the Association. At each annual meeting after the first election of Board members by Unit Owners other than the Sponsor, the election of Trustees will be in accordance with Article 5.02 hereof. If the election of the Trustees is not held on the date designated herein for any annual meeting or at any adjournment of such meeting, the Board will cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting the Unit Owners may elect Trustees and transact other business with the same force and effect as at an annual meeting duly called and held. Each proxy or absentee ballot validly received for the originally scheduled meeting will remain in full force and effect for any such adjourned meeting or special meeting unless it is revoked or superseded by a later valid proxy. New proxies or absentee ballots may be received for any such subsequent meeting.

3.03 Notice of Annual Meeting

The Secretary must mail notices of annual meetings to each Association Member, directed to their last known post office address as shown on the Association records, by regular mail with proper postage affixed. Such notice shall be mailed not less than ten

days nor more than twenty (20) days before the date of such meeting and state the date, time, place and purpose of the meeting. In lieu of mailing, notices may be delivered to Members in the manner provided in Article 18.03 hereof.

3.04 Special Meetings

The President may call a special meeting of the Association Members. The President must call a special meeting of Association Members whenever directed to do so by resolution of a majority of the Board or upon presentation to the Secretary of a petition signed by 33 1/3 percent (33-1/3%) of the Members entitled to vote at such meeting.

3.05 Notice of Special Meetings

The Secretary must mail notice of special meetings to each Association Member in the manner provided in Article 3.03 hereof, except that special meeting notices must be mailed not less than five nor more than ten days before the date fixed for such meeting. In lieu of mailing, notices may be delivered to Members in the manner provided in Article 18.03 hereof. No other business may be transacted at any special meeting except that stated in the notice thereof unless by consent of two-thirds (2/3) of the Members present, either in person or by proxy.

3.06 List of Members

The Secretary must compile and keep at the Association's principal office a complete and up to date list of all Members, their last known post office addresses, the number of Units owned and the parking spaces assigned to their Units. This list will be open to inspection by Members and other persons lawfully entitled to inspect same upon reasonable request during regular business hours. Each Unit Owner must advise the Association of any change to their current mailing address.

3.07 Voting, Judges

Only Owners who are Members in good standing as defined in Article 3.08 hereof are entitled to vote on questions submitted to the Association membership. Unless a different vote is mandated by the Certificate of Incorporation, these Bylaws or the Master Deed a majority present in person or by proxy at any duly constituted membership meeting who are entitled to vote is sufficient on questions submitted to a membership vote. Any vote on questions other than Trustee elections need not be taken by ballot, unless (a) the meeting chairperson determines balloting to be advisable, or (b) a majority of the votes present in person, by proxy or mail ballot submitted for the meeting and entitled to vote on the question determines that a ballot vote on the question submitted should be taken. Each Unit has one vote in the Association. A Member is entitled to one vote for each Unit owned. Votes may be cast in person, by proxy or by absentee ballot. When more than one person owns a Unit, the vote for that Unit will be exercised as the co-owners determine among themselves. When one or more co-owners sign a proxy or purports to vote for their co-owners, such votes will be counted without verification by the judges; except if one or more of the other co-owners is present and objects to such votes, or if not present, submits a proxy or objects in writing delivered to a Trustee before the votes are counted. If co-owners disagree as to votes, then the votes will be split equally among the co-owners. In all other instances a vote by a Unit's co-owners is not divisible.

If at any meeting of the Members a vote by ballot is to be taken, the meeting's chairperson must appoint two (2) persons to act as judges with respect to the ballots, proxies or absentee ballots on the vote to be taken. The judges must first subscribe an oath to faithfully execute the duties of a judge with strict impartiality and according to the best of their ability. Judges decide on the qualifications of voters; report the number of votes represented at the meeting, participating by proxies or absentee ballots and entitled

to vote on the questions presented; conduct and accept the votes; and, when the voting is completed, ascertain and report the number of votes for and against the questions. At Trustees elections the number of votes received by each candidate are not reported. Reports of judges must be in writing and subscribed and delivered by them to the Secretary of the meeting, or, in the case of a proxy or absentee ballot, the Secretary of the Board. Judges need not be Association Members and any Association officer or Trustee may be a judge on any question, other than a vote on their own election to an Association position or other question in which they may be directly interested.

3.08 Good Standing

A Member is in "good standing" and entitled to vote at any meeting of the Association, to run for a seat on the Board and to use all Common Elements if, and only if, that Member has fully paid all assessments or fines made or levied against that Member or their Unit by the Board or the ADR Committee as herein provided, together with all interest, costs, attorney or paraprofessional fees, penalties and other expenses, if any, properly chargeable to that Member or against their Unit. As relates to voting, said payment must be made in full and delivered to the Treasurer or management agent at least five (5) calendar days before the date fixed for an annual or special meeting for a Unit Owner to be in good standing to vote at such meeting.

3.09 Quorum

Except as otherwise provided in the Bylaws or by law, the presence in person, by proxy or absentee ballot of Members representing 25 percent (25%) of the total number of votes in the Association constitutes a quorum at meetings of the Members. If any Member meetings cannot occur due to a quorum not being present, the Members present in person or by proxy or absentee ballot may adjourn the meeting. For any adjourned meeting, no further notice of the adjourned date need be given to Members. To establish a quorum at that meeting, the number of Members that were present either in person, by proxy or absentee ballot at any meeting adjourned due to the lack of a quorum, are considered present at any subsequent meetings of the original adjourned meeting, except that issues not expressly voted on in any proxies or absentee ballots cannot be counted.

3.10 Proxies, Absentee Ballots and Mail Ballots

(A) Votes may be cast either in person, by proxy or by absentee ballots. All proxies, mail and absentee ballots must be in writing, signed by at least one Unit Owner and on the form prescribed by and filed with and received by the Secretary at least two (2) calendar days before the time designated for each meeting in the notice thereof. All proxies, mail and absentee ballots must be verified as accurate in accordance with the procedures adopted by the Board. Proxies are not valid for longer than eleven (11) months from their date. Determining the validity or invalidity of all proxies, mail and absentee ballots will be made in the Board's sole discretion.

(B) **Ballot by Mail.** In lieu of calling a Membership meeting, the Board may submit any question or election, other than an election of Board members by Unit Owners other than the Sponsor, to a vote of the Members by mail balloting. No ballot by mail is valid unless the signatures of the Owners submitting it have been verified on the ballot according to procedures adopted by the Board. The Board appoints judges to tabulate the mail ballots, whose report is to be included in the minute book. To conduct a mail ballot on questions submitted to a vote of Members, the Board must serve a notice on all Members, which must state: (i) with specificity the terms of the motions or questions on which the vote is to be taken; (ii) the date by which the ballots must be received by the Association and the address to which the mail ballots must be sent in order to be counted; (iii) that only the official mail ballot enclosed with the notice is to be used for voting; and (iv) the date upon which the action contemplated by the motions or questions will be effective, which date cannot be less than ten (10) calendar days after the date the mail ballots must be received. No action contemplated by the question submitted to a

mail ballot can be taken unless a majority of Members in good standing on the motions or questions presented submit mail ballots approving such action. To conduct a mail ballot for an election of Trustees (other than an election of Board members by Unit Owners other than the Sponsor), the Board must serve a notice on all Members in good standing, which: (i) provides an official ballot for the purposes of the election; and (ii) states the date by which the ballot must be received and the address to which the ballot must be sent in order to be counted.

3.11 Capital Expenditures

All Member decisions on Capital Expenditures require for passage the affirmative vote of at least 67 percent (67%) of the Members in good standing. Capital Expenditures is defined for purposes herein as the expenditure of money for any single item with a life expectancy in excess of five (5) years and for which the initial cost exceeds \$15,000.00, increased by the percentage of increase in the Consumer Price Index for the Standard Metropolitan Statistical Area within which the Condominium is located, from the date of recording of the Master Deed. The Board is governed in making Capital Expenditures by decisions of the Members as provided in this Article. For so long as the Sponsor holds a majority of the Board seats, the Sponsor cannot make any additions, alterations, improvements or purchases that necessitate a special assessment or a substantial increase in the monthly Common Expense Assessment unless required by a governmental agency, title insurance company, mortgage lender or in the event of an emergency. Repairs, maintenance, or replacement of Buildings, Common Elements, recreation facilities or other Association property, real or personal, are not subject to this Article.

3.12 Order of Business

The order of business at all annual meetings of the Members and at special meetings, so far as practicable, will be:

- (A) Calling of the roll and certifying of proxies.
- (B) Proof of notice of meeting or waiver.
- (C) Reading of minutes of preceding meeting.
- (D) Reports of Officers.
- (E) Reports of committees.
- (F) Appointment of inspectors of election.
- (G) Election of Board.
- (H) Unfinished business.
- (I) New business.
- (J) Election of Officers.
- (K) Adjournment

4.00 Obligations of Members

4.01 Compliance with Condominium Documents

Members must comply strictly with the Master Deed, these Bylaws and the Rules and Regulations adopted pursuant hereto and as they are lawfully amended from time to time and with the ADR, conditions and restrictions set forth in the deed to their Unit and in the records of the County Recording Officer as apply to their Unit and the Condominium. Failure to so comply is grounds, to the extent permitted by law, for the levying of a fine or bringing of a civil action to recover sums due, for all applicable types of damages or injunctive relief, plus court costs and reasonable attorney and paraprofessional fees. Such an action can be brought by the Association on its own behalf or on behalf of the Members, or in a proper case, by an aggrieved Member. The Board at its discretion may adopt Rules and Regulations that are in addition to and supplement on restrictions on the Owners' use of the Common Elements and Units. As long as the Rules and Regulations

are consistent with the intent and purposes herein, they are not deemed to be amendments to the Master Deed, Bylaws or the Association's Certificate of Incorporation. Copies of the Rules and Regulations must be kept and available for inspection during regular business hours at the Association's principal office.

4.02 Suspension of Rights

Except as stated in Article 3.08 hereof the membership and voting rights of any Member and their (or their tenant's) rights to use the Common Elements or any recreation facilities may be suspended by the Board for any period during which any assessment or fines levied against the Unit to which such membership is appurtenant remains unpaid; but upon payment of such assessments and any interest accrued thereon, whether by check or cash, all rights and privileges of membership, except as set forth in Article 3.08 hereof, are immediately and automatically restored. When Rules and Regulations governing the use of the Common Elements and the conduct of persons have been adopted and published, the rights and privileges of any person in violation thereof may be suspended at the Board's discretion for a period not to exceed thirty (30) days for any single non-continuous violation. If the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until the violation is abated. No such action may be taken by the Board until the Unit Owner and the occupant, if any, is afforded an opportunity for a hearing consistent with Article 19 hereof.

4.03 Contribution to Capital

Except as set forth below, each Unit Owner must pay to the Association on acquiring title to a Unit a non-refundable and non-transferable contribution to the working capital of the Association in the amount equal to three (3) months of the then current annual Common Expense Assessment (i.e., maintenance fee) for the Unit in effect at the time of acquisition of the Unit. Payment is a condition precedent to the exercise of Association membership rights. Two-thirds of this amount, or an amount equal to two months of the Common Expense Assessment, shall be a contribution to the working capital of the Association. One-third of this amount or an amount equal to one month of the Common Expense Assessment shall be utilized by the Association to fund the working capital and/or reserve for replacement of the Common Elements. Upon the initial acquisition and any subsequent transfer of title to a Unit any unpaid capital contribution are a lien on the Unit in the same way as unpaid Common Expense or other assessment attributable to the Unit.

If the Sponsor conveys Units to a purchaser who leases one or more of them back to the Sponsor for use as models, offices or for other uses, then the Owner of those Units will make contributions to the working capital of the Association for those Units leased to the Sponsor at the time of initial transfer of title to a Purchaser from the Sponsor. Upon the Unit Owner's resale of each of those Units after the Sponsor's use of them ceases, the purchaser of the Unit must pay the contribution to the working capital of the Association then in effect. Nothing herein absolves the Owner of any Unit used by the Sponsor for models, offices or otherwise (except the Sponsor) from being responsible for satisfying all Assessments made against that Owner's Units.

4.04 Escrow Deposit

For non-payment of an assessment or fine levied on a Unit, which has been delinquent for at least thirty (30) days, the Board at its sole discretion and upon ten (10) days notice to the delinquent Unit Owners, may require such Unit Owners to deposit with the Association, in escrow, a sum not to exceed three (3) months of the then current annual Common Expense Assessment or maintenance fee for the Unit. Any such escrow deposit will be held by the Association in an interest-bearing account, which will not be combined with other assets of the Association, with the interest accruing to the benefit of the Association. Said escrow deposit, by Board resolution, may be applied and drawn

upon in the event of a default of the Unit Owner for the payment of any assessment, fine, fees or other charges levied by the Board or its committees against the Unit. The Board, on ten (10) days' notice, may further order the Unit Owner to replenish any amounts so drawn upon. Upon the sale of any such Unit any escrow monies will be refunded or assigned, without interest, to the extent that the deposit has not been applied against the obligations of the Unit Owner and Unit to the Association. The Board's rights under this Article 4.04 are in addition to its right to accelerate assessments under Article 5.11(U) hereof.

4.05 Leases and Assignment of Lease s, Right to Evict

(A) Every Unit not occupied by one or more of its record Owners must be the subject of a written lease memorializing the terms of the parties understanding as to occupancy and signed by the Unit Owner and occupant.

(B) All leases must be subject to and include the following terms:

"The owner (or landlord, as applicable) assigns to the Four Seasons at Stone Harbor Condominium Association, Inc. in which the owner is a member (herein referred to as the "Association"), all right, title and interest in, to and under the lease or other monies payable to the owner by the tenant up to the amount of common expense or other assessments or other obligations due from the owner to the Association. Despite this assignment, the owner is free to collect all monies due from the tenant unless and until the owner is delinquent in payment of assessments or other obligations owed to the Association. If the owner is so delinquent, and such delinquency continues for ten (10) or more days after the owner's receipt of written notice from the Association to cure the delinquency, the Association is authorized to: notify the tenant in writing of the owner's delinquency, the terms of the assignment, and of the Association's exercise of its right to collect in the owner's name as assignee any monies accrued and unpaid as well as the monies thereafter accruing and becoming payable until the owner is no longer delinquent and the Association notifies the owner and the tenant of same in writing. Upon receipt of written demand from the Association pursuant to the terms hereof, every tenant must remit the monies due under their lease to the Association and the monies thereafter accruing, without being obligated to determine whether the owner is in fact delinquent in the payment of assessments or other obligations to the Association. The owner agrees that all payments made by the tenant to the Association as per the terms hereof shall fully and completely discharge the obligations of the tenant to the owner under the lease. The owner further agrees that the Association is not responsible for the control, care or management of the unit or for carrying out any of the owner's duties as landlord as set forth or implied from the lease or imposed by law; and that the Association and its officers, servants, agents and employees will in no event be liable to the tenant or others by reason of any loss, injury or damage sustained because of any dangerous condition existing in the unit or exercising the rights hereunder. The Board of Trustees of the Association may, on a case by case basis, agree to subordinate its rent assignment rights to an institutional mortgagee upon request by same.

Each owner hereby names and constitutes the Association as the owner's Attorney-in-Fact irrevocably for the purpose of taking any legal action against tenants or other occupants in the unit, including eviction pursuant to N.J.S.A. 2A:18-61, et seq. This Power-of-Attorney may be exercised by the Association if the tenant violates any of the provisions of the Master Deed, Bylaws or Rules and Regulations of the Association provided that the owner has not commenced an action to cure the violation of the Master Deed, Bylaws or Rules and Regulations within ten (10) days of receipt of notice of same from the Association. This Power-of-Attorney is to enable the Association to exercise against the tenant each right which the Association may have to enforce the Master Deed, Bylaws, or Rules and Regulations. If

the Board of Trustees of the Association takes any such action, it may recover back against the owner any costs and expenses of such action, including but not limited to reasonable attorney and paraprofessional fees and costs."

(C) If the above required terms are not set forth in a lease, the recording of this Master Deed is notice to all subsequent tenants and Unit Owners of those terms as if they had been set forth in the lease. Each Unit Owner and tenant is estopped from objecting to the Association's exercise of its rights set forth above.

(D) The Owner must deliver to the Association a copy of each lease and renewal leases within ten (10) days of the Owner's execution of same.

5.00 Board of Trustees

5.01 Number, Qualifications and Compensation

(A) The Association's affairs are governed by a Board of Trustees consisting of three (3) persons, each of whom shall be either an Association Member or a designee serving at the pleasure of the Sponsor. Initially, all Board Members are designated by the Sponsor, who can change them at any time by notice to the Association. Sponsor may name Unit Owners to serve as Sponsor's Board designees. As long as Sponsor maintains a majority of the Board it cannot make additions, alterations, improvements or purchases that would necessitate a special assessment or a substantial increase in the monthly Common Expense Assessment unless required by a governmental agency, title insurance company, mortgage lender or in the event of an emergency. Nothing herein exculpates Sponsor-designated Board members from their fiduciary responsibilities.

(B) The following are the qualifications for nomination, appointment or election and service as a Unit Owner Trustee:

(i) Membership in good standing; and

(ii) Representation. Partnerships, corporations, fiduciaries or co-owners may designate one individual per Unit owned to be eligible for nomination, appointment or election as Trustees. Partnership designees must be members, employees or agents of the partnership. Corporate designees must be officers, stockholders, employees or agents of the corporation. Fiduciary designees must be fiduciaries, officers or employees of the fiduciary. Co-owners jointly holding membership in good standing may designate any one of themselves, but only one of them, to be eligible for nomination, appointment or election as a Trustee. However, in a case of any disagreement, the written consent of the majority in interest of such co-owners is required.

(C) All Trustees serve without compensation.

5.02 Election

Members of the Board of Trustees are elected as follows:

(A) Notice of all special meetings called for holding an election of Board members by Unit Owners other than the Sponsor must be given not less than twenty (20) days nor more than thirty (30) calendar days prior to the date of the meeting.

(B) Within sixty (60) days after the initial conveyance by the Sponsor to independent purchasers unrelated to the Sponsor of the first 25 percent (25%) or 15 Units of the total Units proposed to ultimately be constructed, the President must call a special meeting of Association Members at which Unit Owners other than the Sponsor may vote for and elect not less than 25 percent (25%) of the members of the Board (the "First Transition Election"). The remaining Trustees are Sponsor-designated.

(C) Within sixty (60) days after the initial conveyance by the Sponsor to independent purchasers unrelated to the Sponsor of the first 75 percent (75%) or 45 Units of the total Units proposed to ultimately be constructed, the President must call a special meeting of the Association Members at which Unit Owners other than the Sponsor may vote for and elect the remaining Trustees.

(D) Despite (B) and (C) above, the Sponsor may retain and continue to designate one member of the Board for as long as there are any Units remaining unsold in the regular course of its business.

(E) Sponsor, at its sole discretion, may surrender control of the Board before the time specified above, provided Unit Owners agree to assume control by majority vote of Unit Owners present and voting.

5.03 Term of Office

(A) Sponsor-designated Trustees serve until their respective successors have been qualified and elected at an election of Board members by Unit Owners other than the Sponsor.

(B) Trustees elected under Article 5.02 (B), (C) and (D) serve terms expiring at the annual meeting of the Members held in the second calendar year following the year in which they are elected. If at the expiration of any such terms Article 5.03 (C) does not yet apply, then successor Trustees are elected by Unit owners other than the Sponsor for terms of two years.

(C) At the first annual meeting of the Members after all Trustees are elected by Unit Owners other than the Sponsor, the terms of all Trustees automatically end and an election of all Trustees is held. At this election one Trustee is elected to serve a term of three years, one Trustee is elected to serve term of two years each, and one is elected to serve a term of one year. Thereafter, as these terms expire, successor Trustees are elected to serve terms of three (3) years each. Each Trustee holds office until a successor is elected.

5.04 Vacancies

If the office of any Trustee becomes vacant for any reason, the majority of the remaining Trustees (including Sponsor designated Trustees) elect a successor at a regular or special meeting. The elected Trustee will hold office for the unexpired term in respect to which such vacancy occurred and until a successor is elected and qualified. Vacancies of Unit Owner elected Trustees are replaced by other Unit Owners. Vacancies of Sponsor-designated Trustees are replaced by Sponsor-designated successors.

5.05 Removal of Trustees

Trustees may be removed with or without cause, by the affirmative vote of two-thirds (2/3) of the Members at any meeting of Members duly called for such purpose. Trustees may be removed by the affirmative vote of two-thirds (2/3) of the remaining Trustees at any Board meeting for failure to attend three consecutive regular Board or Member meetings or failure to be in good standing for thirty (30) or more days. Notice of such a meeting must be given to the Trustee to be removed at least fifteen (15) calendar days before the meeting date and the Trustee given an opportunity to be heard at the meeting. The provisions of Article 5.05 do not apply to Sponsor-designated Trustees.

5.06 First Organizational Meeting

The first or organizational meeting of each newly elected Board must be held either immediately on adjournment of the meeting of Members at which the election is held provided a quorum of the Board is present or, if a quorum of the Board is not then present, as soon thereafter as practicable providing notice is given to each Trustee as set forth in Article 5.07 or unless waived as provided in Article 5.09.

5.07 Regular Meetings

Regular Board meetings may be held at such time and place permitted by law as from time to time may be determined by the Board. At least four such meetings must be held in each fiscal year. Notice of regular Board meetings must be given to each Trustee personally, by telephone, telegram, confirmed facsimile or by United States Mail with proper postage affixed, directed to their last known post office address as appears on the Association's records, at least five days before the date of such meeting. The notice must state the date, time, place and the purpose of the meeting.

5.08 Special Meetings

Special Board meetings may be called by the President of the Association on three (3) days written notice to each Trustee, given in the same manner as provided in Article 5.07. Special Board meetings must be called by the President or the Secretary in a like manner on the written request of any two (2) Trustees.

5.09 Notices and Waivers of Notice

Before any regular or special Board meeting any Trustee may, in writing, waive notice of the meeting and any waiver is the equivalent to notice. Attendance by a Trustee at any Board meeting constitutes a waiver of notice. If all Trustees are present at any Board meeting, no notice of the meeting is required and any business may be transacted, except as otherwise prohibited by law or these Bylaws.

5.10 Quorum, Voting and Consent in Lieu of Meeting

(A) At all Board meetings a majority of the Trustees constitute a quorum for business transaction, except as otherwise provided in these Bylaws or by law. Provided a quorum is present at any meeting, the acts of the majority of the Trustees present and voting is necessary for valid action by the Board on any issue. If at any Board meeting there is less than a quorum present, the Trustees present may adjourn the meeting and at any such adjourned meeting at which a quorum is present any business that might have been transacted at the originally called meeting may be transacted without further notice to any Trustee.

(B) Quorum Establishment and Votes by Sponsor Designated Trustees. Sponsor designated Trustees may assist in establishing a quorum of the Board by presenting proxies to the Association at or before the Board meeting for which the quorum is being established. As all Sponsor designated Trustees are expected to cast identical votes, Sponsor designated Trustees may vote in person, by mail ballot, by proxy, or by telephone if they are not present. Telephone votes of Sponsor designated Trustees are cast after the absent Trustee has had an opportunity to participate in telephone discussions with the Board. After such a vote is cast verbally, it should be confirmed verbally by a second Trustee. Unit Owner elected Trustees may only vote in person.

Consistent with N.J.S.A. 15A:6-7, while the Sponsor maintains a majority of the Board, two (2) Board members will constitute a quorum. Anything to the contrary in these Bylaws, the Certificate of Incorporation or the Master Deed and if permitted by law, the entire Board has the power to act 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 of the Trustees empowered to act, whichever the case may be, consent in writing to such action.

5.11 Powers and Duties

The Board has and may exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association; the operation of a residential condominium; and such other acts as are required by law, the Master Deed, these Bylaws or otherwise directed or required to be done or exercised by Association Members, Unit Owners or by others. In administering the Association and Condominium, the Board has powers and duties, including but not limited to:

(A) General Duties. The Board is responsible for the operation, maintenance, renewal, replacement, insurance, care, and upkeep of Buildings, Common Elements (except as specifically provided for otherwise), community and recreation facilities, if any, and all other property, real or personal, of the Association or for which it is responsible as set forth in the Master Deed and elsewhere. All repairs and maintenance must be substantially similar to the original improvements unless two-thirds (2/3) of the members present and voting affirmatively vote to deviate from same. All installations must be of first class quality.

The operation, maintenance, renewal, replacement, insurance, care, upkeep and protection of each Building and its related Common Elements (except as specifically provided for otherwise) becomes the Association's responsibility immediately upon the Sponsor's conveyance of title to an individual purchaser for the first Unit in each Building. After conveyance of the first Unit in a Building, the Sponsor's sole obligation and responsibility with regard to the operation, maintenance, renewal, replacement, insurance, care, upkeep and protection of each such Building is to pay to the Association the applicable assessments as specified in Paragraph 7.00, et seq. of the Master Deed. However, the Sponsor is not obligated to pay any maintenance fees or assessments for Common Expenses other than replacement reserves for as long as the Sponsor is providing any subsidy or guarantee to Unit Owners of maintenance fees or assessments for Common Expenses.

The Board may adopt Rules and Regulations that supplement or are in addition to the restrictions on the Owners' use of the Common Elements. As long as such Rules and Regulations are consistent with the intent and purposes set forth herein, they are not deemed to be Amendments.

The Association must maintain the Condominium's landscaping and buffer areas and replace landscaping in those areas when replacement is necessary with similar species of plants or species which provide similar characteristics.

(B) Budget; Common Expense Assessments. Before the beginning of each fiscal year the Board must prepare a budget or estimate for the annual expenses of the operation of the Association, the expenses of the operation of the community and recreation facilities, if any, and reasonable reserves for depreciation, retirements and renewals for the following fiscal year. The total amount of such budget or estimate must be assessed against all of the Units and the respective Owners thereof, as set forth in Article 13.00 of these Bylaws. The amount thus found applicable to each Unit are to be payable by the Owner thereof to the Association in full or in equal monthly or quarterly installments, in advance, as determined by the Board ("Common Expense Assessment"). At the time of budget adoption, the Board must also review and adopt a resolution stating that the amount assessed for capital reserve replacement costs is adequate and, when applicable, adequate to cover the insurance appraisal replacement cost required in Article 5.11(Q) hereof. If the Board fails to adopt any such resolution, its adoption is implied from the Board's action of adopting the next fiscal year's budget. The Board has the discretion to include in each budget an amount sufficient to reimburse each Trustee for all or any portion of expenses including but not limited to tuition, textbooks, transportation, gas, lodging and meals incurred by the Trustee in connection with attending up to two (2) educational seminars sponsored by the Community Associations Institute or similar organizations provided that such reimbursement is approved by a majority of the Board. Trustees are encouraged to attend at least two (2) such seminars during each year they

serve on the Board.

(C) Assessments. By majority vote the Board may adjust or increase the amount of any annual Common Expense Assessment and to levy and collect in addition thereto, special assessments in such amounts as the Board deems proper whenever the Board finds that it is necessary to do so to meet increased operating or maintenance costs, or approved Capital Expenditures, or because of emergencies; provided, however, that all such increases or special assessments are levied against such Owners and their respective Units in the same manner as provided in Article 13.00 hereof. While the Sponsor maintains a majority of the Board, the Board cannot make any additions, alterations, improvements or purchases not contemplated in the Sponsor's offering that will necessitate a special assessment or a substantial increase in the Common Expense Assessment unless required by a government agency, title insurance company, mortgage lender or in the event of an emergency.

(D) Use, Segregation and Investment of Funds. To use and expend sums collected from assessments or levies for the operation, maintenance, renewal, care, upkeep, and protection of the Common Elements (except as specifically provided for otherwise), community and recreation facilities of the Association, if any, and all of its real and personal property or other property that the Association must maintain as per the Master Deed. This includes the use of any surplus funds that might remain at the end of any fiscal year. Any such surplus must be the subject of an appropriate Board resolution, passed before the end of each fiscal year or no later than the meeting of the Board when the prior year's annual audit is presented for final Board acceptance. Except as otherwise specified in the Condominium Documents, all Association funds must be physically segregated into one or more separate bank checking, brokerage or other appropriate accounts for: operating account, deferred maintenance, and reserves for future replacements. To the extent practicable, funds designated for these separate accounts should not be commingled and the accounts should be funded at regular intervals, not to be more than quarterly. The moneys are to be used for their intended purposes. The Board may create such other account categories as deemed advisable for proper administration of the Association and Condominium's affairs. The Board, in its sole discretion, determines the strategy and standards for investing Association funds, which strategy and standards will be no more liberal (but may be more conservative) than as permitted by The Prudent Investor Act (N.J.S.A. 3B:20-11:1).

(E) Fidelity Bonds. To require Association officers and employees who handle or are responsible for funds in the Association's possession or under its control to furnish adequate fidelity bonds, in a form which includes penalties and corporate surety satisfactory to the Board. The premiums on such bonds are Common Expenses.

(F) Taxes. To pay all taxes and assessments levied or assessed against any Condominium property, exclusive of any taxes or assessments levied against any individual Unit or otherwise properly chargeable to the Owners thereof.

(G) Personnel/Equipment/Supplies. To hire, employ and dismiss such workers and other personnel and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the Board's opinion may be necessary for the proper operation and maintenance of the Condominium and community and recreation facilities, if any, except the portions thereof required to be maintained by Unit Owners. The Board may employ a manager for the Association on such terms established by the Board, to perform such duties and services as the Board may lawfully delegate.

(H) Access to Units. To enter or cause to be entered any Unit with notice at a reasonable hour when deemed necessary for or in connection with the operation, maintenance, repair or renewal of any Common Elements, or to prevent damage to the Common Elements or any Units, or in emergencies provided that such entry and work is to be done with as little inconvenience as possible to the Owners and occupants of such Units. Each Owner is deemed to have granted such rights of entry by accepting and recording the deed to their Unit.

(I) Delinquencies. To the extent permitted by law, to levy, impose and collect

delinquent penalties, fines, levies or assessments made by the Association through the Board against any Units and the Owners thereof; and such costs and expenses incurred in connection therewith, including but not limited to, court costs, attorney and paraprofessional fees, whether by suit or otherwise, to abate nuisances and enforce observance of the Rules and Regulations relating to the Condominium, by injunction or such other legal actions or means as the Board deems necessary or appropriate.

(J) Professionals. To employ or retain legal counsel, engineers, accountants and other professionals and to fix their duties and compensation whenever such professional advice or services may be deemed necessary by the Board for any proper purposes of the Association.

(K) Contracts. To enter into any contracts or agreements for the operation of the Association or the Condominium, including contracts for professional management, with private parties or any governmental agency or pursuant to any applicable laws or regulations.

(L) Outside Management. To hire an outside agent or management firm to perform those services required by these Bylaws and which may be legally delegated.

(M) Bank/Brokerage Accounts. To cause such operating, reserve, escrow accounts as required herein and other accounts, if any, to be established and opened as the Board may deem appropriate from time to time and as may be consistent with good accounting and fiscal management practices. Two Board members' signatures are required for any withdrawals from any accounts.

(N) Fiscal Reports. To cause a complete audit of the books and accounts of the Association to be made by an independent Certified Public Accountant at the end of each fiscal year, and at such other times deemed necessary. The Board must prepare, at the end of each fiscal year, a report of the Association's business and affairs, showing transactions and its full and accurate financial condition. Beginning no later than the first year the Board is controlled by Unit Owner elected Trustees and every three (3) years thereafter, the Association must obtain a report from its engineer or other appropriate professionals, which may be reviewed by its accountants, to establish the adequacy of reserves based on realistic estimates of replacement costs and useful life expectancies of the items being reserved for. Copies of all fiscal and reserve reports must be made available to Members during Association working hours.

While the Sponsor maintains a majority of the Board seats, the Board must have an annual audit of Association funds prepared by an independent public accountant, a copy of which shall be delivered to each Unit Owner within ninety (90) days of the expiration of the fiscal year of the Association. The audit must cover the operating budget and reserve accounts. The cost of these audits are to be paid by the Association.

For all years that the Sponsor is selling Units, the Association must deliver to the Sponsor a copy of each of the above referred reports and studies, within thirty (30) days of the Board's acceptance of each of same.

(O) Detailed Books. To keep detailed: (1) minute books of all Board and Member meetings containing complete copies of all resolutions and Rules and Regulations the Board adopts, all correspondence regarding Association business and the condition of and repairs to Units and Common Elements; and (2) books of accounts of the receipts, expenditures and investments affecting the Condominium and its administration and specifying the maintenance and repair expenses of the Common Elements and all other expenses incurred. All accounting records shall be maintained in accordance with generally accepted accounting principles and open for inspection by Unit Owners during normal business hours.

(P) Fines. To make and enforce compliance with such Rules and Regulations related to the operation, use and occupancy of Units, Common Elements and other Association facilities, to the extent permitted by law, by the levying, imposing and collecting of fines or otherwise, and to amend the Rules and regulations from time to time

as the Board deems necessary or appropriate. When approved by appropriate resolutions the Rules and Regulations are binding on Owners, guests and occupants of Units, and their successors in title and assigns. A copy of the Rules and Regulations and copies of any Amendments to them must be delivered or mailed to each Unit Owner promptly upon the adoption thereof or posted in one or more conspicuous places on the Common Elements or in the Community Building, if any.

(Q) Insurance. To obtain and maintain the following types of insurance: (1) broad form insurance against loss by fire, lightning, windstorm and other risks normally included within all risk extended coverage, including vandalism and malicious mischief, all Buildings containing Units and Common Elements therein together with all central utility and other services contained therein, and all Buildings, fixtures, equipment and Association personal property, in an amount the Board determines. All such policies will provide that in the event of loss or damage, the proceeds of said policies are to be payable to the Board or to its insurance trustee designee on behalf of all of Unit Owners and mortgagees in said Buildings. Said Insurance trustee must apply said proceeds as set forth in Article 6.00 of these Bylaws. Each policy must contain a standard mortgage clause in favor of each mortgagee of a Unit and provide that losses, if any thereunder, are to be payable to such mortgagee as its respective interests may appear, subject however, to the right of the Board or its insurance trustee designee to receive proceeds to be applied to repair or reconstruction as provided herein; (2) workmen's compensation; (3) public liability insurance insuring the Association and Members against liability for negligent acts of commission or omission attributable to the Association or any Members and which occur on or in any of the Common Elements or Association community or recreation facilities, if any; (4) burglary, theft and such other insurance as will protect the Association's interests and employees; and (5) liability insurance indemnifying Association Trustees and Officers against liability for errors and omissions occurring in connection with their performing their duties in an amount of at least \$1,000,000.00 with any deductible amount determined in the Board's sole discretion and in accordance with recommended guidelines of the Community Association Institute or other similar entity. All insurance premiums are Common Expenses. Unless 75 percent (75%) of the Mortgage Holders (based upon one vote for each first mortgage owned) or the individual Unit Owners (other than the Sponsor) give prior written approval, the Board cannot (a) fail to maintain fire and extended coverage on insurable Common Elements on a current replacement cost basis in an amount not less than 100 percent (100%) of the insurable value (based on current replacement cost); and (b) use hazard insurance proceeds for losses to any Common Elements for other than their repair, replacement or reconstruction.

At least every five (5) years, the Board must adjust the insurance coverages based on an appraisal of the replacement value of all property the Association insures.

(R) Waiver of Subrogation and Cancellation. All policies of physical damage insurance must contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by Unit Owners or of invalidity arising from any acts of the insured or any Unit Owners, and provide that such policies cannot be canceled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of Units.

(S) Unit Owner's Insurance. Unit Owners are encouraged to and may obtain insurance on their own account and for their own benefit. Owners cannot, however, insure any part of the Common Elements whereby, in the event of loss, the Association's rights to recover under its own insurance policies for such loss is diminished in any way.

(T) Committees. The Board may appoint committees deemed appropriate to assist in carrying out its purposes. The committees will perform such other functions as the Board determines in its discretion. The committees will include but are not limited to:

(1) A Recreation Committee, which will advise the Board on all matters pertaining to the recreational programs and activities of the Association.

(2) A Grounds and Maintenance Committee, which will advise the Board

on all matters pertaining to the maintenance, repair or improvement of the Common Elements and other property which the Association must maintain as set forth in the Master Deed.

(3) An Architectural Control Committee, which will consider requests by Members for modifications to any Common Elements, and establish guidelines and procedures for review of such requests consistent with the Master Deed and Bylaws, and make recommendations to the Board as to what action should be taken on such requests.

(4) A Covenants Committee, consisting of not less than three (3) nor more than five (5) persons appointed by the Board, a majority of whom will always be Unit Owners, with the balance comprised of either Unit Owners or tenants. Each person serves a term of one (1) year and can be reappointed. This Committee assures that the Condominium will always be maintained in a manner that:

- (a) provides for visual harmony and soundness of repair;
- (b) avoids activities deleterious to the Condominium's aesthetic and property values;
- (c) furthers the comfort of Unit Owners, their guests, invitees and lessees; and
- (d) promotes the Condominium community's health, general welfare and safety.

The Covenants Committee regulates the external design, appearance, use and maintenance of the Common Elements in accordance with the Master Deed and Bylaws. The Covenants Committee has the power to issue a cease and desist request to Unit Owners, their guests, invitees or lessees whose actions are inconsistent with the provisions of the Condominium Act, Master Deed, Bylaws, Rules and Regulations or resolutions of the Board (upon petition of any Unit Owner or upon its own motion). The Covenants Committee provides interpretations of the Master Deed, Bylaws, Rules and Regulations and resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by a Unit Owner or the Board. Any ruling of the Covenants Committee may be appealed to the Board by any party the Board deems to have standing as an aggrieved party. The vote of a majority of the full membership of the Board may affirm, modify or reverse any Covenant Committee ruling.

The Covenants Committee must preserve any designated "No Parking" areas, "Fire Lanes" and any other traffic control devices and Rules and Regulations approved by the Board.

The Covenants Committee has such additional duties, powers and authority as the Board may provide by resolution including the right to impose fines pursuant to Article 5.11 (P) and Article 4.01 hereof. The Board by a majority vote of its full membership may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a case by case basis. The Covenants Committee must function in compliance with these Bylaws, the Rules and Regulations and Board resolutions.

(5) A Transition Committee, which performs the functions and duties set forth in Article 17.00 hereof.

(6) Alternate Dispute Resolution Committee.

(U) Acceleration of Assessment Installment Upon Default. If a 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 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 Unit Owner, or not less than ten (10) days after the mailing of such notice to him/her by registered or certified mail. If default shall continue for a period of thirty (30) days then the Board shall be required to give such notice. If 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 Unit Owner that a lien for the accelerated amount shall be filed on a date certain stated in the notice if the accelerated balance has not then been paid. The lien for such accelerated assessment as permitted by law shall then be filed if the delinquent assessment has not been theretofore paid and the Board may also notify any holder of a mortgage encumbering the 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, then the Board shall foreclose the foregoing lien pursuant to law and/or commence an independent suit against the appropriate parties to collect the Assessment.

(V) Interest, Late Fees and Counsel Fees. In connection with the collection of any type of assessment or other charge or debt owed to the Association, if payment is not made by the date stated in a notice to the Unit Owners, the Board at its option has the right to impose a late charge of any reasonable amount and interest at the maximum legal rate permitted by law for the payment of delinquent real estate taxes. If the Association effects collection of any debts owed to it by filing a lien or resort to counsel, the Board must add to the assessments or charges a sum equal to the greater of (1) the total amount of counsel and paraprofessional fees, costs of collection and costs for preparation, filing and discharge of the lien incurred in addition to such other sums allowed by law, or (2) twenty percent (20%) of the gross amount due as counsel fees, plus reasonable costs for preparation, filing and discharge of the lien, in addition to such other sums allowed by law.

If the Association or any members of its Board of Trustees or committees, as applicable, defeat any claims made against them by any Unit Owner who is a party in any lawsuit, then in addition to any other relief the court deems equitable, the court has the discretion to order the Unit Owner to reimburse the Association for up to the total amount of court costs, counsel and paraprofessional fees, and any other costs expended in defense of such an action.

The Board in its discretion may settle any claim for monies due the Association at less than the total amount of the claim.

In any action or proceeding brought or defended by the Association, the costs and expenses of preparation and litigation; including attorney and paraprofessional fees, are Common Expenses.

Money judgments recovered by the Association in any action or proceeding, including costs, penalties or damages, are a special fund applied to: (1) payment of unpaid litigation expenses; then to, (2) refunding to the Unit Owners the cost and expenses of litigation advanced by them; then to (3) Common Expense Assessments, if the recovery thereof was the purpose of the litigation; then to (4) repair or reconstruction of the Common Elements if recovery of damages to same was the basis of the litigation; and, then, (5) any amount not applied to (1), (2), and (3) above, at the discretion of the Board, may be treated either as common surplus, which shall be allocated and distributed pursuant to Section 7.19 of the Master Deed or as a setoff against Common Expense Assessments generally. Despite the foregoing, if a Unit Owner, the Board or any other person or legal entity affected by any such distribution, asserts that the damages sustained or the diminution in value suffered by one or more Unit Owners was disproportionate to their percentage of allocated amount of any common surplus at the election of either the Association or the Unit Owner, the matter may be submitted to binding arbitration to be decided in accordance with the rules and procedures of the American Arbitration Association.

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, constitute trust funds that are to be expended first for such purposes before expending any part for any other purpose.

If a Unit Owner obtains a judgment or order against the Association or the Board, then in addition to any other sums to which the Owner may otherwise be entitled by such

judgment or order, they may also ask the court to order the recovery of any sums paid to the Association as Common Expense Assessments for litigation expenses related to said action or proceeding.

(W) Power-of-Attorney to Institutional Lender. If the Board does not start enforcement procedures discussed above within the time provided, any Institutional Lender for any Unit for which there are unpaid assessments is hereby irrevocably granted a power-of-attorney by the Association and the Board, coupled with an interest in the subject matter, to commence such actions and to invoke such other remedies in the Association's name.

(X) Parking Spaces. To assign and designate vehicle parking spaces for use by individual Units and to reassign and redesignate them as the Board deems necessary in its sole discretion. To adopt Rules and Regulations for the use of all vehicle parking spaces including the type, size and classification of vehicles permitted to use them as well as the total number of vehicles which may be parked on the Common Elements on a permanent basis per Unit. The Board will maintain parking plans and an official parking space map showing the current parking space assignments. This map will be available for inspection in the Association's office during normal business hours. The Association, upon written request, must confirm current parking space locations for Owners who are in the process of conveying their Units.

The Board may suspend the rights of Unit Owners and occupants to use assigned parking spaces, the Common Elements or Limited Common Elements for parking of motor vehicles if the Owners of the Unit occupied by that person is not an Association Member in good standing. Any parking right suspension must be on five (5) days written notice to the applicable Unit Owner. The Board or its designee may authorize the towing or other removal from Condominium property of motor vehicles owned or operated by Unit Owners or occupants whose parking rights have been suspended or motor vehicles that appear to be abandoned or that are otherwise improperly parked on the Common Elements or Limited Common Elements. Any such removal will be at the expense of the motor vehicle owner.

(Y) Use of Units, Recreation Facilities and Common Elements. To adopt Rules and Regulations and to regulate the use of Units (to the extent limited by the Master Deed, these Bylaws and law), the Common Elements, Limited Common Elements and any recreation facilities, including setting the hours of operation, guest fees, the number of persons who are permitted use at any one time, private use by members and their guests, including charging fees and scheduling. The Board may suspend the rights of Unit Owners and occupants to use recreation facilities, the Common Elements or Limited Common Elements if the Owners of the Unit occupied by that person is not an Association Member in good standing. Any such suspension must be on five (5) days written notice to the applicable Unit Owner.

(Z) Escrow Deposit. To impose the escrow deposit set forth in Article 4.04 hereof upon Owners and Units.

(AA) Transition Expense Fund. Within the second budget year of the Association or such other appropriate timeframe, the Board must cause the Association's Budget to contain a Transition Expense Fund line item sufficiently funded to pay the reasonably estimated Association costs of its Transition Committee for independent legal, engineering, accounting and any other professional consultants or other costs necessary to assist the Transition Committee in its duties consistent with Article 17.00 hereof. The Transition Expense Fund monies may be maintained by the Board at its discretion either in a segregated account or in one or more consolidated accounts. As to any consolidated accounts, the division of same into the Transition Expense Fund need be made only on the Association's records.

5.12 Sponsor Veto Rights

The Association, when controlled by the Unit Owners, must not take any action

detrimental to the sale of Units by the Sponsor and must continue the same level of maintenance, operation and services as immediately before Unit Owners assume control of the Board until the Sponsor conveys the last Unit to be sold in its normal course of business.

To assure the foregoing, until the Sponsor conveys the last Unit to be sold in the Condominium, the Sponsor, in its sole but reasonably exercised discretion, has the right to veto any and all actions of the Board which may have any direct or indirect financial, legal or other negative effect on Sponsor including but not limited to an impact on the Sponsor's sale of Units. The Sponsor must exercise its veto right within thirty (30) days after it receives written notice from the Board that it has passed a resolution or taken other action. In such event, the Sponsor will notify the Secretary of the Board of exercise of its veto right and any such proposal or action of the Board will be void. These protective provisions are to be construed in accordance with and not in derogation of N.J.S.A. 46:8B-12.1 of the Condominium Act and N.J.A.C. 5:26-8.4 of the regulations adopted under the New Jersey Planned Real Estate Development Full Disclosure Act, N.J.S.A. 45:22A-21, et seq.

5.13 Sponsor's Bond Obligations

While the Sponsor maintains a majority of the seats on the Board, it must post a fidelity bond or other guarantee acceptable to the New Jersey Department of Community Affairs, Division of Codes and Standards, in an amount equal to the Association's annual budget. For the second and succeeding years, the bond or other guarantee must include accumulated reserves.

6.00 Damage to Buildings, Reconstruction, Sale, Obsolescence

6.01 Damage

If fire or other casualty results in damage to the Buildings or Common Elements amounting to less than two-thirds (2/3) of the value of the Condominium, the net proceeds of any insurance collected must be made available for the purposes of repair, restoration, reconstruction or replacement. Where the insurance indemnity is insufficient to cover the cost of repair, reconstruction, restoration or replacement, the new Buildings' costs must be paid by all of the Owners directly affected by the damage, in proportion to the fair market value of their respective Units. If any Owner refuses to make such payments, the Board must levy an assessment in an amount proportionate to the fair market value of the Units affected by the damage, the proceeds of such assessment being paid, with the insurance indemnity, to the Association for the purpose of covering the costs of repair and replacement. If any Unit Owner fails to pay the assessment in a reasonable time, the Association may cause the repair, restoration or replacement or reconstruction to be accomplished and charge the cost thereof, less any applicable insurance credits, to the Owners of the Units affected in the proportions mentioned. Such costs less any insurance credits, will constitute a lien against the Unit of the delinquent Owner and may be enforced and collected in the same way as all other liens as provided herein. The provisions of this Article may be changed by unanimous resolution of the parties concerned, adopted subsequent to the date on which the fire or other disaster or casualty occurred.

6.02 Total Destruction

If total destruction of the entire Condominium occurs, or if the Common Elements are damaged or destroyed to more than two-thirds (2/3) of the Condominium's value, the Unit Owners directly affected may elect to reconstruct or replace the Buildings and Common Elements. The election to reconstruct or replace and payment of the costs thereof is to occur as provided in the preceding section of this Article.

If the Unit Owners elect not to reconstruct or replace, the Unit Owners, with the consent of all of Mortgage Holders, may sell the entire Condominium for cash or upon terms, provided 75 percent (75%) or more of the Owners are in accord and so vote at a special or regular meeting of Members. If the election is made to sell, the covenants against partition contained in the Master Deed become null and void, Owners are entitled to convey their interest in the Condominium and may invoke relief in a Court of Chancery to compel a sale and partition against those Owners who have refused to approve such a sale and partition.

All sums received from insurance are to be combined with the proceeds of the sale of the Condominium. After providing for all attorney's fees in the event of any litigation necessary to compel Owners to join in a conveyance of their interests in the Condominium, distribution of the combined funds must be made to the Owners of the Units in the said Condominium, in proportion to the fair market value of their respective Units, subject only to the rights of outstanding mortgage holders.

Except as provided in this Article, the General and Limited Common Elements remain undivided and cannot be the subject of an action for partition or division of their co-ownership.

6.03 Obsolescence

If the Board determines that the Condominium Buildings are obsolete, the Board, at any regular or special meeting of Members, may call for a vote by the Members to determine if the entire Condominium should be placed on the market and sold. If 90 percent (90%) of the Members determine that the Condominium should be sold, the provisions of Master Deed Article 6.02 applying to the sale of the property become effective.

If the Board determines that any of the community, recreation facilities or any other real or personal property of the Association are obsolete, the Board, at any regular or special meeting of the Members, may call for a vote by the Members to determine if that property should be demolished or replaced. If 90 percent (90%) of the Members determine that the property should be demolished or replaced, the costs thereof is to be assessed against all of the Association's Members in accordance with Article 13 hereof.

7.00 Officers

7.01 Designation

Association officers are its President, Vice President, Secretary and Treasurer. The Secretary may also hold the office of Treasurer. The President is a member of the Board. The Board may appoint Assistant Secretaries and Treasurers as deemed necessary. All officers must be Association Members, except Sponsor-designated Trustees.

7.02 Officer Elections

Association officers are elected annually by the Board at its organizational meeting or the first meeting of each new Board, hold office until their successors are elected or appointed and qualified by the Board, hold office at the Board's pleasure and may be removed either with or without cause and their successor elected at any Board meeting called for such purpose upon the affirmative vote of a majority of the Board members.

7.03 President

The President is the Association's chief executive officer and presides at all Member and Board meetings. The President has the general power and duties usually vested in the office of president of an association, including but not limited to, the power to appoint committees from among the Members from time to time as deemed appropriate to assist in the conduct of the affairs of the Association; and, the power to execute deeds, contracts and other instruments in the Association's name and on its behalf and under its corporate seal when a seal is required, except when such documents are required or permitted by law to be otherwise executed and except when the signing and executing thereof is delegated by the Board to another Association officer or agent.

7.04 Vice-President

In the President's absence, the Vice President performs all duties of the President, as well as such other duties the Board requires.

7.05 Secretary

The Secretary (a) attends all Board and Member meetings and records all votes; (b) takes and keeps records of all meetings, proceedings and resolutions in a minute book kept for that purpose; (c) performs like duties for any committees when requested; (d) keeps and has charge of the list of Members required to be kept as per Article 3.06 hereof, the minute books and such records and papers as the Board directs; (e) has custody of the corporate seal and when the Board authorizes affixes it to instruments requiring it and attests to same when appropriate; (f) performs all duties incident to the office of Secretary, including the sending of notices of meetings to the Members, the Board and committees; and (g) performs such other duties as may be prescribed by the Bylaws, the Board or the President.

7.06 Treasurer

The Treasurer (a) is responsible for Association's funds and securities; (b) keeps full and accurate accounts of receipts and disbursements in books belonging to the Association; (c) deposits all monies, checks and other valuable effects in the name and to the credit of the Association in depositories the Board designates; (d) disburses Association's funds as the Board orders and makes proper vouchers for same; and (e) gives the President and Board accountings of transactions made and of the Association's financial condition at regular meetings or whenever Trustees or the Board request.

7.07 Officer Compensation

Association officers serve without compensation except that they are entitled to reimbursements for all expenses reasonably incurred in the discharge of their duties.

7.08 Other Powers and Duties

Officers have such other duties, powers and responsibilities as the Board authorizes from time to time.

8.00 Indemnification and Exculpation of Officers, Trustees and Committee Members

(A) The Association indemnifies every current and past Trustee, officer and committee member and each of their heirs, executors and administrators against all

losses, costs and expenses, including counsel fees, reasonably incurred by an indemnitee in connection with any action, suit or proceeding to which they are made a party by reason of being or having been an Association Trustee, officer or committee member, except if they are finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of settlement, indemnification is provided only in connection with matters covered by the settlement and for which the Association receives advice of counsel that, by a preponderance of the evidence then known, the indemnitee was not guilty of gross negligence or willful misconduct in the performance of Association duties. Costs of Association indemnification are Association Common Expenses. This Article does not obligate the Association to indemnify anyone against whom allegations are based on their actions or status as Condominium resident, Member or Unit Owner.

(B) Unless acting in bad faith, neither the Board as a body nor any past or current Trustee, officer, or committee member is to be personally liable to any Unit Owner in any respect for any action or lack of action arising out of execution of their office or position. Each Unit Owner is bound by the good faith actions of the Board, officers and committee members in the execution of their duties.

Nothing contained herein exculpates Board members appointed by Sponsor from their fiduciary responsibilities.

9.00 Fiscal Year

The fiscal year of the Association begins on January first of each year, unless changed by a vote of two-thirds (2/3) of the full Board.

10.00 Corporate Seal

The Association's corporate seal consists of two (2) concentric circles between which is inscribed the Association's name and within the circumferences of the inner circle the words "Incorporated, New Jersey" and its year of incorporation appear.

11.00 Amendments to Bylaws

These Bylaws and the form of administration set forth herein may be amended by the affirmative vote of 67 percent (67%) of the total number of votes of Association Members and within the limitations prescribed by law. No such modification is effective until embodied in an instrument recorded in the office of the Recording Officer.

The Sponsor is not permitted to cast any votes held by it for unsold lots, parcels, Units or interest to amend the Master Deed, Bylaws or any other document to change the permitted use of a lot, parcel, Unit or interest; or for the purpose of reducing the Common Elements or facilities.

12.00 Dissolution

12.01 Procedure

If it is deemed advisable and a benefit to Association Members that the Association be dissolved, the procedures for dissolution set forth in the New Jersey Nonprofit Corporation Act, N.J.S.A. 15A:1-1, et seq. are to be followed.

12.02 Distribution of Assets

In the event of dissolution, the Association assets, after payment of all debts including mortgages and other encumbrances, are to be distributed to Unit Owners in proportion to the fair market value of their respective Units.

13.00 Members Maintenance Fees

Common Expense Assessments or maintenance costs for the Association and the Condominium are computed on the basis of each Unit paying an equal share of the total operating budget of and all Association assessments except Remedial Assessments. Should the actual number of Units constructed differ from 60, the Common Expense Assessment or maintenance cost payment for each Unit will be determined by a fraction, the numerator of which is one (1) and the denominator of which is the actual number of Units constructed, multiplied by the total operating budget of the Association. The budget is to provide for the complete allocation of the total of all assessments collected from the Unit Owners without any unallocated surplus remaining.

14.00 Reserves

The Board is not obligated to expend all of its revenues in any accounting period, and by regular installment assessment payment rather than by special assessments, must maintain reasonable and adequate reserves for, among other things maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis, emergencies, contingencies for bad weather or uncollected accounts. Despite anything herein to the contrary, in determining the Common Expenses and the preparation of a budget, the Board must specifically designate and identify what portion of the Common Expenses to be assessed against the Units is allocable to reserves for each separate item of repair and improvements. The same may be lumped together and must be kept in interest bearing savings or other appropriate investment vehicles. Interest or dividends earned are to remain allocated to such reserves and are not to be used for general Association purposes. The Board is permitted to keep additional cash on hand in a checking or petty cash account for the necessary discharge of its duties. The Board, at the time of budget adoption for the ensuing year, must evaluate the adequacy of the replacement reserves and adopt a resolution stating that they are sufficient for the purposes set forth in this Article.

15.00 Agreement for Professional Management

Any agreement for professional management of the Association, or any other contract providing for services of the Sponsor, may not exceed one year. Any such agreement must provide for termination by either party, with or without cause, and without payment of a termination fee on sixty (60) days written notice.

16.00 Open Meetings of the Association

All meetings of the Transition Committee and the Board, except conference or working sessions at which no binding votes are to be taken, must be open to attendance by all Unit Owners.

16.01 Restrictions to Open Meetings

Despite the forgoing, the Board and the Transition Committee may exclude or restrict attendance at those meetings, or portions of same, at which any of the following are to be discussed:

(A) matters the disclosure of which would be an unwarranted invasion of individual privacy;

(B) pending or anticipated litigation or contract negotiations;

(C) matters falling within the attorney-client privilege to the extent that confidentiality is required for the attorneys to exercise their ethical duties as lawyers; or

(D) matters involving the employment, promotion, discipline, or dismissal of a specific Association employee.

16.02 Minutes at Open Meetings

At each meeting or portions of meetings required to be open to all Unit Owners, minutes of the proceedings must be taken, and copies of those minutes must be made available to all Unit Owners before the next open meeting. The Board must keep reasonably comprehensive minutes of all its meetings showing its time, place, members present, subjects considered, actions taken, votes of each member, and any other information required by the Bylaws to be shown in the minutes. Minutes are to be available to Members before the next open meeting.

16.03 Notice Requirements for Open Meetings

(A) Adequate Notice of any open meeting must be given to Unit Owners. "Adequate Notice" means written notice, at least 48 hours in advance of the date, time, location and, to the extent known, the agenda of any regular, special or rescheduled meeting. It must accurately state whether formal action may or may not be taken. This notice must be: (1) prominently posted in at least one place on Condominium Property reserved for such or similar announcements and that is accessible to all Owners at all times; (2) mailed, telephoned, telegraphed or hand delivered to at least two newspapers designated by the Board because they have the greatest likelihood of informing the greatest number of Unit Owners; and, (3) filed with the Association Secretary or administrative staff person responsible for administering the Association's business office.

(B) At least once each year, within seven days following the annual Association meeting, the Board must post and maintain posted throughout the year, a notice in the locations established under (1) above; mailed to the newspapers to which notices are sent under (2) above; and, filed with the Association Secretary or administrative staff person responsible for administering the Association's business office under (3) above. Also posted must be a schedule of the regular Board meetings to be held during the succeeding year and, to the extent known, the location, time and date of each meeting. If this schedule is thereafter revised, the Board, within seven days after the revision, must post, mail and submit such revision in the manner set forth above.

16.04 Emergency Meetings

If the Board must deal with matters of such urgency and importance that, in the Board's sole judgment, delay for the purpose of providing 48 hours advance notice would be likely to result in substantial harm to the interests of the Association, the notice will be deemed adequate if it is provided, as provided in Article 16.03 above, as soon as possible following the calling of the meeting.

16.05 Automatic Amendment on Change of Law

The provisions of Article 16.00 are automatically amended without necessity of Member or Board votes simultaneously on changes or additions to N.J.S.A. 5:20-1.1, et seq. or issuance of judicial opinions on same, it being the intent that at all times Article 16.00 is to be consistent with same.

17.00 Dispute Resolution and Transition Procedures

17.01 Purpose of Transition

The Board must establish a Transition Committee (as used in this Article, the "Committee") to provide for a timely mechanism to ensure that the Sponsor has properly discharged its warranty and construction obligations with respect to the Common Elements, Limited Common Elements and other improvements which the Association may be obligated or agree to maintain ("Other Improvements") and that the Sponsor has properly discharged all other of Sponsor's duties and obligations set forth or implied from the Bylaws, the Master Deed or the Public Offering Statement as they have been amended.

17.02 Committee Creation and Members

The Committee is to be established by the Board no later than thirty (30) days after the Association is given notice by the Sponsor to begin the Transition Process (see Article 18.03 below) after the Sponsor has sold and conveyed title to a third party or 75% (45 Units) of the total Units have been sold.

At all times the Committee must consist of Association Members in good standing who reside in their Units as their primary residence other than Sponsor-designated Board members ("Resident Owners"). If the Committee is to be established before the First Transition Election, its members will consist of three (3) Resident Owners who volunteer to serve and who are elected by a majority of the Members then present and voting with Sponsor abstaining from any such voting. After the First Transition Election, the Committee will consist of the first two (2) Unit Owner elected Board members and one (1) other Resident Owner appointed by the Board from the various Association Committees. If there are any vacancies on the Committee other than Resident Owner Board member vacancies, the successor Committee members will be appointed by the Unit Owner elected Board members from the various Association committees within thirty (30) days of the occurrence of such vacancies.

The Resident Owner Board members on the Committee serve only during their respective Board terms. After all Board members are elected by Owners other than the Sponsor, the Committee may be reconstituted to consist of such number Resident Owners, as the Board deems appropriate.

17.03 Authority

The Committee will negotiate with representatives of the Sponsor on issues in dispute between the Association and the Sponsor. The Committee will inspect and evaluate the condition of all Common Elements, Limited Common Elements or Other Improvements which the Sponsor, from time to time has indicated in writing to the Association are complete and ready to be inspected for compliance with the Sponsor's warranty and construction and other obligations ("Notice of Completion"). The Committee's activities will be with the assistance of qualified independent engineering, legal or other consultants chosen by the Committee, hired by the Board and who are paid from the Transition Expense Fund described in Article 5.11 (AA) hereof. The Committee negotiates the appropriate remedial measures and resolutions of issues with the Sponsor, and the terms and conditions to be contained in one or more Transition Agreements and releases of sponsor's liability with respect to each completed portion of the Common Elements, Limited Common Elements and other improvements, but not for warranty obligations for individual Condominium Units.

17.04 Procedure

(A) Inspections and Reports. The Committee will cause the completed Common Elements, Limited Common Elements and Other Improvements to be inspected by and obtain a written report from their independent engineering and other consultants ("Consultants") within a reasonable time, which cannot exceed 180 days after the Committee's receipt of each Notice of Completion. The Committee and Sponsor are urged to jointly inspect the improvements with the Consultants (with or without legal counsel being present) during the period when the Consultants are examining the improvements and before their Reports are drafted to facilitate open communication on the condition and manner of construction of the improvements. A copy of each final report from the Consultants ("Report") must be furnished to the Board and the Sponsor within ten (10) days after the Committee's receipt and acceptance of same. Thereafter, the Committee or its designated representatives and agents and the Sponsor must conduct one or more joint inspections of the improvements covered by the Notice of Completion and pursue appropriate good faith negotiations to resolve any differences with respect to Sponsor's obligations regarding the completed improvements and other dispute items covered in the Reports.

(B) Committee Meetings, Voting. The Committee must meet as often as necessary to perform its duties, but not less than once a month. The quorum for Committee meetings is one more than 50 percent (50%) of the total number of Committee members. The vote of the majority of Committee members present and voting is final. A Committee quorum need not be present at inspections of or negotiating sessions with the Sponsor or at Alternate Dispute Proceedings conducted as per Article 17.08 hereof. At its meetings the Committee must keep minutes and obtain input their Consultants on any disputed issue. The Committee must deliver copies of minutes of each of their meetings to the Association Secretary.

(C) Transition Agreements and Releases. If an agreement between the Committee and the Sponsor is reached on disputed issues or on the appropriate remedial measures and conditions to be contained within Transition Agreements, then the Committee on behalf of Unit Owners, the Association and the Board is empowered to enter into written full or partial Transition Agreements with the Sponsor, as applicable. Said Agreements will specify the terms of the parties' agreement and the resolutions on the disputed issues or items which the Sponsor has agreed to perform or pay for and which will release the Sponsor from liability with respect to such completed improvements, subject to the terms and conditions as may be acceptable to the Committee and Sponsor ("Transition Agreement"). Transition Agreements release Sponsor from any further obligations with respect to completed improvements except warranty obligation issues in dispute upon the Sponsor complying with its terms. Transition Agreements may be approved as to form by the independent legal counsel for the Association and the Sponsor and are legally binding on Unit Owners, the Board, the Association, the Sponsor and their successors and assigns. Transition Agreements or other releases of Sponsor's liability voted on or executed by the Committee pursuant to this Article 18 are legally binding on the Association and its Members, absolutely and forever, if given by the Owner-controlled Board other than the Developer.

17.05 Sponsor Involvement and Deliberations

Sponsor designated Board members will not participate in transition related internal Board or Committee activities nor will they vote at Committee or Board meetings related to the Transition Process except (a) discussions on the general nature of the Transition Process itself; (b) arms-length negotiations between the Committee and Sponsor, at which time Sponsor designated Board members will represent only the Sponsor; or (c) if otherwise requested by the Board or Committee.

17.06 Legal Effect, Power-of-Attorney

The provisions of this Article must be construed to be complimentary to and not in derogation of any other provisions of these Bylaws, the Master Deed, the Certificate of Incorporation or any applicable statute or regulation of the State of New Jersey, including but not limited to, N.J.S.A. 46:8B-12.1. The provisions of this Article does not apply to

individual Condominium Units or to any warranties applicable to Units. Resident Owners' execution of the Power-of-Attorney set forth in the Unit Deed for their Unit constitutes an irrevocable and binding consent to the terms of this Article 17.

17.07 Bonded Improvements

Sponsor may have posted performance guarantees with the municipality under the New Jersey Municipal Land Use Law. They guarantee that certain components of the Common Elements, Limited Common Elements or other improvement, when completed, will conform to the approved plans for same and any requirements of applicable laws, codes, agreements, rules and regulations ("Bonded Improvements"). Sponsor is expected to apply to the municipality for performance guarantee releases when some or all of the Bonded Improvements are completed. Unit Owners acknowledge that the performance guarantees and the applications for release of them relate only to the municipality's determination that the applicable Bonded Improvements or portions thereof have been satisfactorily completed in conformity with the above requirements and that the Transition Process provides Unit Owners and the Committee with the separate and appropriate opportunity to redress concerns they have regarding the condition of Bonded Improvements.

17.08 Alternate Dispute Proceedings

If all transition or other disputed issues have not been resolved and all Transition Agreements have not been executed within 180 days after the Sponsor's receipt of the Reports to the Committee, then the Sponsor and the Association each have the right to: (a) file a demand for and to proceed to non-binding mediation or arbitration to resolve all disputed items before one arbitrator appointed under the rules of either the American Arbitration Association or another impartial third party and pursuant to rules mutually agreed upon by the parties ("Alternate Dispute Proceedings"); or (b) to continue discussions between the parties. If the parties elect option (a) above, then the parties will execute a Transition Agreement for issues that have been resolved. Election by the parties of option (b) above does not preclude either party's later election of option (a) above. Any Alternate Dispute Proceeding hearings will be conducted in the county in which the Condominium is located. All costs for Alternate Dispute Proceedings will be shared equally by the parties unless the arbitrator decides otherwise in the final ruling.

18.00 Miscellaneous

18.01 Conflict

Despite anything to the contrary herein, if any provision of these Bylaws is in conflict with or in contradiction of the Master Deed, the Certificate of Incorporation or with the requirements of any law, then the requirements of the Master Deed, Certificate of Incorporation and those laws control.

18.02 Invalidity

The invalidity of any part of these Bylaws does not impair or affect in any way the enforceability or validity of its other provisions.

18.03 Notice

Unless otherwise set forth in the Master Deed or these Bylaws, any notice to Unit Owners is properly given when it is mailed, by regular U.S. mail with postage prepaid, addressed to the Unit Owners at their mailing address as it appears on the records of the Association at the time of such mailing. Valid notice to Unit Owners may also be by (a) personal delivery to any occupant of their Unit who reasonably appears or reasonably represents themselves to be over fourteen (14) years of age; or (b) by affixing notice to or sliding same under the front door of their Unit. Notice to one of two or more Unit co-

Amendment to the By-Laws of Four Seasons at Stone Harbor Condominium Association - April 2021

Paragraph 18.03 Notice

Unless otherwise set forth in the Master Deed or these By-Laws, any notice to Unit Owners is properly given when it is mailed, by regular U.S. mail with postage prepaid, addressed to the Unit Owners at their mailing address as it appears on the records of the Association at the time of such mailing. Valid notice to Unit Owners may also be by (a) personal delivery to any occupant of their Unit who reasonably appears or reasonably presents themselves to be over fourteen (14) years of age; or (b) by affixing notice to or sliding same under the front door of their Unit; or (c) by sending an electronic mail to the Unit Owners at the email address (es) as it appears on the records of the Association at the time of such electronic mailing. Notice to one of two or more Unit co-owners constitutes notice to all co-owners. It is the continuing obligation of Unit Owners to immediately notify the Association Secretary in writing of any change of mailing address and/or electronic mailing address (es).

owners constitutes notice to all co-owners. It is the continuing obligation of Unit Owners to immediately notify the Association Secretary in writing of any change of mailing address.

18.04 Waiver

The provisions of these Bylaws are not waived by failure to enforce or act upon same irrespective of the number of violations or breaches thereof that have occurred.

19.00 Due Process Procedures

These Bylaws authorize the Association to exercise all powers, duties and authority necessary for the proper conduct and administration of the affairs of the Association. The Board must establish a procedure to assure due process in cases where there is a question of a Unit Owner's compliance with the terms of the Condominium Documents. This process is intended to minimize the need to seek redress through the court system.

As used herein, "due process" refers to the following basic rights:

- (1) Written charges will be given to the Unit Owner.
- (2) A hearing will be held at which witnesses may appear and may be cross-examined and in which evidence may be introduced.
- (3) The basic principles of fairness will be applied.

19.01 Actions Before Initiation of Formal Complaints

Any Unit Owner, officer or agent of the Association has the right to request a Unit Owner cease or correct any act or omission that appears to be in violation of the Condominium Documents. This informal request is to be made before the formal complaint process is begun.

The Association may make initial attempts to secure compliance through correspondence with the Unit Owner or other Unit occupant, which, to the extent known, will state the time, place, date and nature of the violation as well as the time period in which the violation must be corrected. Copies of that correspondence must be maintained in the ADR Committee or the Association's files. A copy may be sent to the Association's legal counsel.

In the case of disputes between Unit Owners regarding activities within Units or appurtenant Limited Common Elements, the Association has the right to not become involved in a dispute or act on a complaint unless there are two or more complaining parties.

19.02 Written Complaints

If the actions described in Article 19.01 above are unsuccessful, the formal complaint process will be initiated upon the filing of a written complaint by any Unit Owner, officer, Trustee or agent of the Association with the Association. All complaints must contain a written statement of charges setting forth in ordinary and concise language the acts or omissions with which the Unit Owner or other Unit occupant ("Respondent") is charged. The complaint should specify the specific provisions of the Condominium Documents that the Respondent is alleged to have violated, if known, but must not contain merely a recitation of charges phrased in the language of the Condominium Documents without supporting facts as to each such charge. The complaint must be as specific as possible as to times, dates, places and persons involved in sufficient detail so that the Respondent can prepare a defense. The complaint must contain the following:

19.03 Preliminary Investigation

On receipt and consideration of a written complaint, the Board may request that its managing or other agent make a preliminary investigation as to its validity and to promptly report their findings to the Board. If the conditions complained of have been corrected or if the complaint is for any other reason no longer valid, the Board will determine the appropriate disposition of the matter and will respond in writing to the complainant. If the preliminary investigation indicates the need for further action, the Board may then proceed as appropriate with the steps set forth below.

19.04 Service of the Complaint

If the preliminary investigation indicates that further action is necessary, the Board will serve a copy of the complaint on the Respondent in the manner set forth in Article 18.03 hereof. Service by mailing shall be deemed effective two (2) days after mailing in a regular depository of the United States mail with proper postage affixed. The complaint must be accompanied by a post card or other written form as described in Article 19.06 below entitled "Notice of Defense," which constitutes a notice of defense hereunder. No order adversely affecting the rights of the Respondent may be made in any case unless the Respondent has been served as provided herein.

19.05 Notice of Hearing

Along with service of the complaint, the Board must cause a Notice of Hearing, as provided herein, to be served upon the Respondent at least fifteen (15) days before the date scheduled for the initial hearing. The Notice of Hearing will be substantially in the following form, but may include other information:

"You are hereby notified that a hearing will be held before the Covenants Committee of the Association at _____ on the _____ day of _____, _____, at the hour of _____ upon the charges made in the attached complaint hereby served upon you. You may be present at the hearing and may, but need not be, represented by counsel; may present relevant documentary or testimonial evidence; and you will be given full opportunity to cross-examine all witnesses who testify against you. You are entitled to request the attendance of witnesses and the production of books, documents, or other items to be used against you by the complainant by applying to the Covenants Committee of the Association."

If any parties can promptly show good cause as to why they cannot attend the hearing on the date set and indicate the dates and times on which they will be available, the ADR Committee may adjourn the hearing and promptly deliver to the complainant and the Respondent a notice of the new hearing date.

19.06 Notice of Defense

Service of Complaint and Notice of Hearing must be accompanied by a Notice of Defense. The Notice of Defense must state:

"As a Respondent you may:

- (1) attend any hearing held by the ADR Committee on the complaint,
- (2) object to the Complaint on the grounds that it does not state the acts or omissions or the relevant sections of the Condominium Documents that are alleged to have been violated and upon which the ADR Committee may proceed,
- (3) object to the form of any Complaint that is so indefinite or uncertain that the Respondent cannot properly prepare a defense,
- (4) admit to the Complaint in whole or in part, in such event, the ADR Committee will meet to determine appropriate action or penalty, if any."

Any objections to the form or substance of the Complaint must be considered by the ADR Committee within thirty (30) days of receipt. The ADR Committee must make its determination and notify all parties in writing by the end of the thirty (30) day period. If the Complaint is found to be insufficient, the complaining party has thirty (30) days in which to amend the Complaint to make it sufficient. The same procedure set forth above will be followed with respect to any amended Complaint. If the ADR Committee determines that the Complaint is still insufficient, they may dismiss the matter.

19.07 Amended Complaints

At any time before the initial hearing date, an amended complaint may be filed by the Complainant. All parties must be notified in the manner herein provided of the content of same. If the amended complaint contains new charges, the ADR Committee must afford the Respondent a reasonable opportunity to prepare a defense.

19.08 Discovery/Statements

On written request to the other party, made before the initial hearing date and within fifteen (15) days after service of the Complaint or within ten (10) days after service of any amended Complaint, either party is entitled to obtain the names and addresses of witnesses to the extent known to the other party and to inspect and make copies of any statements, writings, photographs, and to investigative reports relevant to the subject matter of the hearing.

Nothing herein, however, authorizes the inspection or copying of any writing or other thing that is privileged from disclosure by law or otherwise made confidential or protected as, for example, an attorney's work product. Any party claiming that their request for discovery was not complied with must submit a petition to request discovery to the ADR Committee who will then make a determination and issue a written order setting forth the matter or part thereof that the petitioner is entitled to discover.

Any time ten (10) or more days before the initial date of the hearing or a continued hearing, any party must mail or deliver to the opposing party a copy of any sworn statement, which that party proposes to introduce into evidence. Unless the opposing party, within seven (7) days after such mailing or delivery, mails or delivers to the proponent a request to cross-examine the author, the opposing party's right to cross-examine that author is waived and the sworn statement, if introduced into evidence, will be given the same effect as if the author had testified orally. If any opportunity to cross-examine a statement's author is not afforded after request is made as provided above, the statement may be introduced in evidence, but it must only be given the same effect as hearsay evidence.

19.09 Constraints on the ADR Committee

Each ADR Committee member must make a determination as to whether that member is able to function in a disinterested and objective manner in consideration of each matter before it. Any member incapable of such objective consideration on any matter must disclose same to the parties, cannot participate in the proceedings and have that fact recorded in the minutes of the ADR Committee. Any ADR Committee member has the right to challenge any other member who is alleged to be unable to function in a disinterested and objective manner.

Before any hearing, the Complainant and Respondent may challenge any ADR Committee member for any valid legal reasons so as to cause that member to be disqualified from consideration of the matter. If challenged, ADR Committee members do not voluntarily disqualify themselves from consideration of the matter; the Board must meet within thirty-five (35) days to determine the sufficiency of the challenge. If the Board sustains the challenge, the challenged members are disqualified and the remaining ADR Committee members will be available to participate in the hearing and decision. All decisions of the Board regarding eligibility of ADR Committee members are made in its sole discretion and are final.

19.10 Hearing

The ADR Committee determines the way all hearings are conducted, as long as the rights set forth herein are protected. The hearing need not be conducted using any technical rules relating to evidence and witnesses. The ADR Committee selects a person to service as hearing officer and to preside over the hearing. A hearing officer need not be a Unit Owner or a member of the ADR Committee. Counsel for the Association may, at the discretion of the Board, be present at hearings and may serve as hearing officer. Upon the commencement of the hearing, the hearing officer will explain the rules and procedures that will be followed during the hearing.

Neither the Complainant nor the Respondent must attend any hearing. At the request of either the Complainant or Respondent or on its own motion, the ADR Committee may conduct a hearing in private session. In doing so the ADR Committee may elect to have each witness testify before it in closed session, without any other witnesses being present. Despite this, at all hearings the Complainant and Respondent have the right to be present.

Each party has the right to do the following, but may waive any or all of the right to:

- (1) make an opening statement,
- (2) introduce evidence, testimony and witnesses,
- (3) cross-examine opposing witnesses,
- (4) rebut evidence and testimony by presenting your own testimony and witnesses,
and
- (5) make a closing statement before the ADR Committee closes the hearing.

If the Complainant or Respondent does not testify on their own behalf, each may still be called and questioned. In such event the party called to testify may avail themselves of whatever Constitutional rights apply to the situation.

Whenever the ADR Committee has begun to hear a matter, if an ADR Committee member is later disqualified before a final determination is made, the remaining ADR Committee members will continue to hear the matter. In the case of any tie votes, the hearing officer must cast a vote to break the tie. Oral evidence must only be given on oath or affirmation taken by the witness and administered by an ADR Committee member or the hearing officer.

19.11 Disposition of Complaint

On the conclusion of hearings on a matter, the ADR Committee must make its decision and notify all parties of same in writing within fifteen (15) days after the hearings are closed. The decision need not state any reasons to support same and if the ADR Committee finds that there has been a material violation of any restrictive provision in the Condominium Documents, it may impose the penalties authorized in the Condominium Documents, including but not limited to, the suspension of privileges of membership in the Association and right to use the Common Elements, recreation and other facilities of the Association; and/or the imposition of fines or other remedies to the extent that the Board is permitted to do so by the Condominium Documents and applicable law. In the resolution of housing disputes, all costs of the ADR Committee shall be Common Expenses.

19.12 Right to Appeal

Any Respondent found by the ADR Committee to have committed a material violation of any provision of the Condominium Documents has the right to appeal to a court of competent jurisdiction. Any such appeal must be commenced by the filing of the appropriate pleading with the clerk of the applicable court within forty-five (45) days of the date of the written decision of the ADR Committee or the ADR Committee's determination becomes binding.

19.13 Mediation Alternative

Before beginning any hearing before the ADR Committee, in order to settle the dispute in good faith, any party to the dispute may request mediation of the dispute by an impartial mediator appointed by the ADR Committee. The Complainant and Respondent must appear before the mediator at a mediation session if requested by the mediator. All mediations will be completed within thirty (30) days after appointment of the mediator unless the ADR Committee extends this time period for good cause. If a settlement is not reached, all relevant time periods for the ADR Committee hearings are extended for forty (40) days. Expenses incurred in the mediation shall be Common Expenses.

19.14 Intent

The procedures herein are to serve as a protection to Unit Owners, to assure that due process rights are protected in an adversarial proceeding, and to be guidelines for the Board, the Covenants Committee and the ADR Committee discharging their duties to enforce the Condominium Documents. The Board and the Covenants Committee and the ADR Committee, as appropriate, may determine the specific way the procedures will be applied to and implemented by each of those bodies respectively, provided that at all times the due process rights of the participants are protected.

Any inadvertent omission or failure to conduct an adversary hearing in exact conformity with this Article does not invalidate the results of any proceeding, as long as a prudent and reasonable attempt was made to insure due process according to the general steps set forth herein.

EXHIBIT 1-G

**EXHIBIT G
TO THE MASTER DEED**

**K. HOVNIANIAN'S
FOUR SEASONS AT STONE HARBOR, A CONDOMINIUM
TOWNSHIP OF MIDDLE, COUNTY OF CAPE MAY,
STATE OF NEW JERSEY**

**SCHEDULE OF UNDIVIDED PERCENTAGE INTEREST
IN COMMON ELEMENTS**

**ALL UNITS WILL HAVE ONE ASSIGNED PARKING SPACE
AS A LIMITED COMMON ELEMENT**

INFORMATION PENDING

BUILDING	UNIT	UNIT TYPE	BLOCK	LOT	STREET ADDRESS	QUALIFIER	UNDIVIDED % INTEREST IN COMMON ELEMENTS
1 or 1001	A						1.667%
1 or 1001	B						1.667%
1 or 1001	C						1.667%
1 or 1001	D						1.667%
1 or 1001	E						1.667%
1 or 1001	F						1.667%
1 or 1001	G						1.667%
1 or 1001	H						1.667%
2 or 1002	A						1.667%
2 or 1002	B						1.667%
2 or 1002	C						1.667%
2 or 1002	D						1.667%
2 or 1002	E						1.667%
2 or 1002	F						1.667%
3 or 1003	A						1.667%
3 or 1003	B						1.667%
3 or 1003	C						1.667%
3 or 1003	D						1.667%
3 or 1003	E						1.667%
3 or 1003	F						1.667%
3 or 1003	G						1.667%
3 or 1003	H						1.667%
4 or 1004	A						1.667%
4 or 1004	B						1.667%
4 or 1004	C						1.667%
4 or 1004	D						1.667%
4 or 1004	E						1.667%
4 or 1004	F						1.667%
5 or 1005	A						1.667%
5 or 1005	B						1.667%
5 or 1005	C						1.667%
5 or 1005	D						1.667%
5 or 1005	E						1.667%
5 or 1005	F						1.667%
5 or 1005	G						1.667%
5 or 1005	H						1.667%
6 or 1006	A						1.667%
6 or 1006	B						1.667%
6 or 1006	C						1.667%
6 or 1006	D						1.667%
6 or 1006	E						1.667%
6 or 1006	F						1.667%
6 or 1006	G						1.667%
6 or 1006	H						1.667%
7 or 1007	A						1.667%
7 or 1007	B						1.667%
7 or 1007	C						1.667%
7 or 1007	D						1.667%
8 or 1008	A						1.667%
8 or 1008	B						1.667%
8 or 1008	C						1.667%
8 or 1008	D						1.667%

BUILDING	UNIT	UNIT TYPE	BLOCK	LOT	STREET ADDRESS	QUALIFIER	UNDIVIDED % INTEREST IN COMMON ELEMENTS
9 or 1009	A						1.667%
9 or 1009	B						1.667%
9 or 1009	C						1.667%
9 or 1009	D						1.667%
9 or 1009	E						1.667%
9 or 1009	F						1.667%
9 or 1009	G						1.667%
9 or 1009	H						1.667%