

BY-LAWS OF
HOLLY LAKE CAMPGROUND, A CONDOMINIUM AND
HOLLY LAKE CAMPGROUND CONDOMINIUM ASSOCIATION

ARTICLE I

APPLICABILITY, MEMBERS, MEMBERSHIP AND DEFINITIONS

1. These are the By-Laws of HOLLY LAKE CAMPGROUND, A CONDOMINIUM (hereinafter called the "Condominium") and of Holly Lake Campground Condominium Association, Inc., a not-for-profit corporation of the State of New Jersey (hereinafter referred to as the "Association"). The administration and management of the Condominium Property and the actions of the Association and the members thereof shall be governed by these By-Laws.

2. All present and future Unit Owners, their licensees, invitees, servants, agents, employees and any other person or persons that shall be permitted to use the Condominium Property of the Condominium, shall be subject to the By-Laws and to the Rules and Regulations issued by the Association to govern the conduct of its Members. Acquisition and occupancy of any of the Units in the Condominium shall be conclusively deemed to mean that the Unit Owner or occupant has accepted and ratified these By-Laws and the Rules and Regulations of the Association and will comply with them.

3. As used in these By-Laws, the term "Member" means the Unit Owner of a Unit in the Condominium. Other terms used herein shall have the same meanings set forth in the Master Deed and/or

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the Condominium Act of the State of New Jersey, N.J.S.A. 46:8B-1 et seq. (the "Condominium Act").

4. Membership in the Association shall be limited to the Owners of the 360 Units in the Condominium provided, that when title to a Unit is vested in two or more persons or in a corporation only the Entitled Party, as defined in paragraph 9B of the Master Deed, shall be permitted to cast the votes allocated to the particular Unit. In the event that a Unit Owner shall lease or permit another to occupy his Unit, the tenant shall be permitted to enjoy the Condominium Property to the extent that such Unit owner shall be entitled, but shall not be a member of the Association and shall not vote in the affairs of the Association unless he shall be designated an Entitled Party by the Unit Owner in the manner provided in paragraph 9B of the Master Deed. The use of the Condominium Property shall be limited to Unit Owners, tenants and occupants of Units and their licensees, invitees, servants, agents and employees. If a Unit is owned by more than one individual, or is owned by a corporation or partnership, or if a Unit is under a lease, then the individual entitled to cast the vote for the Unit shall be the individual named in the certificate given pursuant to paragraph 9B of the Master Deed (said individual being in the Master Deed and in these By-Laws called the "Entitled Party").

5. Every lawful transfer of title to the Unit Owner of a Unit shall include membership in the Association, and upon making such transfer, the previous Unit Owner's membership shall automatically terminate. Except as aforesaid, membership in the Association may not be assigned or transferred, and any attempted

assignment or transfer thereof shall be void and of no effect.

ARTICLE II

PRINCIPAL OFFICE

1. The principal office of the Association shall be located initially at the office of HOLLY LAKE CAMPGROUND, A Partnership, of 478 Shore Road, Clermont, New Jersey 08210, but thereafter, may be located at such suitable and convenient place or places as shall be permitted by law and designated by the Trustees.

ARTICLE III

MEETINGS OF MEMBERS; VOTING

1. All annual and special meetings of the Members of the Association shall be held at the principal office of the Association, or at such other suitable and convenient place as may be permitted by law and, from time to time, fixed by the Trustees and designated in the notices of such meetings.

2. All annual meeting of Members of the Association shall be held on the first Saturday in August of each year, except that the first such annual meeting shall be postponed, at the option of the initial Board of Trustees, to sixty days following the date on which title to Ninety (90) or more of the Units shall have been conveyed by Seller to the First Unit Owners (other than Seller). At such meeting the Unit Owners who are Entitled Parties representing Unit Owners in good standing shall elect by ballot, two (2) Members of the Board of Trustees, subject to the limitations hereinafter set forth, and transact such other business as may properly come before the meeting. The Treasurer

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of the Association shall present at each annual meeting an audit (prepared and certified by a public accountant) of the Common Expenses, itemizing receipts and expenditures, the allocation thereof to each Unit Owner and any charges expected for the present fiscal year.

3. Special meetings of the Membership shall be called by the President when so directed by a resolution of the Board of Trustees, or by a petition signed by Entitled Parties on behalf of Unit Owners having Proportionate Voting Interests aggregating forty percent (40%) or more, specifying in each case, the purpose thereof. No business shall be transacted at a special meeting other than as specified in the notice thereof.

4. The Secretary of the Association shall give notice of each annual and each special meeting of the Members to the Entitled Party representing each Unit Owner and to the holder of any Permitted Mortgage thereon, in accordance with the further provisions hereof, not less than twenty (20) nor more than forty (40) days prior to the meeting date specifying therein the time and place of the meeting and, in the case of a special meeting, the purpose thereof. The attendance at a meeting by any Entitled Party, or any party, or the agent representing holders of Permissible Mortgages, without protesting prior to the conclusion of the meeting the lack of prior notice of such meeting shall constitute a Waiver of Notice of the meeting by such party.

5. To constitute a quorum, for all purposes, there shall be required to be present at meetings of the Members of the Association, Entitled Parties, in person or by proxy representing Unit Owners in good standing holding 5,000 votes of the

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Association, each Unit being accorded votes equal to the percentage of the then prevailing common interest appurtenant to the unit times one hundred (100). When a quorum is once present to organize the meeting it cannot be broken by a subsequent withdrawal of an entitled party; if less than a quorum is present at any meeting a majority of the total votes there represented in person or by proxy, may adjourn such meeting, from time to time, and at any adjourned meeting at which a quorum is present any business may be transacted which could have been transacted at the meeting originally called, without further notice.

6. To authorize actions binding upon the Association and all Unit Owners, there shall be required at any meeting at which a quorum is present, an affirmative vote by Entitled Parties in person or by proxy, representing Unit Owners in good standing, casting (i) a majority of the total votes represented at such meetings; or (ii) such higher percentage of the total votes encompassed by Unit Ownership as may be required by the Act or by the Master Deed. Any action involving the disposition of assets, the granting of rights or easements in the Condominium Property, or the amendment of these By-Laws, may not be taken without a meeting on such matter, or written consent setting forth the action so taken or to be taken and an affirmative vote given in the required number of votes by Entitled Parties representing Unit Owners in good standing (accompanied by the consent either of the holders of the Permissible Mortgages on the Units with respect to which such affirmative votes shall have been given or of the agents of such holders.)

7. As used in the succeeding subsections hereof, a Unit Owner shall be deemed to be in "good standing" if, and only if, he shall have fully paid all assessments made or levied against him and his Unit or Units by all Trustees as hereinafter provided, together with all interest, costs, attorney's fees, penalties, and other expenses, if any, properly chargeable to him and against his Unit or Units, at least three (3) days prior to the date fixed for such annual or special meetings. A Unit which has been acquired by the Association in its own name or in the name of its agent, designee or nominee on behalf of all the Unit Owners, shall be entitled to vote so long as it continues to be so held.

8. The Secretary shall compile and keep up-to-date at the principal office of the Association or at the residence of the Secretary of the Association if the Secretary is a Unit Owner, a complete list of the Members and their last known post office addresses. Such list shall also show opposite each Member's name the number of the Unit or Units owned by him, the percentage of Common Interest of the Member in the Common Elements in the Condominium, the number of votes which the Unit Owner is entitled to vote at meetings of the Association, and the Voting Representative, if any. This list shall be open to inspection by all Members and other persons lawfully entitled to inspect the same at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minute book of the Association, containing the minutes of all annual and special meetings of the Association and all resolutions of the Trustees.

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9. The order of business at the annual meeting of the members shall be:

- (a). Calling the roll.
- (b). Proof of Notice of the meeting or certification as to waivers.
- (c) Selection and appointment of inspectors of election.
- (d). Election of Trustees.
- (e) Reading of minutes of preceeding meeting.
- (f) Reports of the Officers.
- (g) Reports of the Trustees.
- (h) Reports of Committees.
- (i) Unfinished business.
- (j) New business.
- (k) Adjournment.

10. The order of business at all other meetings of the Members shall, as far as practical, conform to the order of business at the annual meeting insofar as the special purpose of the meeting will permit.

ARTICLE IV

BOARD OF TRUSTEES

1. The Condominium shall be administered and managed, and the affairs of the Condominium Association shall be governed by a Board of Trustees consisting of five (5) persons, who shall not be compensated for such services. Until the first annual meeting of the Association, as provided in Section 2 of Article III hereof, or such special meetings called and held for the purpose of electing members of the Board of Trustees by the Unit Owners

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as provided below, the initial members of the Board of Trustees shall consist of those persons or their respective successors, if any, as shall be designated by the Grantor. At the aforesaid meeting, five (5) members of the Board of Trustees shall be elected to serve until the next succeeding annual meeting and until their respective successors are elected, subject to the right of Grantor to designate (i) all of the Trustees, so long as it holds title to two hundred seventy-one (271) or more Units, as provided in the Master Deed; (ii) three (3) of the Trustees, so long as it holds title to ninety-one (91) or more Units.

Within sixty (60) days after such time as title to the following number of Units shall have been conveyed to the first Unit Owners other than Grantor, in each case, a special meeting shall be called and held to elect some or all new members of the Board of Trustees by the unit Owners: (i) when ninety (90) have been conveyed, the Unit Owners shall elect two (2) Trustees; (ii) when two hundred seventy (270) have been conveyed, the Unit Owners shall elect all Trustees, provided, however, that until such time as all Units have been conveyed by the Grantor the number of the Trustees of the Board of Trustees shall not be changed. Each of the Trustees (other than the Trustee or Trustees named by Grantor) shall be an owner of a Unit or the spouse of such Owner (or if a Partnership Owner, shall be a member thereof; or, if a Corporate Owner, shall be an officer and/or stockholder thereof), provided that at least one (1) of the Trustees of the Board of Trustees shall be a resident of the State of New Jersey. Of the five (5) Trustee elected, two Trustees will be elected for two year terms and three Trustees

will be elected for one year terms. The two Trustees with the highest number of votes will serve the two year terms.

2. At least twenty (20) days prior to any meeting, the Unit Owners shall be notified in writing of all candidates to the Board of Trustees and shall be furnished with ballots. The names of all candidates shall be either typed or printed upon all ballots. Where there is more than one candidate, such names shall be arranged in alphabetical order. The method of nomination will be determined each year at the annual meeting for the next election, the method of nomination for the first annual meeting will be determined by the Developers.

3. The election shall be by ballot and by a plurality of votes cast, determined as hereinbefore provided, each entitled Party in good standing being authorized to cast his vote or votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

4. Any Trustees may resign from the Board of Trustees at any time by written notice to the Board. Anything herein contained to the contrary notwithstanding, if a Trustee, who is also a Unit Owner, shall cease being a Unit Owner, such Trustee may be removed from the Board of Trustees by a majority vote of the other Trustees, which vote shall be held, if at all, at the first meeting of the Board of Trustees following the Board's Receipt of Notice of Cessation of Unit Ownership. Trustees (except those selected by the Grantor under the Master Deed and Section 1 of this Article IV hereof) may be removed with or without notice. Attendance at the meeting shall be deemed to be a Waiver of Notice thereof. Any action which might be taken at a

meeting of the Board may be taken without a meeting if a consent in writing to such action is signed by all of the Trustees of the Board.

ARTICLE V

OFFICERS

1. The Officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, who shall be elected annually by the Board of Trustees from among its Trustees at the organization of each new Board, and shall hold office until their successors are elected or appointed by the Board and qualify. The Secretary may also serve at the same time as Treasurer. The initial Officers shall be persons designated by Grantor. The Officers initially so named and their respective successors in office shall annually be deemed to be re-elected and continue to hold office until their respective successors shall be elected by the Board of Trustees from the then members thereof, except that, if a special meeting is called and held to elect Trustees immediately after the Unit Owners are empowered to elect a majority of the Trustees, the new Board of Trustees may appoint substitute Officers who shall serve the balance of the terms so filled.

2. From time to time, the Board may create other officers, prescribe the duties pertaining thereto and elect the holders thereof from among its members.

3. No Officer shall be compensated for acting as such.

4. The following Officers shall have the duties set forth below:

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- (1) The President shall be the Chief Executive Officer of the Association, and shall preside at all meetings of the members and of the Board of Trustees. He shall have the general powers 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 and Voting Representatives from time to time, as he may deem appropriate to assist in the conduct of the affairs of the Association. He shall, together with either the Secretary or Treasurer, have the power and authority to execute deeds, leases, mortgages, bonds, notes, contracts, and other instruments, in the name and on behalf of the Association, except when the signing and execution thereof shall be delegated by the Board of Trustees to another Officer or Officers of the Association;
- (2) The Secretary shall have joint power with the President to execute deeds, leases, mortgages, bonds, notes, contracts, and other instruments on behalf of the Association and be responsible for giving any Requisite Notice and for keeping the minutes of all meetings of the Board of Trustees and the Condominium Association, and have custody of all correspondence, papers and records, other than financial records;
- (3) The Treasurer shall have joint power with the President to execute deeds, leases, mortgages, bonds, notes, contracts, and other instruments on behalf of the Association and cause to be maintained full and accurate

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records and books of account of all receipts and disbursements of funds by the Board or at its direction, which shall be available to Unit Owners during regular business hours; shall receive and receipt for funds assessed or collected by the Board, and shall deposit the same in such depository as may be selected by the Board, and render to the Board, on request, an accounting of all his transactions as Treasurer and of the financial condition of the Association.

- (4) The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint some other Trustee to so do on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

No agreement, check, contract, deed, lease, mortgage or other written instrument or document shall be binding upon the Association unless entered into by or approved by Resolution of the Board of Trustees and signed by any two (2) Officers of the Association as provided above, except as such power may be delegated to the Manager as provided in 2 of Article VI hereof. The Board shall have the right to require that any or all of the Officers shall be covered by fidelity bonds of a corporate surety, and the premium costs thereof shall be Common Expenses hereunder.

5. Any Officer may be removed at any time, with or without cause, by the Board of Trustees. Any Trustee who resigns or is removed as a Trustee shall also be deemed to resign or be removed from any Association office he may hold. Any vacancy in any office by reason of death, resignation, removal or otherwise, shall be promptly filled by the Board of Trustees, the successor to serve the balance of the term so filled.

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ARTICLE VI

POWERS AND DUTIES OF BOARD OF TRUSTEES
AND RESTRICTIONS ON THE EXERCISE THEREOF

1. The Board of Trustees shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association, specifically including all compliance with all federal, state and local laws and regulation, and the administration and management of the Condominium Property, and may do or cause to be done all such other lawful acts and things as are not by law, by these By-Laws, or otherwise, directed or required to be done or exercised by the Unit Owners, or by others. In performance of its duties as the administering body of the Association and of the Condominium, the Board of Trustees shall have powers and duties set forth in the Master Deed and these By-Laws, including, but not limited to, the following:

- A. The operation, management, maintenance, cleaning, protection and replacement of the Common Elements. In connection therewith, the Board of Trustees:
- (1) are authorized to contract on behalf of all Unit

Owners for water, sewer, electrical, and other utility services provided to any of the Common Elements and, to the extent not separately metered and/or charged, to the Units, and for management, custodial, maintenance, extermination, snow removal, exterior window cleaning, painting, repairs and such other services, as well as such equipment, materials and supplies, as are deemed necessary or desirable by the Board for the proper performance of its duties hereunder;

(2) shall have an easement of access for itself or its agents, to any Unit for the purpose of accomplishing the foregoing; and

(3) shall charge the cost of such operation, maintenance, repair, and/or replacement to all Unit Owners as a Common Expense.

Other than in the normal course of repairing and replacing existing improvements, there shall be no additions, alterations or further improvements made to the Common Elements without the prior approval in writing of Unit Owners having Proportionate Interests aggregating not less than seventy-five percent (75%).

- B. The placement and purchase of, and payment of premium for a policy or policies of insurance providing coverage of the following types and amounts for the Board of Trustees, each member thereof, the Officers, and all Unit Owners, and the holder of each Permitted Mortgage (as defined in paragraph 14B of the Master Deed): (i) insurance against loss or damage by fire and such other

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risks as may be covered by extended coverage insurance covering the entire Property in an amount representing the full insurable replacement value thereof, without deduction for depreciation, together with coverage for the payment of Common Expenses with respect to damaged Units during the period of reconstruction ("Fire Insurance Policy"); and (ii) insurance against liability for injury or death to persons or damage or loss of property with such limits as shall be established, from time to time, by the Board of Trustees, covering occurrences and accidents in or about the Property with coverage of the cross-liability claims of any one or more or group of insureds, but excluding coverage for the liability of any Unit Owner for acts occurring solely within his Unit or away from the Property ("Liability Insurance Policy").

(1) The Fire Insurance Policy shall contain mortgagee endorsements in favor of the holder of each Permitted Mortgage, but all payments on account of loss or damage covered by such policy for repairs and restoration shall be made to the Board of Trustees and shall be applied as directed by the Board of Trustees, unless, as provided in Section 24 of the Condominium Act, such damages shall constitute a substantially total destruction of the Common Elements or seventy-five percent (75%) of the unit Owners directly affected thereby shall determine not to proceed with the work of repairs and restoration, in either of which events such sums shall be disbursed

as therein provided. Such Policy shall contain waivers of subrogation and waivers of any defenses based on co-insurance or invalidity, arising from any acts of those whose interests are covered thereby. The Board of Trustees shall charge and assess the cost of insuring the Common Elements as a Common Expense; and

(2) The Liability Insurance Policy shall name the Board of Trustees as the party insured and the net proceeds thereof shall be paid to Board of Trustees, which shall distribute the same to those whose interests shall appear. The entire premiums for such Policy shall be charged as a Common Expense.

(3) All policies of insurance carried under this subparagraph B, shall: (i) provide that all adjustments of loss shall be made only by the Board of Trustees; (ii) contain waivers by the insurers of all rights by way of subrogation or otherwise to the claims or rights of any one or more named insureds or persons otherwise covered or benefited by such policies against any one or more other named insureds or persons so covered or benefited thereby (including the Association and the Board of Trustees and their respective agents and employees and the Unit Owners and their respective agents and employees); (iii) provide that the coverage afforded to any and all other named insureds or persons otherwise covered or benefited by such policies shall not be affected by the acts or omissions of any one or more named insureds or persons otherwise covered or

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benefited thereby; (iv) provide that they shall not be cancelled or modified without at least ten (10) days' prior written notice to all those whose interests are covered thereby, including, without limitation, all holders of Permitted Mortgages in the case of the Fire Insurance Policy; (v) provide that the coverage afforded thereby shall not be affected or diminished or result in contribution by reason of any additional insurance separately carried by any Unit Owner as permitted by the further terms hereof or by any other person or entity; and (vi) provide that the insurer shall not have the option to restore the insured premises in lieu of making a cash payment of the proceeds without the approval of the Association. Duplicate originals of all such insurance policies and renewals shall be delivered by the insurers (at least ten (10) days prior to the renewal in case of each renewal) to the Board, and duplicate originals or certificates or memorandums of insurance shall be issued by the insurers to all others whose interests are covered thereby, including, without limitation, the Unit Owners and the holders of Permitted Mortgages in the case of the Fire Insurance Policy. No Unit Owner shall do or permit any act which would void or impair the coverage afforded by said policies or would result in an increase in the premium therefore, and shall be liable to the Board for the amount of any such increase. The provisions of this subparagraph shall not be construed to prohibit any Unit Owner from

carrying other, separate insurance for his own benefit, such as, by way of illustration and not of limitation, public liability insurance covering liabilities occurring solely within his unit or away from the Property, which liabilities will not be covered by the insurance to be carried by the Board of Trustees under the terms hereof, provided that all such policies shall be obtained either from the insurer with which like coverage is at the time of reference being carried pursuant to the foregoing provisions or from another insurer approved by the Board of Trustees, which approval shall not be unreasonably withheld, and shall contain waivers of subrogation (having the same scope as that required with respect to the insurance to be carried by the Board hereunder) and provided that the insurance carried by such Unit Owner shall not affect, alter or diminish the coverage under the policies being so carried by the Board. Copies of proposed policies of insurance shall, before being effected, be delivered to the Board for approval pursuant to the terms hereof, which approval shall not be unreasonably withheld, and the policies actually issued following such approval shall provide that they shall not be modified or cancelled without ten (10) days' prior written notice to the Board and copies thereof shall be provided to the Board when issued. If a casualty loss is sustained and there is a reduction in the amount of the proceeds which would otherwise be payable on the insurance purchased by

the Board of Trustees hereunder, due to proration of insurance purchased by the Unit Owner, the Unit Owner agrees to assign the proceeds of this latter insurance, to the extent of the amount of such reduction, to the Association to be distributed as herein provided.

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C. The preparation of an operating budget covering expenditures in connection with the maintenance, repair and replacement of the Common Elements, costs of insurance and any other Common Expense, the amount and period to be covered of the assessment covering the Common Expenses to be levied against all Unit Owners and the time for its payment. For this purpose, the Board of Trustees is expressly empowered to make the annual and special determinations and assessments on behalf of the Association that are authorized by the terms of paragraph 8A of the Master Deed, with particular reference to the following powers and duties:

(1) The Board shall assess the total amount of its annual determination of the estimated Common Expenses for the ensuing fiscal year against all of the Units and the respective Unit Owners thereof, in the same proportion as their respective undivided interests in the Common Elements as set forth in the Master Deed. The proportionate amounts thus found applicable to each Unit shall be payable by the Unit Owner thereof to the Association in one annual payment as provided in paragraph ten (10) of the Master Deed. On or before the due date of the annual payment for any fiscal year, the

Association shall prepare and deliver to each Unit Owner and to the holder of any Permissible Mortgage upon a Unit who has given the information set forth in paragraph 14B of the Master Deed, a statement showing the amount thereof and the amount assessed against such Unit for the entire fiscal year. The omission by the Board of Trustees to fix the assessments for the next fiscal year shall not be deemed a waiver or modification in any respect of the provisions hereof or the Master Deed, or a release of the Unit Owners from their obligation to pay the assessments, or any payment thereof for any such year, but the assessment fixed for the preceding fiscal year shall continue until a new assessment is fixed.

(2) By majority vote of the Board, to make interim determination adjusting or increasing the amount of any annual assessment for Common Expenses and the payment thereof, and to levy and collect in addition thereto, special assessments for Common Expenses in such amounts as the Board may deem proper, whenever the Board is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs, or additional capital expenses, or because of emergencies; provided, however, that all such increased or special assessments shall be made or levied against the Unit Owners and the Units owned by them respectively, in the same proportions of percentages as provided in paragraph 1, Sub-section C(1), of this Article VI.

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(3) It shall be the obligation of the Board to take prompt action to collect assessments for Common Expenses and for any expense incurred or advances made by the Board under paragraph 1, Subsection D of this Article VI, together with accrued interest, from the date incurred or advanced, as the case may be. The delinquent Unit Owner shall be obligated to pay (i) all expenses of the Board, including attorney's fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (ii) any amounts paid by the Board for taxes or on account of superior liens or otherwise to protect its lien; which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such.

D. The determination of all other costs and expenses due from each Unit Owner other than such Unit Owner's share of the Common Expense; the manner of the assessment therefor; and the time for its payment. The following applications of these provisions are intended to define, but not by way of limitation, the scope of the Board's powers hereunder:

(1) Each Unit Owner shall deliver to the Secretary original receipted bills evidencing the payment of all charges, claims, taxes and assessments against a Unit for which a lien could be filed, including by way of illustration and not limitation, real estate taxes, and assessments for municipal improvements, at least five

(5) days prior to the date on which any penalty shall accrue for the non-payment thereof and shall give the Board written notice within five (5) days of the receipt by such Unit Owner of notice or of actual knowledge of the attaching of any lien (other than the lien of a Permitted Mortgage) or the filing of any suit or other proceedings against his Unit. The Board may, but shall not be obligated to, advance any sums necessary to prevent the attaching of any lien against any Unit (except the lien of a Permitted Mortgage).

(2) In the event of the failure or threatened failure of any Unit Owner to comply with these By-Laws, with the Association's Rules and Regulations as hereinafter defined, or with the covenants, conditions, and restrictions set forth in the Master Deed or in the deed to each Unit, the Board may, but shall not be obligated to, advance any funds necessary to correct or prevent any failure or threatened failure to so comply.

(3) The amounts and expenses advanced under the foregoing subsections, together in each case with interest at the rate of six percent (6%) per annum, shall be promptly assessed by the Board against the Unit Owner, and shall be collectible and enforceable in accordance with the provisions of paragraph 1, Subsection C of this Article VI.

E. Promulgation, distribution and enforcement of Rules and Regulations of the Association governing the details of the use and operation of the Property and the use of the

Common Elements by the Unit Owners and their lessees, and the employees and entities of any of them.

(1) The foregoing Rules and Regulations as adopted and/or as amended, from time to time, by the Board (the "Rules and Regulations") by resolution duly adopted, shall be subject to the right of the Unit Owners having Proportionate Interests aggregating more than fifty percent (50%) by the voting thereof at any meeting of Unit Owners, duly recorded in the minutes of the Association, to amend, delete or add to the Rules and Regulations.

(2) Association Rules and Regulations respecting the use and operation of the Units other than the Common Elements therein shall be limited to the interpretation and implementation of the restrictive use standards prescribed in paragraph 12 of the Master Deed.

(3) Each Unit Owner shall keep in a good state of preservation, and cleanliness, and shall be responsible at such Owner's expense, his Unit. Compliance with the requirements of any governmental or quasi-governmental body or agency for maintenance, modification or repairs of, or additions to the Property, shall be the responsibility of the Unit Owners or the Association, whichever has the obligation under this subparagraph to maintain and repair the portions of the Property affected thereby. Each Unit Owner shall be liable to the Association for all damage to any of the Common Elements whether within or without his Unit, and to any

fixtures or personal property contained within the Common Elements, caused by the act, omission or negligence of the Unit Owner, his family, guests, employees, agents, lessees or licensees, to the extent not covered by the proceeds of any insurance carried by the Board.

F. Preparation of a yearly audit by a public accountant of all books and records of the Association pertaining to the Property, Common Expenses and expenses of or advances made by the Board pursuant to Section 1, of Subsection D of the Article VI. The Board shall furnish a copy of said audit to each Unit Owner. The foregoing shall not limit the right of any Unit Owner to inspect the books and records of the Association, as aforesaid, during business hours and upon prior written notice to the Board.

2. The Board is hereby authorized to delegate, as and to the extent it deems appropriate and permitted by the Act and the Master Deed, the powers and duties conferred upon the Board by the terms of Section 1 of this Article, to one or more persons or business entities (the "Manager") subject, at all times, to the control of the Board and the Unit Owners. The Board shall have the power to fix the Manager's compensation (such compensation to be assessed as a Common Expense) and to set forth the details of the Manager's powers and duties including by way of illustration and not limitation, the power of the Manager to engage employees and agents, who may or may not be independent contractors and to define and limit the liability of the Manager, if any. The Board

shall not be liable for the Manager's wrongful exercise of any power or duty.

ARTICLE VII

INDEMNIFICATION OF OFFICERS AND TRUSTEES

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1. The members of the Board and/or the Officers acting in such capacity: (i) shall not be liable for the failure of any service to be obtained and paid for by the Board hereunder, or for injury or damages to persons or property caused by the elements or by another Unit Owner or person on the Property; or resulting from electricity, water, rain, dust, or sand which may leak or flow from the outside or any parts of the Building, or from any of its pipes, drains, conduits, appliances or equipment, or from any other places, unless caused by their own wilful misconduct or bad faith; (ii) shall not be liable to the Unit Owners as a result of the performance of their duties for any mistake of judgment, negligence or otherwise, except for their own wilful misconduct or bad faith; (iii) shall have no personal liability, in contract or otherwise, to a Unit Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Board or Unit Owners in the performance of their duties; (iv) shall have no personal liability in tort to a Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for their own wilful misconduct or bad faith, in the performance of their duties; (v) shall not be liable to a Unit Owner for loss or damage caused by theft of or damage to personal property left by such Unit Owner or his tenants or guests in a Unit or in the Common Elements,

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except for their own wilful misconduct or bad faith; and (vi) shall have no personal liability arising out of the use, misuse, or condition of the Property, or which might in any other way be assessed against or imputed to them as a result or by virtue of their performance of their duties, except for their own wilful misconduct or gross negligence.

2. The Unit Owners shall indemnify and hold harmless any person, his heirs, and personal representative, from and against any and all personal liability, and all expenses, including counsel fees, incurred or imposed, or arising out or in settlement of any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, instituted by any one or more Unit Owners or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the Board or an Officer, other than to the extent, if any, that such liability or expense shall be attributable to his wilful misconduct or bad faith, in the performance of his duties, provided, in the case of any settlement, that the Board shall have approved the settlement, which approval shall not be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such Board member and/or Officer may be entitled as a matter of law or agreement or vote of Unit Owners or of the Board, or otherwise. The indemnification by the Unit Owners set forth in this Section 2 of Article VII shall be paid by the Board on behalf of the Unit Owners and shall constitute a Common Expense and shall be assessed and collectible as such. Written

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notice of complaints brought against all of the Unit Owners, or the Board, shall promptly be given to the Unit Owners and the holders of any Permitted Mortgages, and shall be defended by the Board, and the Unit Owners shall have no right to participate other than through the Board in such defense. Complaints brought against one or more but less than all Unit Owners or Units, for an asserted liability arising out of the ownership, occupancy, use, misuse, or condition of such Unit, shall be defended by such Unit Owners, who shall promptly give a written notice thereof to the Board and to the holders of any Permitted Mortgages affecting such Units.

ARTICLE VIII

RIGHT OF ACCESS TO UNITS: COSTS: INJUNCTION

1. The Association shall have a right of access to each Unit to: (i) Inspect the Unit; (ii) remove, correct or abate violations of the Master Deed, these By-Laws, the Rules and Regulations, or of law, or of any rules, regulations, orders, decrees, or requirements of any governmental or quasi-governmental body or agency or board of fire underwriters, or any mortgage affecting another Unit; (iii) make repairs to the Unit if such repairs are reasonably necessary for public safety or to prevent damage to other Units or to the Common Elements; and (iv) maintain, repair or replace the Common Elements contained therein, or elsewhere in the Buildings to which access can be had therefrom. Except as set forth in Section 1 of Subsection A of Article VI hereof with respect to the repair of Common Elements, the costs of removing, correcting or abating any

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such violations and of making any such repairs to Units shall be paid by the Unit Owner to the Association on demand. Requests for access shall be made in advance; except in cases of emergency when such right of access shall be immediate, whether the Unit Owner is present or not.

ARTICLE IX

NOTICE

1. All notices to the Association shall be sent by registered or certified mail to the office of the Association or to such other address as the Association may hereafter designate, from time to time. All notices to any Unit Owner shall be sent by registered or certified mail to the unit or to such other address as may have been designated by the Unit Owner from time to time, in writing, to the Association. All notices to mortgagees of Units, shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Association. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

ARTICLE X

AMENDMENTS TO BY-LAWS

1. Amendments to the By-Laws shall be proposed by either the Board of Trustees or by Unit Owners of at least fifty (50) Units. Any proposed amendment must be reduced to writing, and shall be included in the notice of any meeting at which action is

to be taken thereon.

2. The affirmative vote of Unit Owners or their Voting Representatives representing in the aggregate seventy-five percent (75%) of the total outstanding vote of the Association shall be required to amend these By-Laws.

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ARTICLE XI

PARLIAMENTARY RULES

1. Roberts Rules of Order (latest edition) shall govern the conduct of proceeding of the Association and the Board of Trustees.

ARTICLE XII

DISSOLUTION

1. In the event it shall be deemed advisable and for the benefit of the Members of the Association that the Association shall be dissolved, the procedures concerning dissolution and winding up set forth in Title 15A of the Revised Statutes of the State of New Jersey, dealing with corporations not for profit shall be followed, to the extent they apply to the Association.

2. In the event of dissolution, the assets of the Association, after the payment of all debts including mortgages and other encumbrances, shall be distributed to the Unit Owners in the same proportion as their respective Common Interests in the Common Elements.