

BY-LAWS
OF
GRACEWOOD FLEN CONDOMINIUM ASSOCIATION INC.

A New Jersey Not for Profit Corporation (to be located in the Township of Holmdel,
County of Monmouth, State of New Jersey)

ARTICLE I

Name, Office and Purpose

101. NAME AND PRINCIPAL OFFICE: These are the By-Laws of the Gracewood Glen Condominium Association, Inc., (hereinafter called the “Association”). The principal office of the Association shall be located at 2003 Finderne Street, Oakhurst, New Jersey.

102. PURPOSE: The Association is formed to serve as a means through which the Gracewood Glen Condominium unit owners (hereinafter “Unit Owners”) may take action with regard to the administration, management, maintenance, repair and operation of the common property known as Gracewood Glen Condominium to be constructed by H. Builders, Inc. (the “Sponsor”) on certain lands situate in the Township of Holmdel, New Jersey.

ARTICLE II

Plan of Unit Ownership

201. APPLICABILITY OF BY-LAWS: The provisions of these By-Laws are applicable to the Gracewood Glen Condominium and to the use and occupancy thereof. The term “Property” as used herein shall include the land, the Common Elements and Limited Common Elements, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for the use in the connection therewith.

202. APPLICATION All present and future owners, mortgagees, leasees, and occupants of Units and their guests and employees, and any other persons who may use the facilities of the “Property” in any manner are subject to these By-Laws, the rules and regulations of the Association, and the Master Deed and Declaration of Covenants and Restrictions.

EXHIBIT “B”

The recording or acceptance of a deed conveying a Unit, or any interest thereon, or any ownership interest in the Property whatsoever, or the entering into a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws, the rules and regulations of the Association, and the provisions of the Master Deed and Declaration of Covenants and Restrictions, as they each may be amended from time to time, are accepted, ratified and will be complied with. Each purchaser of a Unit in the Gracewood Glen Condominium will, by virtue of his ownership, become a member of the Association and shall share in equal proportion to all other Unit Owners the rights and responsibilities of being a member of the Association. Title to Units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as tenants by the entirety, or in the name of a corporation or partnership, or in the name of a fiduciary.

ARTICLE III

Meetings

301. PLACE OF MEETINGS: The Unit Owners shall hold meetings at the principal office of the Association or at such other place as may be fixed from time to time by the Board of Trustees and designated in the notice of such meeting. The first meeting of the Unit Owners shall be held at 9:00 A.M. on the second Wednesday following recording of the Master Deed and Declaration of Covenants and Restrictions. Thereafter, the Annual Meeting of the Unit Owners shall be held within the month of November at a date, time and location designated by the Board of Trustees in a written notice to all Unit Owners, at 9:00 A.M. on the second Wednesday of November in each year or, in the event that day is a holiday, on the first day thereafter which is not a legal holiday. At the annual meeting, subject to the provisions of Section 401 hereof, the Unit Owners shall elect a Board of Trustees of the Association, and may transact such other business as may properly come before the meeting.

302. SPECIAL MEETINGS: Special meetings may be called by the President, Vice President, Secretary or a majority of the Board of Trustees, and must be called by such officers upon receipt of a written request signed by twenty-five percent (25%) or more of the Unit Owners, provided, however, that in the discretion of the Board of Trustees, no more than one special meeting of the Board need be held in any one calendar month. Such written request shall state the purpose or purposes of the proposed meeting. Business transacted at the special meeting shall be confined to the purposes stated in the notice.

303. RECORD DATE: For the purpose of determining the Unit Owners entitled to notice of any meeting of the Association, or any adjournment thereof, or for the purpose of any other action, the Board of Trustees shall fix in advance a date as the record date for such determination. Such date shall not be more than ~~thirty sixty~~(360) days nor less than ten (10) days before the date of the meeting. If no record date is fixed, the date shall be determined in accordance with the provisions of law relating thereto.

304. NOTICE OF MEETING: Notice of meetings of the Unit Owners shall be in writing. Notice of a meeting other than the annual meeting shall indicate and state that it is being issued by or at the direction of the person or persons calling the meeting. Such notice shall be mailed or delivered not less than ten (10) days nor more than thirty (30) days prior to the date of the meeting. Notice of all meetings relating to the disposition of assets or the granting of rights or easements in the Property must also be given to the holders of first mortgages secured on any Units if the Association has received notice of the identity and address of such mortgage from the Unit Owner whose Unit is subject to such mortgage.

305. WAIVER OF NOTICE: Notice of a meeting need not be given to any Unit Owner who signs a waiver of notice either in person or proxy, whether before or after the meeting. The attendance of any Unit Owner at a meeting, in person or by proxy, without protesting lack of proper notice of such meeting prior to the conclusion of the meeting shall constitute a waiver of the notice of meeting by him.

306. QUORUM: The presence in person or by proxy of at least thirty (30) percent of the Unit Owners entitled to vote shall constitute a quorum at a meeting of the Unit Owners. When a quorum is once present, it cannot be broken by the subsequent withdrawal of a Unit Owner or his or their voting representatives.

307. NOMINATING PROCEDURE TO BOARD OF TRUSTEES: No later than three (3) business days prior to any annual meeting or special meeting at which elections to the Board of Trustees shall be held, the names of nominees for such position(s) shall be submitted in writing to the Secretary of the Association. ~~Each nomination shall state the full name and address of the person making the nomination and each nomination shall state the name and address of a person seconding the nomination.~~ Only those entitled to vote at the meeting shall be entitled to submit ~~a nomination; and only second a nomination and one nomination or second~~ shall be permitted by each Unit. ~~After the time within which nominations may be made has expired, no further nominations may be made and the Secretary of the Association or~~

Management Designee shall, as soon as practicable, ~~notify all Owners post in a public place accessible to all members;~~ of a list of names and addresses of all persons properly nominated.

308. MAJORITY VOTE: The vote of a majority in interest of the Unit Owner of shares (as defined in Section 309 hereof) present shall be binding upon all Unit Owners for all purposes other than those for which the Certificate of Incorporation, these By-Laws or the provisions of New Jersey law require a higher percentage vote.

309. VOTING: The Association may, but shall not be required to issue certificates or other evidence of membership. The aggregate number of votes for all Unit Owners shall equal the number of Units in Gracewood Glen Condominium. A fiduciary shall be entitled to vote with respect to any Unit owned in a fiduciary capacity. Each Unit shall be entitled to one vote, regardless of the number of co-owners of said Unit. Co-owners shall select one of their number to be the member of the Association to represent that Unit. No vote shall be cast on behalf of 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 of the Unit Owners so long as said Unit continues to be so held. Votes may be cast by each Unit Owner in person or by written proxy when filed with the Secretary of the Association at least ten (10) days before the appointed time of the meeting. A proxy shall be valid only for the particular meeting designated therein. A proxy may be revoked by the Unit Owner by appearance in person at the meeting and upon filing with the Secretary of the Association at that time, a notice of the revocation.

310. GOOD STANDING: As used in these By-Laws, a Unit Owner shall be deemed in good standing and shall therefore be entitled to vote as herein provided at any meeting of the Unit Owners (subject to the limitations of Section 309 of this Article), if said Unit Owner shall have fully paid all assessments and charges theretofore levied against his Unit and himself, as well as any interest, penalties, costs, fees and the like which may have been levied against said Unit Owner or his Unit.

311. ADJOURNMENT OF MEETINGS: If any meeting of Unit Owners cannot be held because a quorum has not attended, the meeting shall be adjourned to a time not less than 48 hours from the time the original meeting was called.

312. ASSOCIATION MEETINGS:

1. OPEN MEETINGS. All meetings of the Association except conference or working sessions at which no binding votes are to be taken, shall be open to attendance by all Unit Owners.
2. RESTRICTIONS TO OPEN MEETINGS. Despite (1) above, the Association may exclude or restrict attendance at those meetings or portions of meetings dealing with the following:
 - a. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
 - b. Any pending or anticipated litigation or contract negotiations;
 - c. Any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his ethical duties as a lawyer, or
 - d. Any matter involving the employment, promotion, discipline, or dismissal of a specific employee of the Association.
3. MINUTES AT OPEN MEETINGS. At each meeting required to be open to all unit Owners, minutes of the proceedings shall be taken, and copies of those meetings shall be made available to all Unit Owners before the next open meeting.
 - a. The Association shall keep reasonably comprehensive minutes of all its meetings showing the time and place, the members present, the subjects considered, the actions taken, the vote of each member, and any other information required to be shown in the minutes by the By-Laws. Such minutes shall be made available to the public within 30 days.
4. NOTICE REQUIREMENTS FOR OPEN MEETINGS. Adequate notice of any open meeting shall be given to all Unit Owners.
 - a. Adequate Notice. Adequate notice means written advance notice of at least 48 hours, giving the date, time, location and, to the extent known, the agenda of any regular, special, or rescheduled meeting. Such notice shall

accurately state whether formal action may or may not be take. This notice shall be:

- i. ~~Prominently posted in at least one place within the Condominium property reserved for such or similar announcements.~~
 - ii. Mailed, telephoned, ~~telegraphed-~~ electronically delivered or hand delivered to all unit Owners at the address designated for his or her Unit, or to such other address as may have been designated by such Unit Owner in written notice to the Association or its Management Designee at least two newspapers designated by the Association.
 - iii. Filed with the Association Secretary or the Association's Management Designee ~~administrative officer~~ responsible for administering the Association business office.
- b. Annual Posting of Open Meetings. At least once each year within (7) seven days following the annual meeting of the Association, the governing body or Association's Management Designee shall make known by regular mail, telephone, electronic means or by hand delivery, notice of regularly scheduled open meetings, including date, time and place of such meetings, post and maintain posted throughout the year, notice of meetings in those locations set forth above.

5. EMERGENCY MEETINGS. In the event that an Association meeting is required to deal with such matters of urgency and importance that delay, for the purpose of providing 48 hours advance notice would result in substantial harm to the interests of the Association, the notice shall be deemed adequate if it is provided as soon as possible following the calling of the meeting.

313. ACTION BY WRITTEN CONSENT OF UNIT OWNERS: Any action that may be taken by a vote of the Unit Owners may be taken without a meeting by written consent setting forth the action so taken or to be taken, signed and duly acknowledged by the Unit Owners entitled to cast the majority of the total outstanding votes of all Unit Owners in accordance with Section 309 hereof, unless the Certificate of Incorporation, these By-Laws or the provisions of New Jersey law shall require a greater percentage of votes with respect to a particular action (in

which case the written consent must be by Unit Owners entitled to cause such greater percentage of votes).

314. ORDER OF BUSINESS: The order of business at the annual meeting of Unit Owners shall be as follows:

- a. Roll Call
- b. Proof of Notice of Meeting
- c. Reading of Minutes of Preceding Meeting
- d. Reports of Officers
- e. Report of Board of Trustees
- f. Report on Committees (if any)
- g. Appointment of Inspectors of Election
- h. Election of Members of the Board of Trustees
- i. Unfinished Business
- j. New Business
- k. Adjournment

The order of business at all other meetings of the Unit Owners shall conform to the above order of business insofar as the special purpose or purposes of the meeting will permit.

ARTICLE IV

Board of Trustees

401. NUMBER AND QUALIFICATION: The affairs of the Association shall be governed by a Board of Trustees consisting, initially, of not less than three members, nor more than five members. So long as the Sponsor is the owner of any Units in the Gracewood Glen Condominium, said Sponsor shall have the right to designate and select all of the persons who shall serve as members of the Board of Trustees, even though such person(s) may not be a Unit Owner(s), except that control of the Corporation shall be surrendered to the Unit Owners in the following manner:

1. Control of the Gracewood Glen Condominium Association shall be vested in its Board of Trustees which shall consist of a minimum of three members and a maximum of five members. The Sponsor has the exclusive right to appoint all three members of the Board of Trustees of the Association until 25% of the Units have been conveyed. Sixty days after conveyance of 25% of the Units, the Unit Owners other than the Sponsor shall

have the right to nominate and elect one member of the Board of Trustees, and the Board shall expand to four members. Sixty days after conveyance of 50% of the Units, the Unit Owners other than the Sponsor shall have the right to nominate and elect a total of two members of the Board, and the Board shall expand to five members. Sixty days after conveyance of 75% of the Units, the Unit Owners shall have the right to nominate and elect all members of the Board. However, the Sponsor shall have the right to appoint at least one member of the Board so long as any units remain unsold in the normal course of business.

2. The Sponsor may retain one member of the Board of Trustees so long as there are any Units remaining unsold in the regular course of business.

3. The above percentages shall be calculated on the basis of the entire number of Units entitled to membership in the Association.

4. The Sponsor may surrender control of the Board of Trustees of the Association prior to the time as specified, provided the Owners agree by a majority vote to assume control.

5. Upon assumption by the Owners of control of the Board of Trustees of the Association, the Sponsor shall forthwith deliver to the Association all items and documents pertinent to the Association such as, but not limited to, a copy of the Master Deed and Declaration of Covenants and Restrictions, documents creating the Association, By-Laws, Minute Book, including all Minutes, any rules and regulations, an accounting of Association funds, all personal property, insurance policies, government permits, a membership roster and all contracts and agreements relative to the Association.

6. The Association, when controlled by the Unit Owners, shall not take any action that would be detrimental to the sales of Units by the Sponsor and shall continue the same level of maintenance, operation and service as immediately prior to their assumption of control, until the last Unit is sold. The Sponsor and his sales representatives shall be permitted to display signs advertising and directing customers to their sales models or offices.

402. **POWERS AND DUTIES:** The Board of Trustees shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things except those which, by the certificate of Incorporation, these By-Laws, or the laws of

New Jersey, may not be delegated to the Board of Trustees by Unit Owners. Such powers and duties of the Board of Trustees shall include, but shall not be limited to the following:

a. The operation, care, upkeep, repair and replacement of the Common Elements and services and personal property of the Association, if any, together with the right to use all funds collected by the Association to effectuate the foregoing.

b. (1) Determination of the Common ~~e~~Elements required for the affairs and duties of the Association including the discretionary right to establish the affairs and duties of the Association and including the discretionary right to establish reasonable reserves for future replacements and maintenance of the Property of the Association.

(2) The Board of Trustees shall, prior to the beginning of each fiscal year of the Association, prepare a budget which shall determine the amount of common charges payable by each Unit to meet the Common Expenses of the Association including the aforesaid reserves and to make up for any deficit in the Common Expenses for any prior year. In the event receipts of the Association, after provision for expenses incurred but not paid, exceed the common expenses in any fiscal year, the excess shall be applied by the Association to reduce on a pro rata basis the assessments against each Unit Owner in the next succeeding fiscal year. Unit Owners shall be advised of the amount of Common Expenses payable by each of them promptly after such determination is made and these charges shall be paid to the Association in twelve (12) equal monthly installments on the first day of each month of the fiscal year, in advance, at the office of the Association. A statement of the aforesaid yearly charges shall be mailed to each Unit Owner at the commencement of each fiscal year and no further billing by the Association shall be required.

(3) The fiscal year of the Association shall be a calendar year.

(4) The Board of Trustees shall not have the authority to, except in the case of an emergency, expend in the excess of ~~\$2,000.00~~ten percent (10%) of the Annual Budget on any item in any year which expenditure is not specified in or, if specified, ten percent (10%) of the Annual Budget over the amount indicated for such item in the aforesaid budget for such year without the consent of a majority of Unit Owners.

c. Collection of the Common Expenses and assessments from the Unit Owners together with any costs and expenses of collection thereof.

d. Employment and dismissal of the personnel necessary for the maintenance and operation of the Property, and other property which may be owned by the Association.

e. Adoption and amendment of rules and regulations covering the operation and use of the Property.

f. Open and maintain bank accounts on behalf of the Association and designate the signatories required therefore.

g. Purchase and arrange for such services, machinery, tools, supplies and the like as in the opinion of the Board of Trustees may from time to time be necessary for the proper operation and maintenance of the Property and the facilities and general business of the Association. The Board of Trustees may also employ a Managing Agent (or "Management Designee") for the Association, at such compensation as it may deem appropriate, to perform such duties as the Board of Trustees may designate and may lawfully delegate.

h. Employ legal counsel, engineers and accountants and fix their compensation whenever such services may be deemed necessary by the Board of Trustees.

i. Maintain detailed books of account of the receipts and expenditures of the Association. The aforesaid books of account shall be audited when requested by the Board of Trustees but not less often than annually by a certified public accountant and a statement reflecting the financial condition and transactions of the Association shall be made available to each Unit Owner on request. The books of account and any supporting vouchers shall be made available for examination by a Unit Owner at convenient hours on working days that shall be established by the Board of Trustees and announced for general knowledge.

j. Maintain adequate fidelity bonds for Association officers, agents and employees handling Association funds and records at such times and in such amounts as the Board of Trustees may deem necessary. The premiums for such coverage shall be paid by the Association and shall constitute a Common Expense.

k. Pay all taxes, assessments, utility charges and the like assessed against the Association or any property of the Association or assessed against any Common Open Space, exclusive of any taxes or assessments properly levied against any Unit Owner.

l. Purchase or lease or otherwise acquire in the name of the Association or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease or surrender by their Unit Owners, in the discretion of the Board of Trustees.

m. Purchase Units at foreclosure or other judicial sale in the name of the Association, or its designee, corporate or otherwise on behalf of all Unit Owners, in the discretion of the Board of Trustees.

n. Sell, lease, mortgage or otherwise deal with Units acquired or leased by the Association, or its designee, on behalf of all Unit Owners.

o. Organize corporations to act as designees of the Association in acquiring title to or leasing Units on behalf of all unit Owners.

p. Make repairs, additions and improvements to or alterations of the Property when necessary and, in addition, make repairs to and restoration of the Property in accordance with other provisions of these By-Laws after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings. When, in the opinion of the Board of Trustees, any of the Common Elements require protection, renewal, maintenance or repair or when enforcement of any of the Association's rules and regulations so require or when the abatement of any nuisance is required or in any emergency situation, the Board of Trustees shall have the right to enter any unit for such purpose. Such entry shall, however, be done after written notice and with as little inconvenience to the Unit Owner as is reasonably possible. Written notice to the Unit Owner may be dispensed within emergency situations. By the acceptance of a deed conveying each Unit to the Unit Owner, each Unit Owner expressly and irrevocably grants and confirms the rights of entry aforesaid mentioned.

q. Borrow money when necessary.

r. Adjust, increase or reduce the amount of any monthly installment payment and levy and collect from Members special assessments in such amounts and payable in such manner as the Board of Trustees may deem necessary to defray and meet increased operating cost, capital expenses or to resolve emergency situations; provided, however, that all such special assessments or increased payment assessments shall be levied against the Unit Owners in the same proportions or percentages as provided in Section 604 hereof and shall be subject to the provisions of Section 402 (b) hereof.

s. The Trustees shall not have authority to act to dissolve the Association unless prior to its dissolution the common property is conveyed to another organization for the benefit of the Unit Owners or residents of Gracewood Glen Condominium which organization shall not be dissolved and shall not dispose of the aforementioned property by sale or otherwise without first offering to dedicate the property to the Township of Holmdel, Monmouth County, New Jersey.

403. REMOVAL OF MEMBERS OF THE BOARD OF TRUSTEES: At any Annual or special meeting of Unit Owners held after one year from the date on which title to all Units has been transferred to other Unit Owners by the Sponsor, any one or more of the members of the Board of Trustees may be removed with or without cause by a majority vote of the Unit Owners pursuant to Section 308 hereof and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Trustees whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at a meeting called for such purpose. The representative of the Sponsor on the Board of Trustees shall not be subject to removal except by the Sponsor.

404. VACANCIES: Vacancies in the Board of Trustees caused by any reason other than removal of a member thereof by vote of the Unit Owners or by act of the Sponsor shall be filled by a vote of a majority of the remaining trustees at a special meeting of the Board of Trustees held for that purpose promptly after the occurrence of any such vacancy. Each person so elected shall be a member of the Board of Trustees until a successor shall have been elected by the unit Owners at the next annual meeting of the Unit Owners. The term of the newly elected Trustee shall be for the balance of the term of the vacated trusteeship. Any vacancy created by the removal of a member of the Board of Trustees by the Sponsor shall be filled by a person designated for such purpose by the Sponsor. Any Unit Owner vacancy shall be filled by another Unit Owner other than the Sponsor.

405. ORGANIZATIONAL MEETING: The first meeting of the members of the Board of Trustees which follows the first annual meeting of the Unit Owners held after the date on which title to all Units has been transferred to other Unit Owners by the Sponsor shall be held at such time and place in the State of New Jersey as shall be fixed by the Unit Owners at the meeting at which the Board of Trustees shall have been elected and no further notice shall be necessary to the newly elected members of the Board of Trustees in order to legally constitute such meeting, providing a majority of the whole Board of Trustees shall be present.

406. **REGULAR MEETINGS:** Regular Meetings of the Trustees may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Trustees, but at least one such meeting shall be held during each fiscal year of the Association. Notice of regular meetings of the Board of Trustees shall be given to each member of the Board of Trustees at least three (3) business days prior to the day designated for such meeting.

407. **SPECIAL MEETING:** Special meetings of the Board of Trustees may be called by the President of the Association on notice sent to each member of the Board of Trustees at least three (3) business days prior to the meeting. The aforesaid notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Trustees shall be called by the President or Secretary in like manner and on like notice at the written request of at least three members of the Board of Trustees.

408. **WAIVER OF NOTICE:** Any member may at any time waive notice of any meeting of the Board of Trustees, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Trustees at any meeting of the Board of Trustees shall constitute a waiver of notice by him of the time and place thereof, unless such attendance is for the purpose of protesting lack of notice and written notice of such purpose is delivered to the other members of the Board of Trustees at that time. If a majority of the members of the Board of Trustees are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

409. **QUORUM OF BOARD OF TRUSTEES:** At a meeting of the Board of Trustees, a majority of members thereof shall constitute a quorum for the transaction of business. The votes of a majority of the members of the Board present at a meeting at which a quorum is present shall constitute the decision of the Board of Trustees. If at any meeting of the Board of Trustees there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

410. **FIDELITY BONDS:** The Board of Trustees shall use its best efforts to obtain adequate fidelity bonds for all officers and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute a Common Expense. While the Sponsor maintains a majority of representation on the Board of Trustees, it shall post a

fidelity bond or other guarantee acceptable to the New Jersey Division of Codes and Standards, in an amount equal to the annual budget. For the second and succeeding years, the bond or other guarantee shall include accumulated reserves.

411. COMPENSATION: No member of the Board of Trustees shall receive any compensation from the Association for acting as such.

412. LIABILITY OF THE BOARD OF TRUSTEES: The members of the Board of Trustees shall not be liable to the Unit Owners or the Association for any mistake of judgment, negligence or otherwise except in such cases wherein the Trustee is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties. The Unit Owners and the Association shall indemnify, defend and hold harmless each member of the Board of Trustees from and against all contractual liability to others arising out of any contract made by the Board of Trustees on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of these By-Laws or of the Master Deed and Declaration of Covenants and Restrictions. It is intended that the members of the Board of Trustees shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of Unit Owner arising out of any contract made by the Board of Trustees shall be limited to such proportion of the total liability thereunder as is reflected in the proportion of the Associations expenses regularly assessed against each Unit Owner. Every agreement made by the Board of Trustees on behalf of the Association shall provide that the members of the Board are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners) and that each Unit Owner's total liability is as aforesaid.

413. MANAGING AGENT: The Board of Trustees may employ a managing agent ("Management Designee") for Gracewood Glen Condominium at a rate of compensation established by the Board of Trustees to perform such duties and services as the Board of Trustees shall authorize. The Board of Trustees may delegate to the Managing Agent all of the powers granted to the Board of Trustees by these By-Laws, but shall remain responsible to the Unit Owners for the proper performance of such duties and services. All contracts with the Managing Agent shall provide for termination by the Association upon 90 days notice.

ARTICLE V

Officers

501. DESIGNATION: The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of who shall be elected by the Board of Trustees. The Board of Trustees may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. The President shall be, but no other officers need be, a member of the Board of Trustees.

502. ELECTION OF OFFICERS: The officers of the Association shall be elected by a majority vote of the Board of Trustees and shall hold office at the pleasure of the Board of Trustees. Election shall be held at the organizational meeting of each new Board of Trustees, or more frequently, if necessary.

503. REMOVAL OF OFFICERS: Upon the affirmative vote of a majority of the members of the Board of Trustees, any officer may be removed, with or without cause. His successor may be elected at any regular meeting of the Board of Trustees called for that purpose.

504. PRESIDENT: The President shall be the Chief Executive Officer of the Association. He shall preside at all meetings of the Unit Owners and the Board of Trustees. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under New Jersey law, including, but not limited to, the power to appoint committees from Unit Owners from time to time, as he may in his discretion decide is appropriate, to assist in the conduct of the affairs of the Association.

505. VICE PRESIDENT: 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 of Trustees shall appoint some other member of the Board of Trustees to act in the place of the President 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 of Trustees or the President.

506. SECRETARY: The Secretary shall keep the minutes of all meetings of the Association and of the Board of Trustees. He shall have charge of the books and papers as the Board of Trustees may direct and he shall, in general, perform all the duties incident to the office of Secretary of a corporation organized under New Jersey law. The Secretary shall also perform the duties aforesaid for any committees as the Board of Trustees or the President may so direct.

507. TREASURER: The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and

books of account showing all receipts and disbursements and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Trustees and he shall generally perform all duties incident to the office of Treasurer of a corporation organized under New Jersey law. He shall render to the President and to the Board of Trustees a full accounting of his transactions as Treasurer and a full accounting of the financial condition of the Association at the regular meetings of the Board of Trustees and whenever either the President or the Board of Trustees shall so require.

508. COMPENSATION OF OFFICERS: No officers shall receive any compensation from the Association for acting as such.

509. AGREEMENTS, CONTRACTS, DEEDS, CHECKS, ETC.: All agreements, contracts, deeds, leases, checks and other instruments of the Association shall require execution by any two officers of the Association or by such other person or persons as may be designated by the Board of Trustees.

510. INDEMNIFICATION OF OFFICERS: Each officer, his heirs, administrators and executors shall be indemnified, defended and held harmless by the Association from and against any losses, expenses and counsel fees reasonably incurred in connection with any action or proceeding in which said officer, his heirs, administrators and/or executors are made a party by reason of such office; provided, however that such officer be adjudged in such action to have been guilty of willful misfeasance or malfeasance, the aforesaid indemnity shall not apply. In the event of a settlement, such officer shall be indemnified only as to such matters covered by the settlement which the Association is advised by its counsel are not the result of such willful misfeasance or malfeasance of such officer and by the Board of Trustees. This indemnification is intended to encompass the aforesaid acts of the officers as such to the extent herein, provided and is not intended to be operative with respect to any duties, obligations or liabilities assumed by such officers as Unit Owners or Association members. Nothing contained herein to the contrary shall serve to exculpate members of the Board of Trustees appointed by the Sponsor from their fiduciary responsibilities.

ARTICLE VI

Operation of Property

601. DETERMINATION AND ESTABLISHMENT OF COMMON EXPENSES:

The Board of Trustees shall, from time to time, but no less often than annually, prepare a budget for the Association, determine the amount of Common Expenses payable by the Unit Owners, and allocate and assess such Common Expenses among the Unit Owners as set forth in Section 402(b)(2). The Common Expenses shall include, among other things, the cost of insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Trustees pursuant to the provisions of Section 602 hereof. The Common Expenses shall also include such amounts as the Board of Trustees may deem proper for the operation and maintenance of the Property, including, but not limited to, amounts of working capital of the Association, for a general operating reserve, for a reserve funds for replacements and to make up for any deficit in the Common Expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase or lease by the Association or its designee, on behalf of all Unit Owners, of any Unit whose owner has elected to sell or lease such Unit, or of any Unit which is to be sold at a foreclosure or other judicial sale. The Board of Trustees shall advise all Unit Owners promptly, in writing, of the amount of Common Expenses payable by each of them, as determined by the Board of Trustees, as aforesaid, and shall furnish copies of the Budget on which said Common Expenses are based to all Unit Owners. The Board of Trustees shall not have the authority to incur any liability or expend any funds on behalf of Unit Owners or the Association in respect of capital improvements proposed to be made (whether or not so designated on the books of the Association) in excess of ~~\$2,000.00~~ ten percent (10%) of the Annual Budget in any fiscal year of the Association, without, in each instance, the consent of a majority of Unit Owners. ~~the prior authorization of the Unit Owners by the affirmative vote of 75% of those present at a meeting in person or by proxy entitled to vote on the question at a meeting of the association at which a quorum shall be present.~~

602. INSURANCE.

a. The Board of Trustees shall be required to obtain and maintain, to the extent it is available, the insurance upon the Common Elements and upon equipment and personal property owned by the Association. If agreeable to the insurer, such policies shall include provisions that they will be without contribution, that improvements to Units made by Unit Owners shall not affect the valuation of the Property for purposes of insurances, and that the insurer waives its right of subrogation as to any claims against Unit Owners, the Association and their respective families, employees, servants, agents, guests and invitees. The coverage shall be against the hereinafter enumerated perils and contingencies:

1. All improvements upon the Common Elements and all personal property included therein, except such personal property as may be owned by the Unit Owners, shall be insured in an amount equal to the maximum insurable replacement value thereof (exclusive of excavation, foundations and other construction components customarily excluded) as determined periodically by the insurance company affording such coverage. To the extent such insurance is available such coverage shall afford protection against:

- a. Loss or damage by fire or other hazards covered by the standard extended coverage; and
- b. such other risks customarily covered with respect to such Common Elements and recreation facilities similar to those herein contemplated, including, but limited to, vandalism, malicious mischief, windstorm and water damage.

2. Comprehensive public personal injury and property damage liability, in such amount and in such form as shall be required by the Association, including, but not limited to water damage, legal liability, hired automobiles, non-owned automobiles and off-premises employee coverages.

3. Workmen's Compensation coverage to meet the requirements of the law.a.

- a. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Association and the Unit Owners, as a group, to an individual owner.
- b. All insurance policies maintained by the Association shall be for the benefit of the Association and the Unit Owners, and any mortgagees, as their respective interest may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds for the benefit of the Association, the Unit Owners, and any respective mortgagees in the following manner:
 - i. Process on account of damage to Common Elements shall be held by the Association to be used for repair, reconstruction or distribution as hereinafter set forth.

ii. If it is determined, in the manner provided in Section 603 hereof, that the damage for which the proceeds are paid shall not be repaired, the proceeds shall be distributed to all of the Unit Owners in proportion to their ownership percentage in the Common Elements. Such remittances shall be made by the Association to the owners and their mortgagees, if any, jointly.

603. DAMAGE BY FIRE OR OTHER CASUALTY-RECONSTRUCTION:

a. Damage to or destruction of any improvements on the Property or any part thereof or to a Common Element or any part thereof covered by insurance maintained or required to be maintained by the Association shall be repaired and restored by the Association using the proceeds of any such insurance. The Unit Owners shall be assessed for any deficiency and shall share in the excess.

b. If the proceeds of such insurance shall be inadequate by a substantial amount to cover the estimated cost of restoration of an essential improvement or Common Element, or if 75% of the Unit Owners voting in accordance with the procedures established by the By-Laws shall determine not to repair or restore, the Association shall proceed to realize upon the salvage value of the Property so damaged or destroyed either by sale or such other means as the Association may deem advisable and shall collect the proceeds of any insurance. Thereupon the net proceeds of such sale, together with the net proceeds of such insurance shall be considered as one fund to be divided among the Unit Owners in proportion to the number of Units each owns.

c. In all instances, the responsibility for reconstruction and repair of the Common Elements after casualty shall be the Association's which shall obtain estimates of the costs of repair and shall, to the extent that the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, assess all the Unit Owners for such additional funds as may be required to complete the reconstruction or repair. The Association shall not be obligated to restore or make available funds to restore any Unit or any improvements to or within a Unit; and all costs of repair to any Unit shall be the responsibility of the Unit Owner.

d. The funds for payment of costs of reconstruction and repair after casualty shall consist of proceeds of insurance held by the Association and funds collected by the Association from assessments against Unit Owners and shall constitute an account to be known as a

“Reconstruction and Repair Account”, which shall be disbursed in payment of such costs in the following manner:

1. If the amount of the estimated cost of reconstruction and repair is less than the total of the annual assessments for Common Expense made during the year in which the casualty occurred, the Reconstruction and Repair Account shall be disbursed in payment of such costs upon order of the Board of Trustees of the Association; provided, however, that upon request of a mortgagee who is a beneficiary of an insurance policy, the proceeds of which are included in the Reconstruction and Repair Account, such Account shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.

2. If the amount of these estimated costs of reconstruction and repair of the Building or other improvements are more than the total of the annual assessments for the Common Expenses made during the year in which the casualty occurred or upon request of a mortgagee as provided in the preceding subsection, the Reconstruction and Repair Account shall be disbursed in payment of such costs in the manner required by the Board of Trustees of the Association but only upon approval of an architect qualified to practice in the State of New Jersey and employed by the Association to supervise the work.

3. It shall be presumed that the first monies disbursed in payment costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in the Reconstruction and Repair Account after payment of all costs of reconstruction and repair for which the Account is established, such balance shall be distributed to all of the Unit Owners whose interest are reflected in such Account by reason of their having contributed thereto in proportion to their contributions.

604. PAYMENTS OF COMMON EXPENSES:

(a) All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board of Trustees pursuant to the provisions of Section 601 hereof. ~~Payments shall be made to the Association monthly, in advance, on the first day of each month, at the principal office of the Association or at such other place as may be designated for such purposes by the Board of Trustees.~~ Each member of the Association, other than the Sponsor shall, in addition, be required to pay to the Association a sum equal to ~~23~~12 of the estimated annual assessment for his Unit to be ~~divided equally between, and to be~~ used by the Association for working capital

(“Operating Fund”) and in contribution to long term reserved funds (“Reserve Fund”). Said sum shall be paid to and collected by the Association at or prior to a member taking title to his Unit.—This shall be a one-time payment to the Association in addition to assessments and other charges referred to herein. This fee, along with reasonable fees to compensate the Association for funds charged to them by their contracted Management Agent for services related to the transfer of the Unit, shall not be charged by the Association against each subsequent owners of a Unit at time of transfer. The Sponsor shall not be required to make any such prepayment or payment to working capital on account of any Unit owned by it.

(b) No abandonment of the Unit owned by a Unit Owner or waiver of the use and enjoyment of any of the Common Open Space shall exempt or excuse any Unit Owner from his contribution toward the expenses.

(c) There shall be assessed a late charge of 20% of the Common Expenses assessed a Unit Owner for any monthly assessment, or special assessment, not paid within 15 days of the due date. Such late charge shall become a Common Expense for the Unit Owner so assessed.

(d) An owner of the Unit will remain liable for assessments for Common Expenses, even if a Unit is destroyed and cannot be occupied.

605. PAYMENT OF SPECIAL ASSESSMENTS: Special Assessments when levied by the Board of Trustees pursuant to these By-Laws, shall be paid by the Unit Owners in such manner as may be determined by the Board of Trustees; provided, however, that the contribution of each Unit Owner for special assessments shall be pro-rata.

606. DEFAULT IN PAYMENT OF COMMON EXPENSE AND ASSESSMENTS:

All Common Expenses and assessments chargeable to and payable by a Unit Owner for his Unit shall constitute a lien against said Unit in favor of the Association. The aforesaid lien shall be prior to all other liens except;

- (a) any similar liens by the Association for prior charges and assessments;
- (b) assessments, liens and charges for unpaid taxes due on said Unit;
- (c) permitted mortgages of record which are liens against such Unit. The lien aforesaid may be foreclosed in the same manner as real estate mortgages. In the event of such

foreclosure the Association shall, in addition to the amount due, be entitled to recover interest at the legal rate on such sum or sums due, together with reasonable expense of such action, including costs, managing agent fees and attorney fees. A suit by the Association against the delinquent member to recover a money judgment for the unpaid Common Expenses and assessments shall be maintainable without foreclosing or waiving the lien securing the same.

Both the foregoing actions shall be maintainable upon the expiration of twenty (20) days after any Common Expenses or assessment shall be due and payable. Failure to pay any installment of any of the Common Expenses or assessments when due, shall at the option of the Board of Trustees, render the entire amount for the year immediately due and payable, as if no installment payment provisions were operative.

607. MAINTENANCE AND REPAIR: All maintenance and repair of the replacements to the Common Elements (unless necessitated by the negligence, misuse or neglect of a Unit Owner, his tenants, agents, guest, licensees or servants, in which case such expense may be charged to the Unit Owner), and regardless of whether there is a special benefit thereby to particular Unit Owners, shall be made by the Association and be charged to all members as a Common Expense.

608. RESTRICTIONS ON USE OF UNITS: In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Property shall be restricted to and shall be in accordance with the following provisions:

(a) The Units shall be used as single family, private residences only out of which no business may be transacted.

(b) The Common elements as well as the property and facilities of the Association shall be used only for the furnishing of services and facilities for which they are reasonably suited and which are incident to the private residential use and occupancy of Units.

(c) No nuisances shall be maintained by any Unit Owner, nor shall any use or practice be allowed by any Unit Owner which is a source of annoyance to, or which interferes with the peaceful possession or proper use of the Units or Common Elements by Unit Owners.

(d) No unlawful use shall be made of any Unit or part thereof or any of the Common elements and all valid laws, zoning ordinances and regulations of all governmental bodies having

jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof shall be complied with by and at the sole expense of the Unit Owners or the Association, whichever shall have the obligation to maintain or repair such portion.

(e) No portion of a unit (other than the entire Unit) may be rented. No transient tenants may be accommodated in the Unit.

609. DEED AND LEASE RESTRICTIONS FOR LOW AND MODERATE INCOME UNITS: Any units which are sold or leased pursuant to the Township of Holmdel Low and Moderate Income Housing Ordinance must contain the following provisions:

(a) A lease must provide:

1. There shall be an annual rent adjustment to maintain the rent at an amount equal to 30% of the total household income, and the Landlord shall advise the Tenant of the annual rent for the following year within 30 days of receiving the annual filing with all information requested pursuant to the Lease and the applicable ordinances, statutes and regulations. There shall be an annual income adjustment to maintain this percentage.

2. In the event the total household income for a particular year exceeds the maximum allowed by the then current requirements, the Tenant shall pay an amount equal to 30% of the amount by which the total household income exceeds the low or moderate income level to the Holmdel Township Fair Share Housing Fund. This amount shall be paid on a monthly basis and shall be adjusted on July 1 of each year by the Township Administrator based upon the information filed with the township Administrator for that year.

3. The Tenant shall continue to have the same obligations to pay rent, to maintain the Property and to fulfill his obligations and duties under the terms of this Lease as any other Tenant in the State of New Jersey, and nothing in this Ordinance is intended to confer any additional rights on the Tenant in this regard. The Tenant is subject to eviction for any reason allowed under applicable New Jersey Law.

4. The Tenant may use the Property only for the following reasons: Single family residential dwelling pursuant to the terms of the Township of Holmdel Low and

Moderate Income Housing Ordinance, No. 87-5(A), Chapter 48-5(A) of the Township Code.

b). LEASE GOVERNED BY HOLMDEL TOWNSHIP ORDINANCE: The Lease is for a unit developed and leased pursuant to the Township of Holmdel Low and Moderate Income Housing Ordinance (No. 87-5(A), Chapter 48-5(A) of the Township Code), and the terms of this Ordinance, as amended and incorporated in the Lease as if fully set forth herein at length. In addition, as a low and moderate income housing unit, the following terms and conditions apply:

1. The within Unit cannot be sublet.

2. Neither the Tenant nor anyone on the Tenant's behalf can rent or permit a portion of the leased Property to be occupied by anyone other than a member of the Tenant's family, as defined in Holmdel Township Ordinance No. 87-5(A), Chapter 48-5(A) of the Township Code.

3. The Unit cannot be rented to anyone who is not a qualified low or moderate income family as defined in Holmdel Township Ordinance No. 87-5(A), Chapter 48-5(A) of the Township Code.

4. The Tenant must file with the office of the Holmdel Township Administrator no later than April 30 of each year during the term of this Lease an income and expense statement for the prior calendar year on a form designated by, and in accordance with the regulations promulgated by, the Township Administrator.

5. The Tenant shall cooperate with the Township by filing any information required or requested by the Township of Holmdel to ascertain that the appropriate rental amounts are being paid.

6. The Tenant must also cause to be filed with the Township of Holmdel a copy of the federal income tax returns of all individuals currently occupying the Unit or any individual who occupied the Unit in any part of the prior calendar year. Any household member who does not cooperate with the Township of Holmdel and file the information required by the Township of Holmdel Administrator and the federal income tax returns referred to in this Paragraph of the Lease shall be in default of the terms of this Lease and may be evicted.

c). A Deed must provide:

1. Grantee's right, title and interest in this Unit and the use, sale and resale of this Property are subject to the terms, conditions, restrictions, limitations and provisions as set forth in an ordinance of the Township of Holmdel, Sec. 48-5(A), entitled "An Ordinance Establishing Administrative Procedures and Regulations for the Implementation of Low and Moderate Income Housing Plans in the Township of Holmdel, in the County of Monmouth and State of New Jersey", as amended and supplemented.

2. During the first twenty (20) years after initial occupancy, the Unit may be sold to a low or moderate income family, as appropriate, in accordance with the procedures in No. 87-5(A), Chapter 48-5(A) of the Township Code, entitled "An Ordinance Establishing Administrative Procedures and Regulations for the Implementation of Low and Moderate Income Housing Plans in the Township of Holmdel, in the County of Monmouth and State of New Jersey", as amended and supplemented.

3. After twenty (20) years from the initial occupancy date, the Township of Holmdel shall have the right of first refusal to purchase the unit at a price in accordance with Township of Holmdel Ordinance No. 87-5(A), Chapter 48-5(A), pr. (8) (c), entitled "An Ordinance Establishing Administrative Procedures and Regulations for the Implementation of Low and Moderate Income Housing Plans in the Township of Holmdel, in the County of Monmouth and State of New Jersey", as amended and supplemented. Such right of first refusal may be exercised at the sole discretion of the Township, subject to its financial ability to do so.

4. The property purchased herein is a low or moderate income unit constructed in an effort to satisfy a portion of the Township of Holmdel's obligation with respect to making affordable housing available within the Township. The purchaser, or any subsequent purchaser, of this Unit may not sell the Unit on resale for a purchase price greater than the original purchase price as reflected in the deed, adjusted by a percentage increase or decrease based on the CPI (New York City – Northeastern New Jersey-All Items) or other equivalent index determined by the Office of the Township Administrator. Purchase of affordable housing units also may not sell their units on resale to a person other than one qualifying as a family of low or moderate income as the

applicable case may be and in compliance with all rules, regulations and requirements duly promulgated by the Township Administrator and approved by the Township Committee of the Township of Holmdel. It is the intent and purpose that these affordable units are and remain affordable units in accordance with the provisions of No. 87-5(A), Chapter 48-5(A) of the Township Code.

5. In addition to the foregoing restrictions, the resale of affordable housing units shall be subject to the Rules and Regulations of the Township of Holmdel. The Township, through the Office of the Township Administrator, shall monitor and approve resales of affordable units to households it designates from its prioritized eligibility waiting lists to assure that purchasers of the same shall be low or moderate income purchasers as defined in the applicable ordinances in effect at the time of the proposed resale. In the event the unit cannot be sold to a household on the Township's priority list, then the Township Administrator may approve any resale of an affordable unit so long as the purchase price is determined as required herein and the contract of sale and the deed conveying title to the new buyer is not greater than the purchase price as reflected in the deed which conveyed title to the selling owner, adjusted by a percentage increase or decrease based upon the CPI (New York City – Northeastern New Jersey-All Items) or other equivalent index determined pursuant to this ordinance minus the cost of any repairs needed to bring the unit into conformance with the applicable codes in effect at the time of resale. Affordable units shall at all times be occupied by the owner and the owner's household except that the unit may be leased to a low income household in a low income unit or a moderate income household in a moderate income unit in accordance with the applicable lease provisions of the Township of Holmdel Ordinance No. 87-5(A), Chapter 48-5(A), of the Township Code. The tenant(s) shall be selected in accordance with the provisions of the ordinance through the Township's priority waiting list.

6. The rental units located in the premises conveyed herein are subject to the terms, conditions, restrictions, limitations and provisions as set forth in an ordinance of the Township of Holmdel, Ordinance No. 87-5(A), Chapter 48-5(A), of the Township Code entitled "An Ordinance Establishing Administrative Procedures and Regulations for the Implementation of Low and Moderate Income Housing Plans in the Township of Holmdel, in the County of Monmouth and State of New Jersey", as amended and supplemented.

7. Resale of a rental complex during twenty (20) years from date of initial construction and occupancy shall be in accordance with the following:

a) Any rental complex owner of low or moderate income units who wishes to sell his or her complex shall first offer the unit to the Township.

b) Upon receipt of notice of proposed sale, the Township shall either purchase the unit itself or advise the complex owner that it may proceed with a third party sale.

c) If the Township exercises its right to purchase the complex, it may do so with funds from the Fair Share Housing Fund established hereinafter or any other funds available.

d) If the Township does not exercise its right and the complex is sold to a third party, that new complex owner shall be obligated to comply with the terms and conditions of the Township of Holmdel Ordinances regarding rental of low and moderate income units.

8. Owners of affordable units may add amenities or improvements to such units however, the effect of these improvements shall not increase the resale price of the unit. In addition to the resale price as calculated herein above, an owner selling an affordable housing unit may recover certain fees and costs in the sale of said unit. These fees shall include reasonable legal fees, mortgage fees or points for the purchaser which the seller absorbs and any fees charged by the seller for prepayment of the mortgage. No real estate commissions shall be added to these costs.

610. ADDITIONS, ALTERATIONS OR MODIFICATION: No Unit Owner shall impair any easement without the written consent of the Board of Trustees and of the Unit Owner for whose benefit such easement exists. The provisions of this Section shall not apply to Units owned by the Sponsor until such Units shall have been initially sold by the Sponsor and paid for.

611. RIGHT OF ACCESS: A Unit Owner shall grant a right of access to his Unit to the Association or any person authorized by the Association for the purpose of correcting any condition originating in his Unit or threatening any other Unit or any of the Common Elements for the purpose of performing installations, alterations, or repairs elsewhere in the Property, or to correct any condition which violates the provisions of any mortgage covering another Unit;

provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not.

612. **ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY ASSOCIATION:**

The Association shall have the right to make or cause to be made alterations and improvements to the Common Elements provided the making of such alterations and improvements is first authorized by the Board of Trustees of the Association and approved by not less than the majority of Unit Owners. The written consent of any Unit Owner adversely and specially affected thereby shall also be required. The costs of such alterations and improvements shall be assessed as Common Expenses, unless in the judgment of not less than 70% of the Board of Trustees, the same are exclusively or substantially exclusively for the benefit of the Unit Owners requesting the same, in which case such requesting Owners shall be assessed therefore in such proportion as they approve, jointly, and failing such approval, in such proportion as may be determined by the Board of Trustees.

613. **RULES ON CONDUCT:** Rules and regulations concerning the use of the Common Open Space may be promulgated and amended by the Association with the approval of the Unit Owners. Copies of such rules and regulations shall be furnished by the Association to each Unit Owner.

ARTICLE VII

Foreclosure and Assessment Lien

701. **FORECLOSURE:** In the event of foreclosure proceedings against a Unit Owner, the Association, on its own behalf or on behalf of one or more Unit Owners, shall have the right to redeem the Unit from the mortgagee for the amount due, or to purchase such Units at the foreclosure sale. In the event that the Association so acted, the cost thereof shall be a Common Expense and the Association shall have the right to assess all Unit Owners therefore in proportion to their percentage interest in the Common Elements.

702. **PAYMENT OF ASSESSMENTS:** No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until he shall have paid in full to the Association all unpaid Common Expenses theretofore assessed by the Association against his Unit, and until he shall have satisfied all his unpaid liens against such Unit. The transferee of a Unit, from and after the date of such transfer, shall be liable for payment of any

such charges to the Association. The Association shall furnish a statement of amounts due it upon request from any proposed transferee, and the Association shall be limited in its recovery from such transferee to the amounts set forth therein. A mortgagee who acquired title to a mortgaged Unit or a purchaser at a judicial sale held as a result of a default under a mortgage shall not be liable and the Unit shall not be subject to a lien for Common Expenses assessed prior to the acquisition of title by such mortgagee or purchaser at such sale. In the event of a foreclosure by the Association of a statutory lien on any Unit for unpaid Common Expenses and in the event the proceeds of the foreclosure sale shall not be sufficient for the payment of such unpaid Common Expenses, the unpaid balance shall be charged to all Unit Owners as a Common Expense.

ARTICLE VIII

Records

801 RECORDS AND AUDITS: The Board of Trustees shall keep or cause to be kept detailed records of its actions; minutes of its meetings and of the meetings of Unit Owners; and financial records and books of account of the Association, including a chronological listing of receipts and expenditures as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Expenses against such Units, the date when due, the amounts paid thereon and the balance remaining unpaid. An annual report of the receipts and expenditures of the Association certified by an independent certified public accountant shall be rendered by the Board of Trustees to all Unit Owners and to all permitted mortgagees who have requested the same promptly after the end of each fiscal year. While the Sponsor maintains the majority on the Board of Trustees, he shall have an annual audit of Association funds prepared by an independent accountant, a copy of which shall be delivered to each Unit Owner within 90 days of the expiration of the fiscal year of the Association. The audit shall cover the operating budget and reserve accounts.

ARTICLE IX

Dissolution

901. PROCEDURE: The provisions of the then applicable laws of the State of New Jersey shall be followed should it be deemed advisable that the Association be dissolved. No such action shall be taken without the written consent of all permitted mortgagees.

902. OWNERSHIP UPON DISSOLUTION: In the event of dissolution, the Property shall thereupon be owned by all of the Unit Owners as tenants in common, each having an undivided percentage interest therein equal to his proportionate share of the Common Elements owned prior to termination. Each Unit Owner may be required to execute such deeds and other documents or instruments as may reasonably be required to affect the sale of the Property by the Association following a decision to dissolve the Association.

ARTICLE X

Compliance with By-Laws and Master Deed

1001. PENALTIES: These By-Laws, the rules and regulations adopted pursuant hereto, all future amendments hereof and thereof, and the covenants and restrictions in the Master Deed and Declaration of Covenants and Restrictions shall be strictly complied with by each Unit Owner. The Association shall provide a fair and efficient procedure for the resolution of disputes between individual Unit Owners and the Association, between different Unit Owners, that shall be readily available as an alternate to litigation. Failure to comply with any of the same shall entitle the Association to bring suit to recover monies due or for damage and/or injunctive relief or both against the offending Unit Owner. If suit has been instituted by the Association and the Unit Owner has been found by the Court to have committed the violation complained of, the Unit Owner shall reimburse the Association for reasonable attorneys' fees and such other costs as shall be established by the Court. Nothing herein shall deem or preclude any Unit Owner from bringing an action for relief against another Unit Owner or Unit Owners for a violation which affects such aggrieved Unit Owner's occupancy.

ARTICLE XI

1101. NOTICES: All notices to the Association required or referred to herein shall be effectively given only if sent by registered or certified mail to the Association, to the attention of the Secretary, or Management Designee at the office of the Managing Agent Association, or to such other address as the Board of Trustees may from time to time for such purposes designate. All notices to any Unit Owner shall be effectively given only if sent by registered or certified mail to the address designated for his Unit, or to such other address as may have been designated by such Unit from time to time in written notice to the Association or Management Designee with a copy to the holder of any permitted mortgage secured on the Unit owned by such Unit Owner. All notices to permitted mortgagees of Units shall be effectively given only if sent by registered or certified mail to their respective addresses as designated by them for such

purpose from time to time by written notice 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. Any other notices which may be required by permitted mortgagees shall be provided by the Association upon the request of such mortgagees.

1102. INVALIDITY: The invalidity of any part of these By-Laws shall not impair or effect in any manner the validity or enforceability or effect of the balance of these By-Laws.

1103. CAPTIONS: The captions herein are inserted only as a matter of convenience and in no way define, limit or describe the scope of the By-Laws or the intent of any provision thereof.

1104. WAIVER: No restriction, condition or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same irrespective of the number of violations or breaches thereof which may occur.

ARTICLE XII

Amendments to By-Laws

1201. AMENDMENTS TO BY-LAWS: Except as herein otherwise provided, these By-Laws may be modified or amended only by the affirmative vote of 75% of the Unit Owners entitled to vote (whether or not present) at a meeting of Unit Owners duly held for such purpose. To be effective, modifications and amendments must be recorded in the Office of the Clerk of Monmouth County. Insofar as rights are conferred upon the Sponsor by these By-Laws, these By-Laws may not be amended or modified (as to those portions only) without the consent in writing of the Sponsor so long as the Sponsor shall be the Owner of one or more Units.

ARTICLE XIII

Conflicts

1301. CONFLICT: In case of any of these By-Laws conflict with the provisions of the Certificate of Incorporation of the Association, the provisions of said Certificate of Incorporation shall control.

Gracewood Glen Condominium

Equal Percentage of Ownership in

Common Elements with no Unit having more or less of a percentage than any other Unit

<u>Building No.</u>	<u>Unit No.</u>	<u>Percentage</u>
1	7.36	2.272 304
1	7.37	2.272
1	7.38	2.272
1	7.39	2.272
1	7.40	2.272
2	7.41	2.272
2	7.42	2.272
2	7.43	2.272
2	7.44	2.272
2	7.45	2.272
3	7.02	2.272
3	7.03	2.272
3	7.04	2.272
3	7.05	2.272
3	7.06	2.272
3	7.07	2.272
3	7.08	2.272
4	7.09	2.272
4	7.10	2.272
4	7.12	2.272
4	7.13	2.272

4	7.14	2.272
4	7.15	2.272
5	7.16	2.272
5	7.17	2.272
5	7.18	2.272
5	7.19	2.272
5	7.20	2.272
5	7.21	2.272
5	7.22	2.272
6	7.23	2.272
6	7.24	2.272
6	7.25	2.272
6	7.26	2.272
6	7.27	2.272
6	7.28	2.272
6	7.29	2.272
7	7.30	2.272
7	7.31	2.272
7	7.32	2.272
7	7.33	2.272
7	7.34	2.272
7	7.35	2.272

<u>All Units @ 0.05358 to comprise total of 100% Ownership</u>	<u>All Units @ 0.05358 to comprise total of 100% Ownership</u>	<u>100%2.304</u>
		<u>100%</u>

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