

**BY-LAWS**  
**OF**  
**CINNAMINSON HARBOUR CARRIAGE HOMES**  
**CONDOMINIUM ASSOCIATION, INC.**

**ARTICLE I**

**NATURE OF BY-LAWS**

1.01. Purpose. These By-Laws are intended to govern the administration of Cinnaminson Harbour Carriage Homes Condominium Association, Inc. (the "Condominium Association"), a non-profit corporation organized under Title 15A of the New Jersey Statutes Annotated, and to provide for the management, administration, utilization and maintenance of the Common Elements described in the Master Deed for Cinnaminson Harbour Carriage Homes Condominium (the "Condominium"), and any amendments or supplements thereto.

1.02. Definitions. Unless the context clearly indicates otherwise, all definitions set forth in the aforesaid Master Deed or in N.J.S.A. 46:8B-3 are incorporated herein by reference.

1.03. Fiscal Year. The fiscal year of the corporation shall be determined by the Board of Directors.

1.04. Principal Office. The principal office of the corporation is located at 433 River Road, Highland Park, New Jersey 08904, or such other location as may be determined by the Board of Directors.

**ARTICLE II**

**MEMBERSHIP AND VOTING RIGHTS**

2.01. Members. Every person, firm, association, corporation or other legal entity who is a record Owner or Co-Owner of the fee simple title to any Unit in the Condominium shall be a Member of the Condominium Association; provided, however, that any person, firm, association,

corporation, or legal entity who holds such title or interest merely as a security for the performance of an obligation (including, but not limited to, mortgagees or trustees under deeds of trust) shall not be a Member of the Condominium Association. In addition, the Developer has one membership in the Condominium Association for each Unit, completed or prospective, that has not been conveyed to an individual purchaser, as contemplated by Section 5.05 of the Master Deed.

2.02. Associate Members. Every person who is entitled to possession and occupancy of a Unit as a tenant or lessee of a Unit Owner may be an Associate Member of the Condominium Association, but shall not be entitled to any vote with respect to Condominium Association matters.

2.03. Change of Membership. Change of membership shall be accomplished by recording in the Burlington County Clerk's Office a deed or other instrument establishing a record title to a Unit, and delivery to the Secretary of the Condominium Association of a certified copy of such instrument and such sums of money as are required by the Condominium Association for the payment of any capital contributions and escrow deposits. The membership of the prior Unit Owner shall be thereby terminated.

2.04. Rights of Membership. Every person who is entitled to membership in the Condominium Association, pursuant to the provisions of the Certificate of Incorporation and these By-Laws, shall be privileged to use and enjoy the Common Elements of the Condominium subject, however, to the right of the Condominium Association to:

- (a) Promulgate rules and regulations governing such use and enjoyment;

- (b) Suspend the use and enjoyment of the Common Elements as provided in Section 2.05 hereof; and
- (c) Dedicate or transfer all or part of the Common Elements, other than any Building in which any Units are contained, as provided in Section 5.01(n) hereof.

2.05. Suspension of Rights. The membership and voting rights of any Member may be suspended by the Board for any period during which any assessment, or installment thereof, against the Unit to which his membership is appurtenant remains unpaid; but upon payment of any such assessment or installment, and any interest accrued thereon, and the amount due as counsel fees, if any, pursuant to Section 6.10 hereof, whether by check or cash, his rights and privileges shall be immediately and automatically restored subject to the provisions of Section 3.11 hereof. Further, if rules and regulations governing the use of the Common Elements and the conduct of persons thereon have been adopted and published, as authorized herein, the rights and privileges of any person in violation thereof may be suspended at the discretion of the Board for a period not to exceed thirty (30) days for any single violation, but if the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board until the Unit Owner is afforded an opportunity for a hearing consistent with the principles of due process of law.

2.06. Contribution to Capital. The Board shall impose upon each Unit Owner, upon acquisition of title to his Unit, a contribution to the Condominium Association in an amount equal to one-sixth (1/6) of the current Annual Common Expense Assessment for his Unit, which fee may be used for working capital or any other lawful purpose and need not be replenished if it

is so utilized. The payment of such contribution shall be a condition precedent to membership in the Condominium Association and shall apply to all subsequent Unit Owners, as well as those who acquire title from the Developer. Any unpaid contribution shall be deemed a lien on the Unit in the same manner as any unpaid Common Expenses attributable to such Unit.

2.07. Escrow Deposit. The Board may also require each Unit Owner to deposit with the Condominium Association in escrow an amount not to exceed two (2) months of the current estimated Annual Common Expense Assessment for his Unit, which escrow deposit shall be held by the Condominium Association and applied in the event of a default by the Unit Owner in the payment of any type of Assessment, fine or other charge levied by the Board against his Unit. To the extent that the escrow deposit or any part thereof is so applied, the Unit Owner shall be responsible for replenishing the escrow deposit. Such escrow, if imposed, shall be held by the Condominium Association in an interest-bearing account, with interest to accrue to the benefit of the Condominium Association, and shall be assignable (but not refundable) upon the sale of the Unit without interest to the extent the deposit is not applied to defaulted Common Expense Assessments.

2.08. Votes. Each Unit Owner shall be entitled to such vote(s) for each Unit to which he holds title as is provided in Article V of the Master Deed. When more than one person holds title, the vote(s) for each Unit shall be exercised as the Co-Owners among themselves determine. When one or more Co-Owners sign a proxy or purports to vote for his or her Co-Owners, such vote(s) shall be counted unless one or more of the other Co-Owners is present and objects to such vote(s); or, if not present, submits a proxy or objects in writing delivered to the Secretary of

the Condominium Association before the vote(s) is counted. If Co-Owners disagree as to the vote(s), the vote(s) shall be split equally among the Co-Owners.

Initially, the Developer has one hundred sixteen (116) memberships in the Condominium Association, representing one membership for each Unit or potential Unit to which title has not been conveyed. Upon conveyance of a title to a Unit, each purchaser automatically becomes a member of the Condominium Association and shall be entitled to one vote for each Unit purchased. The number of votes held by the Developer shall be reduced accordingly. Developer's votes shall be cast by such person as it may from time to time designate. Votes not held by the Developer shall be cast in person or by proxy, as otherwise provided herein. It is understood that in the event that the number of Units ultimately established in the Condominium is less than one hundred sixteen (116), then the number of votes in the Condominium shall be equal to the number of Units ultimately established.

### **ARTICLE III**

#### **MEETINGS OF UNIT OWNERS**

3.01. Place of Meetings. All meetings of the Unit Owners of the Condominium Association shall be held at the Condominium or at such other place convenient to the Members as may be designated by the Board.

3.02. First Annual Meeting and Regular Annual Meetings. All annual meetings of the Unit Owners of the Condominium Association shall be held on the day and month of the year to be established by the Board, except that the first such annual meeting shall be held (i) not later than sixty (60) days after the date on which twenty-five (25%) percent of the Units have been conveyed by the Developer to Members, but in no event later than thirteen (13) months

following the incorporation of the Condominium Association; or (ii) on such earlier date as the Developer in its sole discretion may choose. At the first annual meeting and each subsequent annual meeting, the election of Directors shall take place. If the election of Directors shall not be held at the annual meeting or any adjournment of such meeting, the Board shall cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting, the Unit Owners may elect the Directors and transact other business with the same force and effect as at an annual meeting duly called and held. All proxies validly received for the originally scheduled meeting shall remain in full force and effect for any such adjourned meeting or special meeting and new proxies may be received for any such subsequent meeting.

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

3.04. Notice of Meeting. Except as otherwise provided by N.J.S.A. 46:8B-12.1b and Section 4.07 hereof, notice of each meeting of Members, whether annual or special, shall be given not less than ten (10) calendar days, nor more than sixty (60) calendar days, before the day

on which the meeting is to be held, to each Unit Owner at his last known address, by delivering a written or printed notice thereof to said Unit Owner, or by mailing such notice, postage prepaid. Every such notice shall state the date, time, place and purpose(s) of the meeting. Notice of any meeting of Owners shall not be required to have been sent to any Unit Owners who shall attend such meeting in person or by proxy. Notice of any adjourned meeting of the Unit Owners shall not be required to be given unless the time and place to which the meeting is adjourned is not announced at the adjourned meeting. Except where otherwise expressly required by law, no publication of any notice of a meeting of Unit Owners shall be required.

3.05. Quorum and Adjourned Meetings. At each meeting of the Unit Owners, persons holding twenty-five (25%) percent of the authorized votes (including any held by Developer) present in person, by proxy or by mail ballot shall constitute a quorum for the transaction of business at a meeting of the membership except where otherwise provided by law. In the absence of a quorum, a majority of the votes present in person or by proxy may adjourn the meeting from time to time, until a quorum shall be present or represented. At any such adjourned meeting at which a quorum may be present any business may be transacted which might have been transacted at the meeting originally called.

3.06. Organization. At each meeting of the Condominium Association, the President, or, in the absence of the President, the Vice President, or in the absence of both of them, a person chosen by a majority vote of the Members in Good Standing present in person or represented by proxy, shall act as a chairperson, and the Secretary, or in the absence of the Secretary, a person whom the chairperson shall appoint, shall act as Secretary of the meeting.

3.07. Voting on Questions. Only Owners who hold memberships in good standing on the record date, which shall be at least thirty (30) days prior to the meeting at which the vote is to be taken, shall be entitled to vote on questions. As provided in Section 5.03 of the Master Deed, each Owner shall be entitled to one (1) unweighted vote for each Unit to which he holds title with respect to all questions voted upon by the membership. A majority of votes present, in person or by proxy, at any duly constituted meeting of the Membership shall be sufficient for approval of those questions submitted to a vote of the membership. The vote on any question at a meeting need not be taken by ballot unless (i) the chairperson of the meeting determines a ballot to be advisable or (ii) a majority in interest of the votes present at the meeting determine that the vote on the question submitted shall be taken by ballot.

3.08. Voting in Elections of Directors. Only Owners who hold memberships in good standing on the record date, which shall be at least thirty (30) days prior to any meeting at which an election is to occur, shall be entitled to vote in elections of Directors. As provided in Article V of the Master Deed, each Owner shall be entitled to one (1) unweighted vote for each Unit to which he holds title with respect to all elections. The election of Directors shall be conducted by written ballot. The persons receiving the plurality of votes will be deemed to be elected in order to fill the vacant positions. If ever applicable, candidates polling the highest numbers of votes will be considered elected for the longest period of years. Election of Directors at all meetings shall be in accordance with this Section 3.08.

3.09. Ballot by Mail. The Board, in lieu of calling a membership meeting, may submit any question or election, other than a Transition Election, to a vote of the membership by a ballot by mail. No ballot by mail shall be valid or tabulated unless the signature of the Owner(s)



submitting the ballot has been verified on the ballot in accordance with procedures established by the Board. Only Members in Good Standing on the record date shall be entitled to vote. The Board shall appoint judges to tabulate the ballot whose report shall be included in the minute book. In order to conduct a ballot by mail for a question submitted to a vote of the membership, the Board shall serve a notice upon all members which shall (i) state with specificity in terms of motion(s) the question(s) upon which the vote is to be taken; (ii) state the date by which ballots must be received in order to be counted; (iii) provide an official ballot for the purposes of the vote; and (iv) state the date upon which the action contemplated by the motion(s) shall be effective, which date shall be not less than ten (10) days after the date ballots must be received. No actions contemplated by a question submitted to a ballot by mail shall be taken unless a majority in interest of all Members in Good Standing submit ballots approving such action.

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

3.10. Proxies. Voting by proxy shall be permitted with respect to all elections of Directors, and all amendments to the Certificate of Incorporation, the Master Deed or these By-Laws, or any other matter which is to come before a meeting of the membership of the Condominium Association or is voted upon by mail ballot. All proxies shall be in writing, signed by all individual Owners (or in the case of joint owners by any one of them), or by his or their duly authorized representative(s) and delivered to the Secretary of the Condominium Association, or such other person as the President may designate, prior to the opening of the

polls at the meeting at which ballots are to be cast. Except in the case of mail ballots, proxies may be revoked at any time prior to the opening of the polls, and no proxy shall be valid after eleven (11) months from its date unless said proxy provides for a longer period, not to exceed three (3) years from the date of execution. All proxies and mail ballots shall be substantially in the form prescribed by the Board, and if not in such form, shall be deemed invalid which determination shall be made in the sole and absolute discretion of the Board or the Judges of Election. Mail ballots cannot be revoked once they have been received by the Condominium Association.

3.11. Member in Good Standing. A Member shall be deemed to be in good standing and entitled to cast his vote at any annual meeting or at any special meeting of the Condominium Association if, and only if, he shall have fully paid all installments due for assessments made or levied against him and his Unit by the Board, at least thirty (30) calendar days prior to the date fixed for any meeting or other Condominium Association action, as hereinafter provided, together with all interest, costs, attorney's fees, penalties and other expenses, if any, properly chargeable to him and to his Unit. Any date set forth in these By-Laws for determining good standing for voting purposes, as well as any related requirement which may be established by the Board of Directors, shall be deemed supplemental to, and not in derogation of, the record date provisions of N.J.S.A. 15A:5-7.

3.12. Judges. If at any meeting of the Unit Owners a vote by ballot shall be taken on any question, the chairperson of such meeting shall appoint two Judges to act thereat with respect to such vote. Each Judge so appointed shall first subscribe an oath to execute faithfully the duties of a Judge at such meeting with strict impartiality and according to the best of his ability.

Such Judges shall decide upon the qualifications of voters and shall report the number of votes represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and when the voting is completed, shall ascertain and report the number of votes respectively for and against the questions; but as to the election of Directors, the number of votes received by each candidate need not be reported. Reports of Judges shall be in writing and subscribed and delivered by them to the Secretary of the meeting. The Judges need not be Members of the Condominium Association, and any officer or Director of the Condominium Association may be a Judge on any question, other than a vote for or against his election to any position with the Condominium Association or any other question in which he may be directly interested. The Judges shall rule by majority vote.

3.13. Order of Business. The order of business at the annual meeting of the Unit Owners or at any special meeting insofar as practicable shall be:

- (a) Calling of the roll and certifying the proxies.
- (b) Proof of notice of meeting and waiver of notice.
- (c) Reading and disposal of any unapproved minutes.
- (d) Appointment of Judges of election, if appropriate.
- (e) Election of Directors, if appropriate.
- (f) Receiving reports of officers.
- (g) Receiving reports of committees.
- (h) Old business.
- (i) New business.
- (j) Adjournment.

## ARTICLE IV

### BOARD OF DIRECTORS

4.01. Express and Implied Powers and Duties. The property, affairs and business of the Condominium Association shall be managed by the Board, which shall have all those powers granted to it by the Certificate of Incorporation, the Master Deed, these By-Laws, and by law.

4.02. Number and Qualifications.

(a) Until the first annual meeting of the Membership of the Condominium Association, and thereafter until their successors shall have been elected and qualified, the Board shall consist of three (3) persons designated by the Developer, none of whom need be Unit Owners.

Thereafter, the Board shall consist of five (5) Directors (Directors A, B, C, D, and E). Within sixty (60) days after the Unit Owners other than Developer own twenty-five (25%) percent or twenty-nine (29) or more Units, the President shall call and give not less than twenty (20) nor more than thirty (30) calendar days notice of a special meeting of the Members of the Condominium Association. At such meeting, all Unit Owners other than Developer shall be entitled to vote for and elect Directors A and B and Developer shall have the right to appoint Directors C, D and E.

Thereafter, and within sixty (60) calendar days after Unit Owners other than Developer own seventy-five (75%) or eighty-seven (87) Units, the President shall call and give not less than twenty (20) nor more than thirty (30) calendar days notice of a special meeting of the Directors of the Condominium Association. At such special meeting, Unit Owners other than Developer shall be entitled to vote for all Directors of the Board not theretofore elected by them,

except that Developer shall be entitled to appoint Director E so long as Developer owns one or more Units and holds same for sale in the ordinary course of business. Further, Developer shall have the right to relinquish control of the Board at any time, provided that Unit Owners, by majority vote, agree to assume control pursuant to N.J.A.C. 5:26-8.4(d).

(b) In the case of partnership owners, Directors shall be members, agents or employees of such partnership or of the partners thereof; or, in the case of corporate owners (including the Developer, during such time as Developer shall be an Owner of any Units), Directors shall be officers, stockholders, employees or agents of such corporation; or, in the case of fiduciary owners, Directors shall be fiduciaries or officers or employees of such fiduciaries.

4.03. Election and Term of Office. At the first annual meeting of the Membership that is called after Unit Owners other than the Developer own twenty-five (25%) percent or twenty-nine (29) Units, Directors A and B shall be elected by the Unit Owners other than the Developer, and Developer shall appoint Directors C, D and E. Directors A and B shall be elected for two (2) year terms and Directors C, D and E shall be appointed to serve until their successors are elected at the special meeting held after seventy-five (75%) or eighty-seven (87) Units are owned by Unit Owners other than Developer. At said special meeting, Directors C, D and E shall be elected by Unit Owners other than Developer subject, however to Developer's right to appoint Director E as provided for in Section 4.02(a) above, to serve for an initial term which expires at the annual meeting of the membership at which Directors A and B are not scheduled for reelection, but in no event shall such initial term be less than two (2) years nor more than three (3) years. Thereafter, the term for Directors C, D and E shall be for two (2) years, it being the

purpose and intent hereof that Directors A and B shall be elected in alternate years to Directors C, D and E.

The Directors shall hold office until their respective successors have been duly elected and qualified, or until removed in the manner elsewhere provided. If at any meeting for election of membership to the Board more than twice the number of candidates to be elected at such meeting is nominated, then, and in such event, there shall be two ballots for membership. At the end of the first ballot, the field of nominees shall be reduced so that there are twice as many candidates as there are positions to be filled, with the persons receiving the fewest votes being eliminated from the ensuing ballot. A second ballot shall be held, and on the second ballot, the persons receiving the most votes will be deemed to be elected in order to fill the vacant positions. If there are not more than twice the number of nominees for the number of positions to be filled, then there shall be one ballot, with the persons receiving the most votes being elected in order to fill the vacancies on the Board. If ever applicable, candidates polling the highest votes will be considered elected for the longest period of years. Election of Directors at successive annual meetings shall be in accordance with this Section 4.03.

4.04. Developer's Protective Provisions. After control of the Board has become vested in Directors elected by Members other than the Developer, and so long as the Developer owns at least one (1) Unit and holds same for sale in the ordinary course of business, the following shall apply:

- (a) Neither the Condominium Association nor its Board of Directors shall take any action that will impair or adversely affect the rights of the Developer, cause the Developer to suffer any financial, legal or other

detriment, including, but not limited to, any direct or indirect interference with the sale of Units, or the assessment of the Developer for capital improvements.

- (b) The Condominium Association and its Board of Directors shall continue the same level of maintenance, operation and services as provided immediately prior to the assumption of control of the Townhome Condominium Association and the Board of Directors by Unit Owners other than appointees of the Developer.
- (c) In furtherance of the foregoing provisions, the Developer shall have the right to veto any and all actions of the Condominium Association or the Board which may have any direct or indirect detrimental impact upon the Developer as may be determined by the sole and reasonable discretion of the Developer.
- (d) The Developer shall exercise its veto right, in its sole and discretion, within ten (10) days after its receipt of written notice that a resolution or other action is proposed or has been taken by the Condominium Association or its Board. In such event, the Developer shall notify the Secretary of the Condominium Association in writing of its exercise of its veto right and any such proposal or action shall be deemed null and void ab initio and of no further force and effect. If the Developer does not receive notice for a period of ten (10) days after action is taken, such action shall be deemed null and void and of no further force and effect.

The aforementioned protective provisions shall be construed in accordance with and not in derogation of N.J.S.A. 46:8B-12.1 of the New Jersey Condominium Act and N.J.A.C. 5:26-8.4 of the regulations promulgated pursuant to the New Jersey Planned Real Estate Development Full Disclosure Act, N.J.S.A. 45:22A-21 et seq., and shall not be amended without the express written consent of the Developer.

4.05. Removal of Members of the Board. At any duly held regular or special meeting of the Unit Owners, any one or more Directors may be removed with or without cause by a majority of the Unit Owner votes present and a successor may then and there be appointed by a majority of the remaining Directors to fill the vacancy thus created. Each person so appointed shall be a Director for the remainder of the term of the Director whose term he is filling and until his successor is duly elected and qualified. Any Director whose removal has been proposed shall be given an opportunity on at least ten (10) days prior written notice to be heard at the meeting. This provision shall not apply to any Director appointed by the Developer. Despite the foregoing, the Developer or a Developer-appointed Director may not, acting alone, remove a Unit Owner-elected Director. In the event that all of the Directors are removed, successors shall be elected by the Unit Owners other than the Developer in the manner set forth in Section 4.03 herein to fill the vacancies thus created.

4.06. Vacancies. Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Unit Owners of the Condominium Association shall be filled by a vote of a majority of the remaining Directors, including the Developer's appointees, at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy. Each person so elected shall be a Director for the remainder of the term of the Director whose



term he is filling and until his successor shall have been duly elected and qualified. Despite the foregoing, until the First Transition Election, Developer shall have the right to fill by appointment all positions vacated by Directors whom it has appointed under Section 4.05 hereof. Unit Owner-elected vacancies on the Board shall only be filled with Unit Owners other than appointees of the Developer, whether same be appointed or elected.

4.07. Meeting of the Board; Notices; Waiver of Notice. The first annual meeting of the Board shall be held within ten (10) days after the first annual meeting of the Condominium Association and at such time and place as shall be fixed by a majority of the Board and no notice shall be necessary. Thereafter, regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board, but at least two (2) meetings shall be held each year. Notice of regular meetings of the Board shall be given to each Director by telephone, mail, or telegram at least three (3) calendar days prior to the day of the meeting. Special meetings of the Board may be called by the President on three (3) calendar days notice to each Director given by telephone, mail or telegram, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or the Secretary in like manner and on like notice on the written request of at least three (3) Directors. Any Director may, at any time, waive notice of any meeting of the Board in writing and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

All Board Meetings, except conferences or working sessions at which no binding votes are to be taken, shall be open to attendance by all Unit Owners, subject to those exceptions set forth in N.J.S.A. 46:8B-13a and N.J.A.C. 5:20-1.1, as now or hereafter amended. The Board may exclude or restrict attendance at those meetings, or portions of meetings, at which any of the following matters are to be discussed: 1) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; 2) any pending or anticipated litigation or contract negotiations; 3) any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his ethical duties as a lawyer; or 4) any matter involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Condominium Association. Adequate written notice of the date, time, place and, to the extent known, the agenda of all such open meetings shall be given by the Board to all Unit Owners at least forty-eight (48) hours in advance of such meeting in the manner required by N.J.A.C. 5:20-1.2(b). Moreover, the Board shall also within seven (7) days following the Annual Meeting of the Condominium Association post, mail to newspapers and file with the administrator of the business office of the Condominium Association a schedule of the regular Board Meetings to be held in the succeeding year, as prescribed by N.J.A.C. 5:20-1.2(c) and make appropriate revisions thereto, all as required by N.J.A.C. 5:20-1.2(c)1.

4.08. Quorum and Adjourned Meetings. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business. The votes of a majority of the Directors present and voting at a meeting at which a quorum is present shall constitute a valid decision. If at any meeting of the Board there shall be less than a quorum present, the majority of those present shall adjourn the meeting to a new date. At any such adjourned meeting at

which a quorum is present, any business which may have been transacted at the original meeting may be transacted without further notice. The vote of a majority of those present at a Board meeting at which a quorum is present shall be necessary for valid action by the Board on any matter.

For so long as the Developer appoints a majority of the Board of Directors, it shall not cause the Condominium Association to make any additions, alterations, improvements or purchases which would necessitate a special assessment or a substantial increase in the monthly assessment unless required by a governmental agency, title insurance company, mortgage lender or in the event of emergency.

4.09. Joinder in Meetings by Approval of Minutes. Subject to the provisions of N.J.S.A. 45:22A-46 and N.J.A.C. 5:20-1.1, the transaction of any business at any meeting of the Board, however called and noticed or wherever held, shall be valid as if transacted at a meeting duly held after regular call and notice, if (i) a quorum is present; and (ii) either before or after the meeting, each Director signs either (a) a written waiver of notice, (b) a consent to the holding of the meeting, or (c) an approval of the minutes thereof, or of the resolution or act adopted at such meeting. All such waivers, consents or approvals shall be in writing and filed with the Secretary and made a part of the minutes of the meeting even though filed subsequent thereto.

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

4.11. Consent in Lieu of Meeting and Vote. Despite anything to the contrary in these By-Laws, the Certificate of Incorporation or the Master Deed, the entire Board shall have the power to take action on any matter in which it is authorized to act, without the necessity of a formal meeting and vote, if the entire Board, or all of the Directors empowered to act, whichever the case may be, shall consent in writing to such action.

## ARTICLE V

### POWERS AND DUTIES OF BOARD OF DIRECTORS

5.01. General Powers and Privileges. Subject to the Master Deed, the Condominium Association may do all it is legally entitled to do under the laws applicable to its form of organization. The Condominium Association shall discharge its powers in a manner that protects and furthers the health, safety and general welfare of the residents of the Condominium. The Condominium Association shall provide a fair and efficient procedure for the resolution of disputes between individual Unit Owners and the Condominium Association, and between different Unit Owners, that shall be readily available as an alternative to litigation.

The property, affairs and business of the Condominium Association shall be managed by the Board of Directors, which shall have all those powers granted to it by the Certificate of Incorporation, the Master Deed, these By-Laws, and by law.

The Board shall have these powers, which include, but which are not necessarily limited to, the following, together with such other powers as may be provided herein or in the Master Deed, or which may be necessarily implied:

- (a) To employ, by contract or otherwise, a manager, managing agent or an independent contractor to oversee, supervise and carry out the

responsibilities of the Board. Said manager or said independent contractor shall be compensated upon such terms as the Board deems necessary and proper; and

- (b) To employ any person, firm or corporation to repair, maintain or renovate the Common Elements of the Condominium; to lay pipes or culverts; to bury utilities; to put up lights or poles; to erect signs and traffic and safety controls of various sorts on said Common Elements. Despite the foregoing, The Villages at Cinnamonson Harbour Community Association, Inc. shall be obligated to maintain and repair the parking areas on the Common Elements and the other facilities described in Section 5.02 of its Declaration; and
- (c) To employ professional counsel and to obtain advice from persons, firms or corporations such as, but not limited to, landscape architects, architects, engineers, lawyers and accountants; and
- (d) To employ or contract for water and sewer, electricity and gas or other forms of utilities, cable or master antenna television, refuse collection; and
- (e) To employ all managerial personnel necessary, or enter into a managerial contract for the efficient discharge of the duties of the Board hereunder; and
- (f) To adopt, amend, and publish rules and regulations covering the details of the operation and use of the Common Elements including, but not limited to, pet controls; and

- (g) To secure full performance by all Unit Owners or occupants of all items of maintenance for which they are responsible; and
- (h) To coordinate the plans of Unit Owners and occupants of Units for moving their personal effects or property into the Unit or out of it, with a view toward scheduling such movements so that there shall be a minimum of inconvenience to others; and
- (i) To establish and enforce Rules and Regulations for parking subject to the provisions of the Master Deed, the Certificate of Incorporation and these By-Laws; and
- (j) To arrange for security protection as necessary; and
- (k) To enforce obligations of the Unit Owners and do anything and everything else necessary and proper for the sound management of the Condominium, including, but not limited to, the right to bring or defend lawsuits to enforce the terms, conditions and restrictions contained in the Master Deed, the Certificate of Incorporation, these By-Laws, or the Rules and Regulations; and
- (l) To borrow and repay monies giving notes, mortgages or other security upon such term or terms as it deems necessary; and
- (m) To invest and reinvest monies, sue and be sued, collect interest, dividends, and capital gains; exercise rights; pay taxes; make and enter into contracts; enter into leases or concessions; make and execute any and all proper affidavits for various purposes; compromise any action without leave of

court; and all other powers contained herein, and those necessary and incidental thereto; and

- (n) To transfer, grant or obtain easements, licenses and other property rights burdening the Common Elements or for the benefit of the Condominium; and
- (o) To purchase (but not during the period of Developer control) or lease or otherwise acquire in the name of the Condominium Association or its designees, corporate or otherwise, on behalf of all Unit Owners within the Condominium after the Unit Owners control the Board, Units offered for sale or lease or surrendered by their Unit Owners to the Board provided that the foregoing shall not be construed to constitute a right of first refusal; and
- (p) To purchase (but not during the period of Developer control) Units within the Condominium at foreclosure or other judicial sales in the name of the Condominium Association or its designees, corporate or otherwise, on behalf of all Owners after the Unit Owners control the Board; and
- (q) To sell, lease, mortgage (but not vote the votes appurtenant thereto) or otherwise deal with Units acquired by the Condominium Association, and sublease any such Units leased by the Condominium Association or its designees, on behalf of all Owners; and
- (r) To bring and defend actions by or against more than one Unit Owner which are pertinent to the operation of the Condominium, the health,

safety or general welfare of the Unit Owners, or any other legal action to which the Unit Owners may consent in accordance with these By-Laws; and

- (s) To appoint an Insurance Trustee, who shall not be a member of the Condominium Association, an employee of the Developer, or the manager, who shall discharge his duties in accordance with these By-Laws. In the absence of such an appointment, the Board shall be responsible for the disposition of all insurance proceeds; and
- (t) To create, appoint members to and disband such committees as shall from time to time be deemed appropriate or necessary to aid the Board in the discharge of its duties, functions and powers; and
- (u) To establish an Architectural Review Committee as hereinafter provided in Article IX; and
- (v) To establish an Alternative Dispute Resolution Committee as hereinafter provided in Article X.

5.02. Duties and Responsibilities. It shall be the affirmative and perpetual obligation and duty of the Board to perform the following:

- (a) To cause the Common Elements to be maintained according to accepted standards and as set forth in the Master Deed, including, but not limited to such maintenance, painting, replacement and repair work, as may be necessary, and ground and lawn maintenance of the Common Elements as the Board may deem appropriate. All repairs and replacement shall be



substantially similar to the original construction and installation and shall be of first class quality; and

- (b) To investigate, hire, pay, supervise and discharge the personnel necessary to be employed, and provide the equipment and materials necessary, in order to properly maintain and operate the Common Elements. Compensation for the services of such employees (as evidenced by certified payroll) shall be considered an operating expense of the Condominium Association; and
- (c) To cause to be kept a complete record of all its acts and corporate affairs and to present a summary report thereof to the Members at the annual meeting or at any special meeting of the Condominium Association when requested in writing at least twenty-one (21) calendar days in advance by Unit Owners entitled to cast at least twenty-five (25%) percent of the total votes of the Condominium Association; and
- (d) To allocate common surplus or make repairs, additions, improvements to, or restoration of the Common Elements in accordance with the provisions of these By-Laws and the Master Deed after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; and
- (e) To take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises maintained by the Condominium Association placed thereon by any federal, state, county or

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

- (f) To manage the fiscal affairs of the Condominium Association as hereinafter provided in Article VI; and
- (g) To place and keep in force all insurance coverages required to be maintained by the Condominium Association, applicable to its property and members including, but not limited to:

- (i) Physical Damage Insurance. To the extent obtainable in the normal commercial marketplace, broad form insurance against loss by fire and against loss by lightning, windstorm and other risks normally included within all risk extended coverage, including vandalism and malicious mischief, insuring all improvements existing within the Condominium other than those located within the Units, together with all service machinery appurtenant thereto, as well as common personalty and supplies belonging to the Condominium Association, and covering the interest of the Condominium Association, the Board, the Developer, all Unit Owners, and any Permitted Mortgage Holder who have requested the Condominium Association in writing to be named as loss payee, as their respective interests may appear, in an amount equal to the full replacement value of the Common Elements (exclusive of foundations and footings) without deduction for depreciation.

Each policy shall contain a standard mortgagee clause in favor of each applicable mortgage holder, which shall provide that the loss, if any, thereunder, shall be payable to each applicable mortgage holder as its interest may appear, subject to the loss payment provisions set forth in Article XI of the Master Deed. The aforesaid mortgagee clause shall name as mortgagee either the Federal National Mortgage Association (FNMA) or its servicers in the event FNMA holds mortgages on any Units. When a servicer is named as a mortgagee, its name must be followed by the phrase "its successors and assigns." When a majority of the Board is elected by the Unit Owners other than the Developer, prior to obtaining any policy of fire insurance or any renewal thereof, the Board shall obtain a qualified appraisal or other written evaluation of an insurance broker licensed to conduct business in New Jersey or other qualified expert as to the full replacement value of the Common Elements (exclusive of foundations and footings), and the improvements located thereon, without deduction for depreciation, for the purposes of determining the amount of insurance to be effected pursuant to this subparagraph. The amount of any deductible shall be as determined by the Board, in its sole discretion.

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

(iii) Directors and Officers Liability Insurance. To the extent obtainable in the normal commercial marketplace, liability insurance indemnifying the Directors and Officers of the Condominium Association against the liability for errors and omissions occurring in connection with the performance of their

duties, in an amount of at least \$1,000,000.00, with any deductible amount to be in the sole discretion of the Board.

- (iv) Workers Compensation Insurance. Workers compensation and New Jersey disability benefits insurance as required by law.
- (v) Vehicular Liability Insurance. To the extent obtainable in the normal commercial marketplace, vehicular liability insurance to cover all motor vehicles, if any, owned or operated by the Condominium Association.
- (vi) Flood Insurance. Flood hazard insurance in the event any of the insurable Common Elements are located within a federally designated zone of greater than minimal flood hazard.
- (vii) Other Insurance. Such other insurance as the Board may determine.

All policies shall: (i) provide, if possible, for recognition of any insurance trust agreement of the Condominium Association and that adjustment of loss shall be made by the Board with the approval of the Insurance Trustee, if any, and that the net proceeds thereof, if \$25,000.00 or less shall be payable to the Board, and if more than \$25,000.00 shall be payable to the Insurance Trustee, if any; (ii) require that the proceeds of physical damage insurance be applied to the restoration of such Common Elements and such portions of the structures, improvements and service machinery as is required by the Master Deed and these By-Laws; (iii) to the extent obtainable contain agreed amount and inflation guard endorsements; construction code endorsement; demolition cost endorsement; contingent liability from operation of building

laws endorsement and increased cost of construction endorsement; (iv) provide that the insurance will not be prejudiced by any act or omission of individual Members that are not under the control of the Condominium Association; (v) provide that the policy will be primary, even if insurance covering the same loss is held by any member(s); (vi) to the extent obtainable contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured; and (vii) provide that such policies may not be canceled without at least thirty (30) days prior written notice to all of the named insureds, including all Owners and Eligible Mortgage Holders.

All policies shall show the named insured as: "Cinnaminson Harbour Carriage Homes Condominium Association, Inc., for the use and benefit of the individual Unit Owners," or the Condominium Association's Insurance Trustee, if any. The "loss payable" clause must show the Condominium Association or the Insurance Trustee, as a trustee for each Unit Owner, mortgage holder or other loss payee. Also, the policies must require the insurer to notify in writing the Condominium Association, its Insurance Trustee and each Eligible Mortgage Holder or other entity named in the mortgagee clause at least thirty (30) days before it substantially changes the Condominium Association's coverage.

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

The premiums for all insurance and fidelity bonds carried by the Condominium Association shall be a Common Expense and shall be borne by the Unit Owners in direct proportion to their obligations for payment of all other Common Expenses.

## ARTICLE VI

### FISCAL MANAGEMENT

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

The Board shall have the duty to collect from each Unit Owner, his heirs, administrators, successors and assigns, as "Annual Common Expense Assessments", the proportionate share of the Annual Common Expenses assessed against such Unit Owner as provided in the Condominium Documents and in accordance with applicable law.

While the Developer appoints a majority of the Board, it shall not cause the Condominium Association to make any additions, alterations, improvements or purchases not contemplated in the Public Offering Statement for the Condominium registered with the New Jersey Department of Community Affairs which would necessitate a special assessment or a substantial increase in the Common Expense Assessment unless required by a governmental agency, title insurance company, mortgage lender or in the event of emergency.

6.02. Determination of Common Expenses. The amount of monies for Common Expenses deemed necessary by the Board and the manner of expenditure thereof, including, but not limited to, the allocation thereof, shall be a matter for the sole discretion of the Board.

6.03. Disbursements. The Board shall take and hold the funds as collected and shall disburse the same for the purposes and in the manner set forth herein and as required by the Master Deed, the Certificate of Incorporation, and applicable law.

6.04. Depositories. The depository of the Condominium Association shall be such federally insured bank or banks as shall be designated from time to time by the Board and in which the monies of the Condominium Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such parties as are authorized by the Board, provided that a management agreement may include among its provisions authority for the manager to sign checks on behalf of the Condominium Association for payment of the obligations of the Condominium Association, if the proper fidelity bond is furnished to the Condominium Association.

6.05. Accounts. The receipts and expenditures of the Condominium Association shall be common charges and Common Expenses respectively, and shall be credited and charged to accounts under the following classifications as the Board shall deem appropriate, all of which expenditures shall be Common Expenses:

- (a) Current expenses, which shall include expenditures within the year for which the budget is made, including reasonable allowances for contingencies and working funds. Current expenses shall not include expenditures chargeable to reserves, or to additional improvements, or to



operations. At the end of each year, the unexpended amount remaining in this account shall be applied to reduce the assessments for current expenses for the succeeding year, or may be distributed to the membership in the same manner as assessed, as the Board shall determine.

- (b) Reserve for deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually.
- (c) Reserve for replacement, which shall include funds for repair or replacement of the Common Elements and those portions of the improvements located thereon which the Condominium Association is obligated to maintain or repair which is required because of damage, depreciation or obsolescence. The amounts in this account shall be allocated among each of the separate categories of replacement items.
- (d) Reserves for capital improvements, which shall include the funds to be used for capital expenditures or for acquisition of additional personal property that will be part of the Common Elements.
- (e) Operations, which shall include all funds from the use of the Common Elements or from any other sources. Only the additional direct expense required by any revenue producing operation will be charged to this account, and any surplus from any operation or otherwise shall be used to reduce the assessments for current expenses for the succeeding year, or at the discretion of the Board, distributed to the current membership in the same manner as assessed. Losses from operations or otherwise shall be

met by special assessments against Unit Owners, which assessments may be made in advance in order to provide a working fund.

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

6.06. Reserves. The Board shall not be obligated to expend all of the revenues collected in any accounting period, and must maintain reasonable reserves for, among other things, repairs, replacements, emergencies, contingencies of bad weather or uncollected accounts. Despite anything herein to the contrary, the Board in its determination of the Common Expenses and the preparation of a budget shall specifically designate and identify that portion of the Common Expenses which is to be assessed against the Unit Owners as a capital contribution and is allocable to reserves for each separate item of capital improvement of and to said Property. The amounts assessed and collected for the reserves shall be kept in one or more interest-bearing savings accounts or certificates of deposit in a federally insured institution and shall not be utilized for any purpose other than that which was contemplated at the time of the assessment. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking or petty cash account, for the necessary discharge of its functions.

6.07. Exemption from Assessments for Capital Improvements. Despite anything to the contrary herein, neither Developer nor any Permitted Mortgage Holder for any Unit shall be

required to pay any assessment for capital improvements, whether by way of regular or special assessments or otherwise. Further, this provision may not be amended without the written consent of the Developer and that of every Permitted Mortgage Holder. Despite the foregoing, the Developer and every Permitted Mortgage Holder shall each be responsible for the installments of regular Common Expense Assessments, or portions thereof, attributable to Units for which a Certificate of Occupancy has been issued and for which they respectively hold title during the time title is held. This includes that portion of same attributable to normal reserves for capital repair and replacement.

6.08. Notice. The Board shall give written notice to each Unit Owner, and to any Eligible Mortgage Holder, of the amount estimated by the Board for Common Expenses for the management and operation of the Condominium Association for the next ensuing budget period, directed to the Unit Owner at his last known address by ordinary mail, or by hand delivery. Said notice shall be conclusively presumed to have been delivered five (5) days after deposit in the United States mails. After control of the Board has been turned over to Unit Owners other than the Developer, if an Annual Common Expense Assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior year's assessment, and monthly installments on such assessment shall be due upon each installment payment date until changed by an amended assessment. In the event the Annual Common Expense Assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board, provided that nothing herein shall serve to prohibit or prevent the Board from imposing a lump sum assessment in the case of any immediate need or emergency which cannot be met by reserve funds allocated for such contingency.

6.09. Acceleration of Assessment Installment Upon Default. If a Unit Owner shall be in default in the payment of an installment upon a Common Expense Assessment, the Board may accelerate the remaining installments of the assessment and file a lien for each accelerated amount upon notice to such defaulting Unit Owner. If the delinquent installment has not been theretofore paid and if the Board elected to accelerate the remaining installments, the then unpaid balance of the Common Expense Assessment shall become due upon the date stated in the notice, which date shall not be less than five (5) calendar days after delivery of the notice to such Unit Owner, or not less than ten (10) calendar days after the mailing of such notice to him by registered or certified mail, whichever shall first occur. If no such notice is given or if such notice is given, but the Board did not elect to accelerate the remaining installments and default shall continue for a period of thirty (30) calendar days, then the Board shall be required (i) to accelerate the remaining installments of the assessment for the current year upon notice to the defaulting Unit Owner, and (ii) to file a lien for such accelerated assessments as permitted by law. In such latter event, the Board may also notify any Permitted Mortgage Holder holding a mortgage which encumbers the Unit affected by such default. If said default continues for a period of ninety (90) calendar days then the Board shall foreclose the foregoing lien pursuant to law and/or commence a suit against the appropriate parties to collect said assessment.

6.10. Interest and Counsel Fees. The Board at its option shall have the right in connection with the collection of any Common Expense Assessment, or other charge, to impose an interest or (to the extent permitted by the law of New Jersey) a late charge not to exceed the legal maximum rate permitted by law if such payment is made after a date certain stated in such notice. In the event that the Board shall effectuate collection of said assessments or charges by

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

6.11. Assessment of Expenses in Actions By or Against Condominium Association;  
Allocation of Awards.

- (a) Common Expenses. In the case of any action or proceeding brought or defended by the Condominium Association or the Board pursuant to the provisions of these By-Laws, the reasonable costs and expenses of preparation and litigation, including attorneys and expert witness fees, shall be a Common Expense allocated to all Unit Owners. All Common Expense Assessments received and to be received by the Board, for the purpose of paying any judgment obtained against the Condominium Association or the Board and the right to receive such funds, shall constitute trust funds and same shall be expended first for such purpose before expending any part of same for any other purpose.
- (b) Allocation of Awards. Money judgments recovered by the Condominium Association in any action or proceeding brought hereunder, including costs, penalties or damages shall be deemed a special fund to be applied to (1) the payment of unpaid litigation expenses; (2) refunding to the Unit Owners the cost and expenses of litigation advanced by them; (3) Common Charges, if the recovery thereof was the purpose of the litigation; (4) repair or reconstruction of the Common Elements if

recovery of damages to same was the motivation for the litigation; and (5) any amount not applied to (1), (2), (3) and (4) above shall at the discretion of the Board be treated either as (i) a common surplus which shall be allocated and distributed pursuant to the provisions of the Master Deed or (ii) a set off against the common charges generally.

Despite the foregoing, if a Unit Owner(s), the Board or any other person or legal entity affected by any such distribution, shall assert that the damages sustained or the diminution in value suffered by a Unit Owner(s) was disproportionate to his or their percentage of common interest, in that event the matter shall be decided in accordance with the procedures set forth in Article XV hereof.

- (c) Recovery by Owner. In the event that a Unit Owner(s) succeeds in obtaining a judgment or order against the Condominium Association or the Board, then in addition to any other sums to which said Unit Owner(s) would otherwise be entitled by such judgment or order, he or they shall also be entitled to the restitution or recovery of any sums paid to the Board as assessments for litigation expenses in relation to said action or proceeding.

6.12. Power of Attorney to Permitted Mortgage Holder. If the Board shall not cause the enforcement procedures provided in Sections 6.08 and 6.09 above to be implemented within the time provided, any Permitted Mortgage Holder for any Unit as to which there shall be such unpaid Common Expense Assessments is hereby irrevocably granted a power of attorney to

commence such actions and to invoke such other remedies, all in the name of the Condominium Association. This power of attorney is expressly stipulated to be coupled with an interest in the subject matter.

6.13. Annual Audit. The Board shall submit the books, records and memoranda of the Condominium Association to an annual audit by an independent certified public accountant who shall audit same and render a report thereon in writing to the Board and in summary form to the Unit Owners and such Eligible Mortgage Holders or other persons, firms or corporation as may be entitled to same. While the Developer has the right to designate a majority of the Directors to the Board, an annual audit shall be performed by an independent certified public accountant at the Condominium Association's expense, a copy of which report shall be delivered to each Unit Owner within ninety (90) calendar days of the expiration of the fiscal year of the Condominium Association. The audit shall cover the operating budget and reserve accounts.

6.14. Examination of Books. Each Unit Owner shall be permitted to examine the books of account of the Board by appointment at a reasonable time on business days; provided, however, that the Treasurer of the Condominium Association has been given at least ten (10) calendar days prior written notice of the Unit Owner's desire to make such an examination.

6.15. Fidelity Bonds. Fidelity bonds shall be required by the Board from all persons handling or responsible for Condominium Association funds. The amount of such bonds shall be determined by the Board in its sole discretion. The premiums on such bonds shall be paid by the Condominium Association. While the Developer has the right to designate a majority of the Directors to the Board, Developer shall post a fidelity bond or other guarantee acceptable to the Department of Community Affairs, at the Condominium Association's expense, in an amount

equal to the annual budget. For the second and succeeding years, the bond or other guarantee shall include accumulated reserves.

## ARTICLE VII

### OFFICERS

7.01. Designation. The principal officers of the Condominium Association shall be a President, a Vice-President, both of whom shall be members of the Board, a Secretary and a Treasurer. The Board may also appoint such other Assistant Treasurers and Assistant Secretaries as in its judgment may be necessary. Any two (2) offices, except that of President and Vice-President, may be held by one person.

7.02. Election of Officers. The officers of the Condominium Association shall be elected annually by the Board at the first Board of Directors meeting following each annual meeting and such officers shall hold office at the pleasure of the Board.

7.03. Removal of Officers. Upon an affirmative vote of a majority of the full number of Directors, any officer may be removed, either with or without cause, after opportunity for a hearing, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

7.04. Duties and Responsibilities of Officers.

- (a) The President shall be the chief executive officer of the Condominium Association. He shall preside at all meetings of the Condominium Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of an association. He shall also serve as the Condominium Association's delegate to the



Community Association, and shall exercise all duties and fulfill all responsibilities attendant to that position. In the event he is unable or elects not to serve in this capacity or to attend any meeting of the Trustees of the Community Association, the President shall have the right to designate the Vice President, or another person in the Vice President's absence, to serve in such capacity or to attend any such meeting.

- (b) 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 Director 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.
- (c) The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the members of the Condominium Association; the Secretary shall have charge of such books and papers as the Board may direct; and the Secretary shall, in general, perform all the duties incident to the office of the Secretary.
- (d) The Treasurer shall have the responsibility for the custody of the Condominium Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Condominium Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the

name, and to the credit of the Condominium Association in such depositories as may from time to time be authorized by the Board.

7.05. Other Duties and Powers. The Officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board.

7.06. Eligibility of Directors. Nothing herein contained shall prohibit a Director from being an Officer.

7.07. Officers as Members of Board of Trustees of Community Association. The President of the Board of Directors, or his designee from among the other Board members of the Condominium Association, shall also serve as a Trustee on the Board of the Community Association in accordance with its Declaration.

## ARTICLE VIII

### COMPENSATION, INDEMNIFICATION AND EXCULPABILITY OF OFFICERS, DIRECTORS AND COMMITTEE MEMBERS

8.01. Compensation. No compensation shall be paid to any Officer, Director or Committee Member, except that the Secretary and/or Treasurer may be compensated for their services if the Board determines that such compensation is appropriate. Nothing herein stated shall prevent any Officer, Director or Committee Member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Condominium Association, provided, however, that any such expenses incurred or services rendered shall have been authorized in advance by the Board.

8.02. Indemnification. Each Director, Officer or Committee Member of the Condominium Association, shall be indemnified by the Condominium Association against the

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

8.03. Exculpability. Unless acting in bad faith, neither the Board as a body nor any Director, Officer, or Committee Member shall be personally liable to any Unit Owner in any respect for any action or lack of action arising out of the execution of his office. Each Unit Owner shall be bound by the good faith actions of the Board, Officers and Committee Members of the Condominium Association, in the execution of the duties of said Directors, Officers and Committee Members. Nothing contained herein shall be construed so as to exculpate members of the Board of Directors appointed by the Developer from discharging their fiduciary responsibilities.

## ARTICLE IX

### ARCHITECTURAL REVIEW COMMITTEE

9.01. Purpose. The Board may establish an Architectural Review Committee ("ARC"), consisting of up to five (5) members appointed by the Board, but not to include a member of the Board. Each member shall serve for a staggered term of two (2) years, in order to assure that the Condominium shall always be maintained in a manner:

- (1) providing for architectural consistency, visual and aesthetic harmony and soundness of repair;
- (2) avoiding activities deleterious to the aesthetic or property values of the Condominium;
- (3) furthering the comfort of the Unit Owners, their guests, invitees and lessees; and
- (4) promoting the general welfare and safety of the Condominium community.

9.02. Powers. The ARC shall regulate the external design, appearance, use and maintenance of the Condominium, including the Common Elements and the Units, in accordance with standards and guidelines contained in the Master Deed or these By-Laws or otherwise adopted by the Board ("Architectural Restrictions"). The ARC shall have the power, or upon petition of any owner or upon its own motion, to issue a cease and desist order to a Unit Owner or his lessees whose actions are inconsistent with the foregoing standards and guidelines. The ARC shall provide interpretations of the Architectural Restrictions when requested to do so by a Unit Owner or the Board. Any action, ruling or decision of the ARC may be appealed to the Board by any party deemed by the Board to have standing as an aggrieved party within forty-five (45) days of the receipt of the written determination of the ARC. If said action, ruling or decision is appealed to the Board within said forty-five (45) days, the Board may modify, reverse or confirm any such action, ruling or decision. If said action, ruling or decision is not appealed to the Board within said forty-five (45) days, then the decision of the ARC shall be binding. The decision of the Board can only be appealed to a court of competent jurisdiction or, with the

consent of all parties, to the ADR Committee for binding arbitration, subject, however, to the right to mediation or non-binding arbitration in Section 12.05 hereof.

9.03. Authority. The ARC shall carry out and exercise its power and authority in the manner provided for in any Rules and Regulations adopted by the Board.

## **ARTICLE X**

### **ALTERNATIVE DISPUTE RESOLUTION COMMITTEE**

10.01. Designation. The Board shall establish an Alternative Dispute Resolution Committee ("ADR Committee"), consisting of a chairperson and two or more members, none of whom may be members of the Board or an employee of the Condominium Association. The ADR Committee shall serve indefinitely as the pleasure of the Board.

10.02. Powers. The ADR Committee shall have the power to appoint a subcommittee from among its members and may delegate to any such subcommittee any of its powers, duties and functions.

10.03. Authority. It shall be the duty of the ADR Committee to attempt to resolve complaints from members on any matters involving alleged violations of any restrictions, rules and regulations set forth in the Condominium Documents. Its authority does not extend to collection matters or governance of the Condominium, except to the extent that the Board may delegate said authority.

## **ARTICLE XI**

### **ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY THE CONDOMINIUM ASSOCIATION**

11.01. Approval by Unit Owners. Whenever, in the judgment of the Board, the Common Elements require a new capital improvement costing in excess of \$5,000.00 said improvement

shall not be made unless it has been authorized by a written resolution approved by a majority of votes present in person or by proxy at a meeting of the Members at which a quorum is present. When said authorization has been obtained, all Unit Owners benefiting from same shall be assessed for the cost thereof as a Common Expense.

11.02. Emergency. Despite Section 11.01, in the event of any emergency which could cause damage to the Common Elements as to any Building or part(s) thereof, the Board may expend sums in excess of \$5,000.00 to protect the said Building or part(s) and the judgment of the Board shall be final.

## ARTICLE XII ENFORCEMENT

12.01. Enforcement. The Board shall have the power, at its sole option, to enforce the terms of this instrument or any rule or regulation promulgated pursuant thereto, by any or all of the following: self-help in the case of an emergency; sending notice to the offending party to cause certain things to be done or undone; restoring the Condominium Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the duly constituted governmental authorities; or by taking any other action before any court, summary or otherwise, as may be provided by law.

12.02. Fines. To the extent now or hereafter permitted by the law of the State of New Jersey, the Condominium Association shall also have the power to levy fines against any Unit Owner(s) for violation(s) of any Rule or Regulation of the Condominium Association or for any covenants or restrictions contained in the Master Deed or By-Laws, except that no fine may be levied for more than the maximum amount permitted by law for any one violation; provided,

however, that for each day a violation continues after notice it shall be considered a separate violation. Collection of the fines may be enforced against any Unit Owner(s) involved as if the fine were a Common Expense owed by the particular Unit Owner(s). Despite the foregoing, before any fine is imposed by the Condominium Association, the Unit Owner involved shall be given at least ten (10) days prior written notice and afforded an opportunity to be heard, with or without counsel, with respect to the violation(s) asserted.

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

12.04. Cause of Action Against Condominium Association. Subject to the mediation requirement set forth herein, Unit Owners shall have a cause of action, to the extent permitted by the laws of this State, against the Condominium Association for its failure to act in accordance with the Condominium Documents or any formal decisions of the Condominium Association. Any dispute between or among Unit Owners or with the Condominium Association, other than collection matters, must first be submitted to the ARC for mediation before any litigation is commenced with respect to the dispute in question, as contemplated by N.J.S.A. 45:22A-44(c). Such mediation shall be conducted in accordance with the Procedures for Alternative Dispute Resolution of the Condominium Association formally established by the Condominium Association.

12.05. Alternative Dispute Resolution Procedure.

a. Authority. The ADR Committee shall have the power and authority to resolve disputes arising under and to enforce the provisions of the Condominium Documents,

including the right to (i) impose temporary cease and desist orders and (ii) levy fines pursuant to Section 12.02 hereof to the extent permitted by law. The ADR Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by Resolution of the Board of Directors. Despite the foregoing, no action may be taken by the ADR Committee without giving the Unit Owner(s) involved at least ten (10) days prior written notice and affording the Unit Owner an opportunity to be heard, with or without counsel, with respect to the violation(s) asserted.

Further, any Unit Owner who is aggrieved by any decision of the ADR Committee shall have the right to appeal such decision to a court of competent jurisdiction. Any dispute between or among Unit Owners or with the Condominium Association, other than collection matters, must first be submitted to the ADR Committee for mediation or non-binding arbitration before any litigation is commenced with respect to the dispute in question, all as contemplated by N.J.S.A. 45:22A-44(c) and Section 12.02 hereof. If there is not an appeal to a court of competent jurisdiction within forty-five (45) days of the decision by the ADR Committee, the decision of the ADR Committee shall be binding on all parties and shall have full force and effect under the laws of the State of New Jersey. The expenses for mediations or non-binding arbitration are Common Expenses of the Condominium Association. However, if the Unit Owner requests binding arbitration, then the expenses are shared equally between the Unit Owner and the Condominium Association unless the arbitrator determines otherwise. Moreover, nothing herein shall prevent the Condominium Association from charging a reasonable application fee to any party who request mediation or arbitration.



b. **Mediation Alternative.** Prior to the commencement of any non-binding arbitration hearing by the ADR Committee pursuant to Section 12.01, any party to the dispute, or the ADR Committee on its own motion, may request mediation of the dispute by an impartial mediator appointed by the ADR Committee in order to attempt to settle the dispute in good faith. Such mediator may be a member of the ADR Committee, its counsel or any other qualified mediator. Any such mediation shall be concluded within fifteen (15) days after such request, unless extended by the mediator for good cause. In the event that no settlement is reached within said fifteen (15) day period, all relevant time periods in the hearing process shall be extended for fifteen (15) days plus any extension period.

12.06. Compliance by Members. Each Member shall comply with and shall assume ownership or occupancy subject to the laws, rules and regulations of governmental authorities having jurisdiction over the Condominium, and the provisions of the Master Deed, the Certificate of Incorporation and By-Laws of the Condominium Association, Rules and Regulations or any other documents, amendments or supplements to the foregoing. Failure to comply with any of the foregoing shall be grounds for commencement of action for the recovery of damages, or for injunctive relief, or both, by the Developer, the Condominium Association, or any Member, in any court or administrative tribunal having jurisdiction, against any person or persons, firm or corporation violating or attempting to violate or circumvent any of the aforesaid, and against any Member, to enforce any lien created by the Master Deed or any covenant contained therein. Failure by the Developer, the Condominium Association, or any Member to enforce any covenant therein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce same.

12.07. Civil Action for Damages. The Condominium Association shall not be liable in any civil action brought by or on behalf of a Unit Owner to respond in damages as a result of bodily injury to the Unit Owner occurring on the premises of the Condominium Association except as a result of willful, wanton or the grossly negligent act or commission or omission.

### ARTICLE XIII

#### AMENDMENTS

13.01. Procedure for Amending. Subject to the restrictions in Section 13.02 of these By-Laws, these By-Laws may be altered or repealed, or new By-Laws may be made, at any meeting of the Condominium Association duly held for such purpose, and previous to which written notice to Unit Owners of the exact language of the amendment or of the repeal shall have been sent, a quorum being present, by an affirmative vote of 51% of all of the Unit Owners in the Condominium, in person or by proxy.

13.02. Prohibition. Despite anything contained herein to the contrary in any Article of these By-Laws,

- (a) The first annual meeting may not be advanced;
- (b) The first Board (including replacements in case of vacancies) may not be enlarged or removed;
- (c) The obligation or the proportionate responsibility for the payment of Common Expenses with respect to Units or the Common Elements may not be changed by reason of any such new By-Law, amendment or repeal;

- (d) No such new By-Law, amendment or repeal shall in any way affect the Developer, or its respective successor, unless the Developer, or its respective successor, has given its prior written consent thereto; and
- (e) No amendment shall revoke or diminish the delegation of any power or duty to the Board.

The Developer shall not be permitted to cast any votes held by him for unsold lots, parcels, units or interests for the purpose of amending the Master Deed, these By-Laws or any other document for the purpose of changing the permitted use of a lot, parcel, unit or interest, or for the purpose of reducing the common elements or facilities or for electing Unit Owner Directors.

#### **ARTICLE XIV**

##### **CONFLICT; INVALIDITY**

14.01. Conflict. Despite anything to the contrary herein, if any provision of these By-Laws is in conflict with or contradiction of the Master Deed, the Certificate of Incorporation or with the requirements of any law, then the requirements of the Master Deed or law shall be deemed controlling.

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

#### **ARTICLE XV**

##### **NOTICE**

15.01. Notice to Unit Owners. Any notice required to be sent to any Unit Owner or Eligible Mortgage Holder under the provisions of the Master Deed, the Certificate of

Incorporation or these By-Laws shall be deemed to have been properly sent and notice thereby given, when mailed, by regular post with postage prepaid, addressed to the Unit Owner at the last known post office address of the person who appears as a member on the records of the Condominium Association at the time of such mailing. Notice to one of two or more Co-Owners of a Unit shall constitute notice to all Co-Owners. Valid notice may also be given to Unit Owners by (i) personal delivery to any occupant of said Unit over 14 years of age or (ii) by affixing said notice to or sliding same under the front door of any Unit.

15.02. Notice of Change of Address. It shall be the obligation of every Unit Owner to immediately notify the Secretary of the Condominium Association in writing of any change of address.

## ARTICLE XVI

### CORPORATE SEAL

The Condominium Association shall have a seal in circular form having within its circumference the words "Cinnaminson Harbour Carriage Homes Condominium Association, Inc."

**BY-LAWS**  
**OF**  
**THE VILLAGES AT CINNAMINSON HARBOUR COMMUNITY ASSOCIATION, INC.**

TABLE OF CONTENTS

FOR

BY-LAWS OF THE VILLAGES AT CINNAMINSON HARBOUR  
COMMUNITY ASSOCIATION, INC.

Page

ARTICLE I NATURE OF BY-LAWS .....1  
1.01 Purpose.....1  
1.02 Definitions.....1  
1.03. Fiscal Year.....1  
1.04 Principal Office.....1

ARTICLE II MEMBERSHIP AND VOTING RIGHTS .....1  
2.01 Members .....1  
2.02 Member in Good Standing.....2  
2.03 Associate Members.....2  
2.04. Change of Membership.....3  
2.05. Rights of Membership.....3  
2.06. Suspension of Rights.....3  
2.07. Contribution to Capital .....4  
2.08. Votes .....4

ARTICLE III MEETINGS OF OWNERS .....5  
3.01 Place of Meetings.....5  
3.02. Annual Meetings.....5  
3.03 Special Meetings.....6  
3.04 Notice of Meeting.....6  
3.05 Quorum and Adjourned Meetings.....7  
3.06. Organization.....7  
3.07. Voting On Questions.....7  
3.08. Voting in Elections of Trustees.....8  
3.10. Proxies.....8  
3.11. Judges .....8  
3.12. Order of Business.....9

ARTICLE IV BOARD OF TRUSTEES.....10  
4.01. Qualifications.....10  
4.02. Number.....11  
4.03. Election.....11  
4.04. Term of Office.....13  
4.05. Removal of Members of the Board of Trustees.....13  
4.06. Vacancies.....14

ARTICLE V TRANSACTION OF BUSINESS BY THE BOARD OF  
TRUSTEES.....14  
5.01 Express and Implied Powers and Duties.....14

5.02.	Developer's Protective Provisions.....	15
5.03.	Meeting of the Board; Notices; Waiver of Notice.....	16
5.04.	Quorum and Adjourned Meetings.....	17
5.05.	Joinder in Meetings by Approval of Minutes.....	17
5.06.	Non-Waiver.....	17
5.07.	Consent in Lieu of Meeting and Vote.....	18
5.08.	Meetings Open to Owners; Notice.....	18
ARTICLE VI POWERS AND DUTIES OF BOARD OF TRUSTEES .....		19
6.01.	General Powers and Privileges.....	19
6.02.	Duties and Responsibilities.....	22
ARTICLE VII FISCAL MANAGEMENT.....		27
7.01.	Budget; Common Expense Assessments.....	27
7.02.	Determination of Common Expenses.....	28
7.03.	Disbursements.....	28
7.04.	Depositories.....	28
7.05.	Accounts.....	28
7.06.	Reserves.....	30
7.07.	Notice; Emergencies.....	31
7.08.	Acceleration of Assessment Installment Upon Default.....	31
7.09.	Interest and Counsel Fees.....	32
7.10.	Assessment of Expenses in Actions by or against Community Association; Allocation of Awards.....	33
7.11.	Power of Attorney to Holder of a Permitted Mortgage.....	34
7.12.	Annual Audit.....	34
7.13.	Examination of Books.....	35
7.14.	Fidelity Bonds.....	35
ARTICLE VIII OFFICERS.....		36
8.01.	Designation.....	36
8.02.	Election of Officers.....	36
8.03.	Removal of Officers.....	36
8.04.	Duties and Responsibilities of Officers.....	36
8.05.	Other Duties and Powers.....	37
8.06.	Eligibility of Trustees.....	37
ARTICLE IX COMPENSATION, INDEMNIFICATION AND EXCULPABILITY OF OFFICERS, TRUSTEES AND COMMITTEE MEMBERS.....		37
9.01.	Compensation.....	37
9.02.	Indemnification.....	38
9.03.	Exculpability.....	38
ARTICLE X ALTERNATIVE DISPUTE RESOLUTION COMMITTEE.....		38
10.01.	Designation.....	38
10.02.	Subcommittees.....	39
10.03.	Authority.....	39

ARTICLE XI ENFORCEMENT .....39

    11.01. Enforcement .....39

    11.02. Fines .....39

    11.03. Waiver .....40

    11.04. Cause of Action Against Community Association .....40

    11.05. Alternative Dispute Resolution Procedure .....40

    11.06. Compliance by Members .....42

    11.07. Civil Action for Damages .....42

ARTICLE XII AMENDMENTS .....43

ARTICLE XIII CONFLICT; INVALIDITY .....43

    13.01. Conflict .....43

    13.02. Invalidity .....43

ARTICLE XIV NOTICE .....44

ARTICLE XV CORPORATE SEAL .....44



## BY-LAWS

### OF

## THE VILLAGES AT CINNAMINSON HARBOUR COMMUNITY ASSOCIATION, INC.

### ARTICLE I

#### NATURE OF BY-LAWS

1.01. Purpose. These By-Laws are intended to govern the administration of The Villages at Cinnaminson Harbour Community Association, Inc. (the "Community Association"), a non-profit corporation organized under Title 15A of the New Jersey Statutes Annotated, and provide for the management, administration, utilization and maintenance of the Community Common Property described in the Declaration of Covenants, Easements and Restrictions for The Villages at Cinnaminson Harbour Community (the "Declaration"), and any amendments or supplements thereto.

1.02. Definitions. Unless the context clearly indicates otherwise, all definitions set forth in the Declaration for The Villages at Cinnaminson Harbour Community are incorporated herein by reference.

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

1.04. Principal Office. The principal office of the corporation is initially located at 433 River Road, Highland Park, New Jersey 08904.

### ARTICLE II

#### MEMBERSHIP AND VOTING RIGHTS

2.01. Members. Every person, firm, association, corporation or other legal entity, including the Developer, who is a record Owner or Co-Owner of the fee simple title to any Home shall be a Member of the Community Association; provided, however, that any

person, firm, association, corporation, or legal entity who holds such title or interest to a Home merely as a security for the performance of an obligation (including, but not limited to, mortgagees or trustees under deeds of trust) shall not be a Member of the Community Association. Despite anything to the contrary in the preceding, the Developer shall have one (1) membership in the Community Association for each contemplated Home which has not been conveyed to an individual purchaser, not to exceed the number of Homes approved by the municipality.

The Membership of the Community Association shall be comprised of two classes:

(a) Members: Every Owner of a Home other than Developer, whose Home is located within the Community, shall be a Member of the Community Association.

(b) Developer: For so long as Developer owns lands within the Community, Developer shall be a member of the Community Association.

2.02. Member in Good Standing. A Member shall be deemed to be in good standing for voting purposes, as well as any related requirement as may be established by the Board of Trustees, if, at least thirty (30) days prior to the date fixed for such meeting, he has fully paid all installments due for assessments made or levied against him and his Home by the Board of Trustees as hereinafter provided, together with all interest, costs, attorney's fees penalties and other expenses, if any, properly chargeable to him and to his Home. Any date set forth in these By-Laws for determining good standing for voting purposes, as well as any related requirement which may be established by the Board of Trustees, shall be deemed supplemental to, and not in derogation of, the record date provisions of N.J.S.A. 15A:5-7.

2.03. Associate Members. Every person who is entitled to possession and occupancy of a Home as a tenant or lessee of an Owner may be an Associate Member of the

Community Association, but shall not be entitled to any vote with respect to Community Association matters.

2.04. Change of Membership. Change of membership shall be accomplished by recording in the Office of the Burlington County Clerk a deed or other instrument establishing a record title to a Home, and delivery to the Secretary of the Community Association of a certified copy of such instrument, together with such sums of money as are required for the payment of any contribution to capital or escrow deposit. The membership of the prior Owner shall be thereby terminated.

2.05. Rights of Membership. Every person who is entitled to membership in the Community Association and permanently resides in a Home, pursuant to the provisions of the Certificate of Incorporation and these By-Laws, including any Associate Member, shall be privileged to use and enjoy the Community Common Property, subject to the right of the Community Association to:

- (a) Promulgate, adopt and enforce rules and regulations governing such use and enjoyment; and
- (b) Suspend the use and enjoyment of the Community Common Property as provided in Section 2.06; and
- (c) Transfer, grant or obtain easements, licenses and other property rights with respect to the Community Common Property as provided in Section 6.01(k) hereof.

2.06. Suspension of Rights. The membership and voting rights of any member may be suspended by the Board of Trustees for any period during which any assessment against the Home to which his membership is appurtenant remains unpaid; but upon payment of such assessments, and any interest accrued thereon, by cash, money order, or certified or collected

funds, his rights and privileges shall be immediately and automatically restored. Section 2.02 hereof shall govern the restoration of voting rights. Further, if rule and regulations governing the use of the Community Common Property or Homes, or the conduct of persons in the Community thereon have been adopted and published, as authorized herein, the rights and privileges of any person in violation thereof or in violation of any non-monetary covenant of the Declaration may be suspended at the discretion of the Board of Trustees for a period not to exceed thirty (30) days for any single violation, but if the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board of Trustees until the Owner is afforded an opportunity for a hearing consistent with the principles of due process of law.

2.07. Contribution to Capital. Each Owner, excluding Developer, shall pay to the Community Association upon acquisition of title to his Home a nonrefundable and nontransferable contribution to the Community Association in the amount of \$200.00 for the Home at the time of the acquisition, which may be used for working capital or for any other lawful purpose and need not be replenished if it is so utilized. The payment of such contribution shall be a condition precedent to exercise rights of membership in the Community Association upon the initial sale or a subsequent transfer of title to a Home. Any unpaid contribution shall be deemed a lien on the Home in the same manner as any unpaid Common Expenses attributable to such Home.

2.08. Votes. Each Owner shall be entitled to such vote(s) for each Home to which he holds title as is provided in Section 3.01 of the Declaration. When more than one person holds title the vote(s) for each Home shall be exercised as the Co-Owners themselves determine. When one or more Co-Owners signs a proxy or purports to vote for his or her Co-Owners, such vote(s) shall be counted unless one or more of the other Co-Owners is present

and objects to such vote(s); or, if not present, submits a proxy or objects in a writing delivered to the Secretary of the Community Association before the vote(s) is counted. If Co-Owners disagree as to the vote(s), the vote shall be split equally among the Co-Owners.

Initially, the Developer shall have five hundred six (506) memberships in the Community Association, representing one membership for each Home or potential Home to which title has not been conveyed. Upon conveyance of title to a Home, each purchaser automatically becomes a Member of the Community Association. However, upon each conveyance of title of a Home by Developer to another Owner, such Owner shall become entitled to one vote for each Home purchased, and the number of votes held by Developer shall be reduced accordingly. Developer's votes shall be cast by such persons as it may from time to time designate. Votes not held by Developer shall be cast in person or by proxy, as otherwise provided herein. It is understood that in the event that the number of Homes ultimately established in the Community is less than five hundred six (506), the number of votes in the Community Association shall be equal to the number of Homes established. The Developer shall not be permitted to vote for the purposes of (i) amending the Community Association Documents, (ii) changing the permitted use of a Home or (iii) reducing the Community Common Property or common facilities.

### ARTICLE III

#### MEETINGS OF OWNERS

3.01. Place of Meetings. All meetings of the Members of the Community Association shall be held at the Community or at such other place convenient to the members as may be designated by the Board of Trustees.

3.02. Annual Meetings. All annual meetings of the Community Association shall be held on the day and month of the year to be established by the Board of Trustees, except

that the first such annual meeting shall be held not more than thirteen (13) months following the incorporation of the Community Association. The election of Trustees shall take place at each annual meeting subsequent to the Transition Elections held in accordance with Section 4.03. If the election of Trustees is not held at the annual meeting or any adjournment of such meeting, the Board of Trustees shall cause the election to be held at a special meeting as soon thereafter as may be convenient. At such special meeting, the Owners may elect the Trustees and transact other business with the same force and effect as at an annual meeting duly called and held. All proxies validly received for the originally scheduled meeting shall remain in full force and effect for any such adjourned meeting or special meeting, and new proxies may be received for any such subsequent meeting.

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

3.04 Notice of Meeting. Except as otherwise provided by law and Section 4.03 herein with respect to transition elections, law or these By-Laws, notice of each meeting of Owners, ~~whether~~ annual or special, shall be given not less than ten (10) days, nor more than ninety (90) days before the day on which the meeting is to be held, to each Owner at his last

known address, by delivering a written or printed notice to each Owner, or by mailing such notice, postage prepaid. Every such notice shall state the time, place, and purpose of the meeting. Notice of any meeting of Owners shall not be required to have been sent to any Owners who shall attend such meeting in person or by proxy. Notice of any adjourned meeting of the Owners shall no be required to be given except when expressly required by law. Except as otherwise expressly required by law, no publication of any notice of a meeting of Owners shall be required.

3.05 Quorum and Adjourned Meetings. At such meeting of the Community Association, persons (including Developer or its representatives) holding twenty-five (25%) percent of the authorized votes present, in person or by proxy, shall constitute a quorum for the transaction of business except where otherwise provided by law. In the absence of a quorum, the person holding votes present in person or by proxy and entitled to vote, may, by majority vote, adjourn the meeting from time to time, until a quorum shall be present or represented. At any such adjourned meeting at which a quorum may be present any business may be transacted which might have been transacted at the meeting originally called.

3.06. Organization. At each meeting of the Community Association, the President, or, in his absence, the Vice President, or the absence of both of them, a person chosen by a majority vote of the Members in Good Standing present in person or represented by proxy, shall act as a chairperson, and the Secretary, or in his absence, a person whom the chairperson shall appoint, shall act as Secretary of the meeting.

3.07. Voting On Questions. Only Owners who are Members in Good Standing shall be entitled to vote on questions. A majority of votes present in person or by proxy at any duly constituted meeting of the membership shall be sufficient on those questions submitted to a vote of the membership. The vote on any question need not be taken by ballot, unless (i) the

chairperson of the meeting determines a ballot to be advisable, or (ii) a majority of the votes present at the meeting determine that the vote on the question submitted shall be taken by ballot.

3.08. Voting in Elections of Trustees. Only Owners who are Members in Good Standing shall be entitled to vote in elections of Trustees. The election of Trustees shall be conducted by written ballot, and the Owner(s) of each Home present in person or by proxy shall be entitled to one vote for each Home to which he holds title. The persons receiving the plurality of votes will be deemed to be elected in order to fill the vacant positions. If ever applicable, candidates polling the highest numbers of votes will be considered elected for the longest period of years. Election of Trustees at all meetings shall be in accordance with this Section 3.08.

3.10. Proxies. Proxy ballots shall be permitted with respect to (i) all elections of Trustees, (ii) all amendments to the Certificate of Incorporation, the Declaration or these By-Laws, (iii) or any other matter that properly comes before a meeting of the membership of the Community Association. Each proxy shall be in writing, signed by the individual Owners (or in the case of joint owners by any one of them), or by his or their duly authorized representative(s) and delivered to the Secretary of the Community Association, or such other person as the President may designate, at least 24 hours prior to the commencement of the meeting at which ballots are to be cast. Proxies may be revoked at any time prior to the opening of the polls, and no proxy shall be voted on after eleven (11) months from its date unless the proxy provides for a longer period, not to exceed three (3) years from the date of execution. All proxies shall be substantially in the form prescribed by the Board of Trustees, and if not in such form, shall be deemed invalid, which determination shall be made in the sole and absolute discretion of the Board of Trustees.

3.11. Judges. If at any meeting of the Owners a vote by ballot shall be taken, the chairperson of such meeting shall appoint two (2) persons to act as Judges with respect to the



ballots. Each Judge so appointed shall first subscribe an oath to execute faithfully the duties of a Judge with strict impartiality and according to the best of his ability. Such Judges shall decide upon the qualifications of voters, shall report the number of votes represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and when the voting is completed, shall ascertain and report the number of votes respectively for and against the questions; but, as to the election of Trustees, the number of votes received by each candidate need not be reported. Reports of Judges shall be in writing and subscribed and delivered by them to the Secretary of the meeting. The Judges need not be Members of the Community Association, and any officer or Trustee of the Community Association may be a Judge on any question other than a vote for or against his election to any position with the Community Association or any other question in which he may be directly interested.

3.12. Order of Business. The order of business at the annual meeting of the Owners or at any special meetings insofar as practicable shall be:

- (a) Calling of the roll and certifying the proxies.
- (b) Proof of notice of meeting and waiver of notice.
- (c) Reading and disposal of any unapproved minutes.
- (d) Appointment of Judges of Election, if appropriate.
- (e) Election of Trustees, if appropriate.
- (f) Receiving reports of officers.
- (g) Receiving reports of committees.
- (h) Old business.
- (i) New business.
- (j) Adjournment.

## ARTICLE IV

### BOARD OF TRUSTEES

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

- (a) Member in Good Standing: Membership in good standing and ownership of a Home shall be a qualification for nomination, appointment, election or service as a Trustee, and for continued service on the Board, excluding any Trustee representing the Developer.
- (b) Representation: Partnerships, corporations, limited liability companies or fiduciaries holding memberships in good standing may designate individuals to be eligible for nomination, appointment or election as Trustees in accordance with the following qualifications:
  - (i) Partnership designees shall be members, employees or agents of the partnership;
  - (ii) Corporate designees shall be officers, stockholders, employees or agents of the corporation; and
  - (iii) Limited liability company designees shall be members or managers of the limited liability company; and
  - (iv) Fiduciary designees shall be fiduciaries, officers, or employees of the fiduciary.

Co-Owners holding a membership in good standing may designate any one of them, but only one of them, to be eligible for nomination, appointment or election as a Trustee;

however, in the case of any disagreement, the express consent of a majority of such Co-Owners shall be required for any one of them to be eligible.

- (c) Disqualification of Trustees. Any Trustee whose membership in the Community Association is not in good standing for thirty (30) consecutive days shall automatically be disqualified as a Trustee upon expiration of said thirty (30) day period and a replacement shall be appointed by the Board of Trustees within thirty (30) days thereafter to serve the remainder of the term as contemplated by Section 4.06 hereof.

Despite the aforesaid, any Trustee who conveys title to his Home and no longer holds title to any other Home is automatically disqualified as a Trustee effective on the date of said conveyance.

4.02. Number. The Board of Trustees shall initially consist of three (3) Trustees (Trustees "A", "B" and "C"). Upon the initial conveyance of one hundred twenty-seven (127) Homes (i.e. 25% of the total number of 506 proposed Homes), the Board shall be expanded to five (5) Trustees, designated Trustees "A", "B", "C", "D", and "E", and the President of Cinnaminson Harbour Carriage Homes Crossings Condominium Association shall assume Trusteeship "A" and the President of the Cinnaminson Harbour Townhomes Condominium Association, if incorporated, shall assume Trusteeship "B". If the President of either such Association is a Developer appointee, then the Owners shall elect from among the Owners an alternate representative to serve each term as Trustee until the President of such Association is duly elected by Owners.

4.03. Election. Within thirty (30) days after the initial conveyance by the Developer of three hundred eighty-one (381) Homes (i.e. 75% of the total number of 506

proposed Homes), Cinnaminson Harbour Townhomes Condominium Association, if incorporated, shall assume Trusteeship "C" and the President of the Community Association shall call a special meeting of the Membership of the Community Association for the purpose of holding the First Election. At this special meeting, Owners other than the Developer shall be entitled to vote for and elect Trustee "D" from the Members at large and the Developer shall be entitled to appoint Trustee "E" for so long as any Home remains unsold in the ordinary course of its business.

Within thirty (30) days after all Homes have been initially conveyed, the President shall again call a special meeting for the Second Election at which Owners other than the Developer shall be entitled to vote for and elect Trustee "E" from the Members at large; provided that the Developer shall be entitled in its discretion to relinquish Trusteeship "E" at the time of the Second Election or any time thereafter prior to the conveyance of the last Home.

In spite of the foregoing, if ten (10) years after the conveyance of the first Home, Owners other than the Developer still own less than 381 Homes, Owners other than the Developer may elect Trustees sufficient to assume control of the Board provided that the Owners other than the Developer agree by majority vote to assume such control as provided by N.J.A.C. 5:26-8.4(d).

Further, only Owners who are Members in Good Standing shall be eligible to be nominated, elected, or to serve on the Board of Trustees, except that in the case of Owners which are partnerships, corporations, limited liability companies or fiduciaries, including Developer, a designee shall be eligible if the Owner is a Member in Good Standing.

Notice of the special meetings called pursuant to this Section for the purpose of holding Transition Elections shall be given not less than twenty (20) nor more than thirty (30) days prior to the date of the meeting.

Regardless of whether or not administrative control of the Board of Trustees has been surrendered to the Owners, as improvements to the Common Property are completed, the Developer shall cause same to be turned over to the Community Association at which time the Community Association shall assume responsibility for the repair and maintenance of same. The satisfactory completion of such improvements shall be evidenced by the issuance of a certificate of occupancy by the Township of Cinnaminson or, where an improvement is not subject to the issuance of a certificate of occupancy, then a certificate signed by an independent architect or engineer selected by the Board of Trustees. This will in no way relieve the Developer of its warranty obligations pursuant to N.J.S.A. 46:3B-1 et seq.

4.04. Term of Office. Developer-appointed Trustees A and B shall serve until their successors have been qualified and elected at the Transition Election. Trustees A and B elected at the First Transition Election shall serve terms expiring at the annual meeting of the membership held in the second calendar year following the year in which the Transition Election is held. Trustees C, D and E shall serve a term expiring at the annual meeting held in the calendar year in which the current term of Trustees A and B expires. Thereafter, all Trustees shall serve for two year terms.

It is the purpose and intent hereof that subsequent to the Second and Third Transition Elections, whichever is applicable, the terms of Trustees A and B shall expire in alternate years to the terms of Trustees C, D and E.

4.05. Removal of Members of the Board of Trustees. At any duly held and constituted regular or special meeting of the Owners, any one or more Trustees may be removed with or without cause by vote of the majority of the Owners present, provided that the notice of the meeting expressly includes this item. A successor may then and there be appointed by a majority of the remaining Owner-elected Trustees to fill the vacancy thus created. Each person

so appointed shall be a Trustee for the remainder of the term of the Trustee whose term he is filling and until his successor is duly elected and qualified. Any Trustee whose removal has been proposed shall be given an opportunity to be heard at the meeting. The failure of any Trustee to be a Member in Good Standing for a period of thirty (30) days or more shall be grounds for removal without any vote of the Members. An Owner-elected Trustee cannot be removed except by a majority vote of the Owners present other than the Developer. In the event that all of the Trustees are removed, successors shall be elected by the Owners other than the Developer in the manner set forth in Section 4.03 to fill the vacancies thus created. This section shall not apply to any Trustee appointed by the Developer.

4.06. Vacancies. Vacancies on the Board of Trustees caused by any reason other than the removal of a Trustee by a vote of the Owners shall be filled by a vote of a majority of the remaining Trustees, including the Developer's appointees, 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 Trustee for the remainder of the term of the Trustee whose term he is filling and until his successor shall have been duly elected and qualified. Despite the foregoing, until the First Transition Election, the Developer shall have the right to fill all vacancies on the Board of Trustees by appointment. Owner-elected vacancies on the Board of Trustees shall only be filled by Owners other than the Developer, whether same be appointed pursuant to the provisions herein, or elected pursuant to the provisions of Section 4.05.

## ARTICLE V

### TRANSACTION OF BUSINESS BY THE BOARD OF TRUSTEES

5.01 Express and Implied Powers and Duties. The property, affairs and business of the Community Association shall be managed by the Board of Trustees, which shall

have all those powers granted to it by the Certificate of Incorporation, the Declaration, these By-Laws, and by law.

5.02. Developer's Protective Provisions. After control of the Board of Trustees has become vested in Trustees elected by Members other than the Developer, and so long as the Developer owns at least one (1) Home and holds same for sale in the ordinary course of its business, the following shall apply:

- (a) Neither the Community Association nor its Board of Trustees shall take any action that will impair or adversely affect the rights of the Developer or cause the Developer to suffer any financial, legal or other detriment, including but not limited to any direct or indirect interference with the sale of Homes, or the assessment of the Developer for capital improvements.
- (b) The Community Association and its Board of Trustees shall continue the same level of maintenance, operation and services as provided immediately prior to the assumption of control of the Community Association and the Board of Trustees by Members other than the Developer.
- (c) In furtherance of the foregoing provisions, the Developer shall have the right to veto any and all actions of the Community Association or the Board of Trustees which may have any direct or indirect detrimental impact upon the Developer as may be determined by the sole reasonable discretion of the Developer.
- (d) The Developer shall exercise its veto right, in its sole and absolute discretion, within ten (10) days after its receipt of notice that a

resolution or other action is proposed or has been taken by the Community Association or its Board of Trustees. In such event, the Developer shall notify the Secretary of the Community Association of its exercise of its veto right and any such proposal or action shall be deemed null and void ab initio and of no further force and effect.

The aforementioned protective provisions shall be construed in accordance with and not in derogation of N.J.A.C. 5:26-8.4 of the regulations promulgated pursuant to the New Jersey Planned Real Estate Development Full Disclosure Act, N.J.S.A. 45:22A-1 et seq., and same shall not be amended without the express written consent of the Developer.

5.03. Meeting of the Board; Notices; Waiver of Notice. The first meeting of the Board shall be held within ten (10) days after the first annual meeting of the Owners and at such time and place as shall be fixed by a majority of the Board. No notice shall be necessary. Thereafter, regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board, but at least two (2) meetings shall be held each year. Notice of regular meetings of the Board shall be given to each Trustee by telephone, mail, or telegram at least three (3) days prior to the day of the meeting. Special meetings of the Board may be called by the President on three (3) days notice to each Trustee given by telephone, mail or telegram, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or the Secretary in like manner and on like notice on the written request of at least two (2) Trustees. Any Trustee may waive notice of any meeting of the Board in writing at any time, and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by a Trustee at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the Trustees



are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. In the discretion of the Board of Trustees, meetings of the Board of Trustees, or portions thereof, may be open to Members of the Community Association or other persons for observation or participation in such manner and to the extent as the Board of Trustees may deem appropriate.

5.04. Quorum and Adjourned Meetings. At all meetings of the Board of Trustees, a majority of the Trustees shall constitute a quorum for the transaction of business and the votes of a majority of the Trustees present and voting at a meeting at which a quorum is present shall constitute a valid decision. If at any meeting of the Board, there shall be less than a quorum present, the Trustees present shall adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business which may have been transacted at the original meeting may be transacted without further notice. The vote of a majority of those present at a Board meeting at which a quorum is present shall be necessary for valid action by the Board on any matter.

5.05. Joinder in Meetings by Approval of Minutes. Subject to the provisions of N.J.S.A. 45:22A-46 and N.J.A.C. 5:20-1.1, the transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as if transacted at a meeting duly held after regular call and notice, if (i) a quorum is present; and (ii) either before or after the meeting, each Trustee signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof or of the resolution or act adopted at such meeting. All such waivers, consents or approvals shall be in writing and filed with the Secretary and made a part of the minutes of the meeting even though filed subsequent thereto.

5.06. Non-Waiver. All the rights, duties and privileges of the Board shall be deemed to be continuing and shall not be exhausted by any single act or series of acts. To the

same extent, the failure to use or employ any remedy or right hereunder or hereafter granted shall not preclude its exercise in the future nor shall any custom bind the Board.

5.07. Consent in Lieu of Meeting and Vote. Subject to the provisions of N.J.S.A. 45:22A-46 and N.J.A.C. 5:20-1.1, despite anything to the contrary in these By-Laws, the Certificate of Incorporation or the Declaration, the entire Board of Trustees shall have the power to take action on any matter on which it is authorized to act, without the necessity of a formal meeting and vote, if the entire Board or all the Trustees empowered to act, whichever the case may be, shall consent in writing to such action.

5.08. Meetings Open to Owners: Notice. All Meetings of the Board of Trustees, except conferences or working sessions at which no binding votes are to be taken, shall be open to attendance by all Owners, subject to those exceptions set forth in N.J.S.A. 45:22A-46 and N.J.A.C. 5:20-1.1, as now or hereafter amended. The Board of Trustees may exclude or restrict attendance at those meetings, or portions of meetings, at which any of the following matters are to be discussed: 1) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; 2) any pending or anticipated litigation or contract negotiations; 3) any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his ethical duties as a lawyer; or 4) any matter involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Community Association. Adequate written notice of the time, place and the agenda, to the extent known, of all such open meetings shall be given by the Board of Trustees to all Owners at least forty-eight (48) hours in advance of such meeting in the manner required by N.J.A.C. 5:20-1.2(b). Moreover, the Board of Trustees shall also within seven (7) days following the Annual Meeting of the Community Association post, mail to newspapers and file with the administrator of the business office of the Community Association a schedule of the regular meetings of the

Board of Trustees to be held in the succeeding year, as prescribed by N.J.A.C. 5:20-1.2(c) and make appropriate revisions thereto, all as required by N.J.A.C. 5:20-1.2(c)1.

## ARTICLE VI

### POWERS AND DUTIES OF BOARD OF TRUSTEES

6.01. General Powers and Privileges. Subject to the Declaration, the Community Association may do all that it is legally entitled to do under the laws applicable to its form of organization. The Community Association shall discharge its powers in a manner that protects and furthers the health, safety and general welfare of the residents of the Community. The Community Association shall provide a fair and efficient procedure for the resolution of disputes between individual Owners and the Community Association, and between different Owners, that shall be readily available as an alternative to litigation.

The property, affairs and business of the Community Association shall be managed by its Board of Trustees, which shall have all those powers granted to it by the Community Association Documents and by law.

The Board of Trustees shall have these powers, which include, but which are not necessarily limited to, the following, together with such other powers as may be provided herein or in the Declaration, or By-Laws, or which may be necessarily implied.

- (a) To employ, by contract or otherwise, a manager, managing agent or an independent contractor, to oversee, supervise and carry out the responsibilities of the Board. Such manager or independent contractor shall be compensated upon such terms as the Board deems necessary and proper; and
- (b) To employ any person, firm or corporation to repair, maintain or renovate the Community Common Property; to lay pipes or

culverts; to bury utilities; to put up lights or poles; to erect signs and traffic and safety controls of various sorts on the Community Common Property; and

- (c) To employ professional counsel and to obtain advice from persons, firms or corporations such as, but not limited to, landscape architects, architects, engineers, lawyers and accountants; and
- (d) To employ or contract for water and sewer, electricity and gas or other forms of utilities, cable or master antenna television; and
- (e) To adopt, amend, and publish rules and regulations covering the details of the operation and use of the Community Common Property; and
- (f) To employ all managerial personnel necessary, or enter into a managerial contract for the efficient discharge of the duties of the Board of Trustees hereunder; and
- (g) To arrange for security protection as necessary; and
- (h) To enforce obligations of the Owners and do anything and everything else necessary and proper for the sound management of the Community Common Property, including the right to bring or defend lawsuit to enforce the terms, conditions and restrictions contained in the Declaration, these By-Laws, or any Rules and Regulations; and
- (i) To borrow and repay monies giving notes, mortgages or other security upon such term or terms as it deems necessary; and

- (j) To invest and reinvest monies, sue and be sued, collect interest, dividends, and capital gains; exercise rights; pay taxes; make and enter into contracts; enter into leases or concessions; make and execute any and all proper affidavits for various purposes; compromise any action without leave of court; and all other powers contained herein, and those necessary and incidental thereto; and
- (k) To transfer, grant or obtain easements, licenses and other property rights with respect to the Community Common Property in a manner not inconsistent with the rights of Owners; and
- (l) To bring and defend actions by or against more than one Owner which are pertinent to the operation of the Community, the health, safety or general welfare of the Owners, or any other legal action to which the Owners may consent in accordance with these By-Laws; and
- (m) To appoint an Insurance Trustee, who shall not be a Member of the Community Association, an employee of the Developer, or the manager, who shall discharge his duties in accordance with these By-Laws. In the absence of such an appointment, the Board of Trustees shall be responsible for the disposition of all insurance proceeds; and
- (n) To create, appoint members to and disband such committees as shall from time to time be deemed appropriate or necessary to aid

the Board of Trustees in the discharge of its duties, functions and powers; and

- (o) To establish an Alternative Dispute Resolution Committee as hereinafter provided in Article X; and
- (p) To enter into agreements or other contracts for (i) the management of the Recreation Facility, (ii) the maintenance of any landscaped areas as described in the Declaration, and (iii) the provision of any services requested by the Carriage Homes Condominium Association, the Townhomes Condominium Association or the Luxury Townhomes Condominium Association to be performed on their behalf.

6.02. Duties and Responsibilities. It shall be the affirmative and perpetual obligation and duty of the Board of Trustees to perform the following:

- (a) To cause the Community Common Property to be maintained according to accepted standards and as set forth in the Declaration. All repairs and replacements shall be substantially similar to the original application and installation and shall be of first class quality; and
- (b) To accept the responsibility for performing any responsibilities which are irrevocably delegated to the Community Association by the Carriage Homes Condominium Association, the Townhomes Condominium Association or the Luxury Townhomes Condominium Association, including, but not limited to, the maintenance, repair and replacement of any storm water detention

or retention basins and storm drainage facilities, pursuant to their respective Master Deeds; and

- (c) To investigate, hire, pay, supervise and discharge the personnel necessary to be employed, and provide the equipment and materials necessary, to properly maintain and operate the Community Common Property. Compensation for the services of such employees (as evidenced by certified payroll) shall be considered an operating expense of the Community Association; and
- (d) To cause to be kept a complete record of all its acts and corporate affairs and to present a summary report thereof to the Members at the annual meeting or at any special meeting when requested in writing at least twenty-one (21) days in advance by Members entitled to cast at least twenty-five (25%) percent of the total votes of the Community Association; and
- (e) To allocate common surplus or make repairs, additions, improvements to, or restoration of the Community Common Property in accordance with the provisions of these By-Laws and the Declaration after damage or destruction by any casualty, or as a result of condemnation or eminent domain proceedings; and
- (f) To take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises maintained by the Community Association placed thereon by any federal, state, county or municipal authority having jurisdiction

thereover, and order of the Board of Fire Underwriters or other similar bodies; and

(g) To manage the fiscal affairs of the Community Association as provided in Article VII;

(h) To place and keep in force all insurance coverages required to be maintained by the Community Association, applicable to its property and Members including, but not limited to:

(i) Physical Damage Insurance. To the extent available in the normal commercial marketplace, broad form insurance against loss by fire and against loss by lightning, windstorm and other risks normally included within all risk extended coverage, including vandalism and malicious mischief, insuring all Community Common Property and supplies belonging to the Community Association, and covering the interest of the Community Association, the Board, the Developer, all Owners and any Mortgage Holder who has requested the Community Association in writing to be named as loss payee, as their respective interests may appear, in an amount equal to the full replacement value of the Community Common Property (exclusive of foundations and footings). The amount of any deductible and the responsibility for payment of same shall be determined by the Board, in its sole discretion.



(ii) Public Liability Insurance. To the extent available in the normal commercial marketplace, public liability insurance for personal injury and death from accidents occurring within the Community (and any other areas which the Board of Trustees may deem advisable) and the defense of any actions brought by injury or death of a person or damage to property occurring within the Community and not arising by reason of any act or negligence of any individual Owner. Such insurance shall be in such limits as the Board of Trustees may, from time to time, determine, covering each Trustee, officer, the managing agent, the manager, and each Member, and shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Trustees following the first annual meeting, such public liability insurance shall be in a single limit of \$1,000,000.00 covering all claims for personal injury or property damage arising out of any one occurrence. The Board of Trustees shall review such limits once a year.

(iii) Trustees and Officers Liability Insurance. To the extent available in the normal commercial marketplace, liability insurance indemnifying the Trustees and Officers of the Community Association against the liability for errors and omissions occurring in connection with the performance of

their duties, in an amount of at least \$1,000,000.00, with any deductible amount to be in the sole discretion of the Board of Trustees.

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

(v) Other Insurance. Such other insurance as the Board of Trustees may determine.

All policies shall: (i) provide that adjustment of loss shall be made by the Board of Trustees; (ii) to the extent obtainable contain agreed amount and inflation guard endorsements; construction code endorsement; contingent liability from operation of building laws endorsement; demolition cost endorsement; and increased cost of construction endorsement; (iii) require that the proceeds of physical damage insurance be applied to the restoration of such Property and structural portions and service machinery as required by the Declaration and these By-Laws; (iv) provide that the insurance will not be prejudiced by any act or omission of individual Members that are not under the control of the Community Association; (v) provide that the policy will be primary, even if insurance covering the same loss is held by any Member(s); (vi) to the extent obtainable contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured; and (vii) provide that such policies may not be cancelled without at least thirty (30) days prior written notice to all of the named insureds, including all Owners and Eligible Mortgage Holders.

All policies shall show the named insured as: "The Villages at Cinnaminson Harbour Community Association, Inc." and must require the insurer to notify in writing the Community Association and each Eligible Mortgage Holder or other entity named in the

mortgagee clause at least thirty (30) days before it terminates or substantially changes the Community Association's coverage.

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

The premiums for any and all insurance coverage maintained by the Community Association shall be a Common Expense of the Community Association.

Owners shall not be prohibited from carrying other insurance for their own benefit provided that all such policies shall contain waivers of subrogation; and, further provided that the liability of the carriers issuing insurance obtained by the Board of Trustees shall not be affected or diminished by reason of any such additional insurance carried by any Owner.

## ARTICLE VII

### FISCAL MANAGEMENT

7.01. Budget: Common Expense Assessments. The Board of Trustees shall prepare an annual Common Expense budget that reflects the anticipated operating expenditures and repair and replacement reserve accumulation requirements for the next ensuing fiscal year of the Community Association. Common Expenses shall include, but are not limited to, the estimated costs for the operation, repair and maintenance of the Community Common Property, the estimated costs for the operation of the Community Association, and any reserves for deferred maintenance, replacement, or capital improvements of the Community Common Property. The Board of Trustees shall have the duty to collect from each Owner, his heirs, administrators, successors and assigns, as "Common Expense Assessments," the proportionate

part of the Common Expenses assessed against such Owner as provided in the Declaration, the Certificate of Incorporation, these By-Laws, and in accordance with applicable law.

7.02. Determination of Common Expenses. The amount of monies for Common Expenses deemed necessary by the Board of Trustees and the manner of expenditure thereof, including, but not limited to, the allocation thereof, shall be a matter for the sole discretion of the Board of Trustees.

7.03. Disbursements. The Board of Trustees shall take and hold the funds as collected and shall disburse the same for the purposes and in the manner set forth herein and as required by the Declaration, Certificate of Incorporation, and applicable law.

7.04. Depositories. The depository of the Community Association shall be such a bank or banks as shall be designated from time to time by the Board of Trustees and in which the monies of the Community Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such parties as are authorized by the Board of Trustees, provided that a management agreement may include among its provisions authority for the manager to sign checks on behalf of the Community Association for payment of the obligations of the Community Association, if the proper fidelity bond is furnished to the Community Association.

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

- (a) Current expenses, which shall include expenditures within the year for which the budget is made, including reasonable allowances for contingencies and working funds. Current expenses shall not

include expenditures chargeable to reserves. At the end of each year, the unexpended amount remaining in this account shall be applied to reduce the assessments for current expenses for the succeeding year or may be distributed to the current membership in the same manner as assessed, as the Board of Trustees shall determine.

- (b) Reserve for deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually.
- (c) Reserve for replacement, which shall include funds for repair or replacement of the Community Common Property and those portions of the improvements located on the Community Common Property that the Community Association is obligated to maintain or repair which is required because of damage, depreciation or obsolescence. The amounts in this account shall be allocated among each of the separate categories of replacement items, which amounts and items shall be determined in the sole and absolute discretion of the Board of Trustees.
- (d) Reserves for capital improvements, which shall include the funds to be used for capital expenditures or for acquisition of additional personal property that will be part of the Community Common Property.
- (e) Operations, which shall include all funds from the use of the Community Common Property or from any other sources. Only the additional direct expense required by any revenue producing

operation will be charged to this account, and any surplus from any operation or otherwise shall be used to reduce the assessments for current expenses for the succeeding year, or at the discretion of the Board of Trustees, distributed to the current membership in the same manner as assessed. Losses from operations or otherwise shall be met by special assessments against Owners, which assessments may be made in advance in order to provide a working fund.

- (f) Working capital, including those nonrefundable and nontransferable contributions imposed upon each Owner upon acquisition of title to a Home pursuant to Section 2.07, which may be used by the Board of Trustees in its reasonable discretion for working capital or for any other lawful purpose (but not in order to reduce the Annual Common Expense Assessment).

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

7.06. Reserves. The Board of Trustees shall not be obligated to spend all of the revenues collected in any accounting period and must maintain reasonable reserves for, among other things, repairs, replacements, emergencies, contingencies for bad weather or uncollected accounts. Despite anything herein to the contrary, the Board of Trustees in its determination of the Common Expenses and the preparation of a budget shall specifically designate and identify

that portion of the Common Expenses which is to be assessed against the Owners as a capital contribution and is allocable to reserves for each separate item of capital improvement of and to the Community Common Property. The amounts assessed and collected for the reserves shall be kept in one or more interest-bearing savings accounts, or certificates of deposit and shall not be utilized for any purpose other than that which was contemplated at the time of the assessment. The foregoing shall not be construed to mean that the Board of Trustees shall not be permitted to keep additional cash on hand, in a checking or petty cash account, for the necessary discharge of its functions.

7.07. Notice; Emergencies. The Board of Trustees shall give written notice to each Owner and Eligible Mortgage Holder of the amount estimated by the Board of Trustees for Common Expenses for the management and operation of the Community Association for the next ensuing budget period, directed to the Owner at his last known address by ordinary mail or by hand delivery. The notice shall be conclusively presumed to have been delivered five (5) days after deposit in the United States mails. After the Developer turns over control of the Board of Trustees to the Owners, if an Annual Common Expense Assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior year's assessment; and monthly installments on such assessment shall be due upon each installment payment date until changed by an amended assessment. In the event the Annual Common Expense Assessment proves to be insufficient, the budget and Assessments may be amended at any time by the Board of Trustees, provided that nothing herein shall serve to prohibit or prevent the Board of Trustees from imposing an Emergency Assessment in the case of any immediate need or emergency that cannot be met by reserve funds allocated for such contingency.

7.08. Acceleration of Assessment Installment Upon Default. If an Owner shall be in default for more than thirty (30) days in the payment of an installment upon any

assessment, the Board of Trustees may accelerate the remaining installments of the assessment and file a lien for such accelerated amount upon notice to the delinquent Owner, and if the delinquent installment has not been theretofore paid, the then unpaid balance of the assessment shall become due upon the date stated in the notice, which date shall not be less than five (5) days after delivery of the notice to the Owner or not less than ten (10) days after the mailing of such notice to him by registered or certified mail; whichever shall first occur. If no such notice is given and default shall continue for a period of thirty (30) days, the Board of Trustees shall be required to accelerate the remaining installments of the assessment for the current year upon similar notice to the Owner and to file a lien for such accelerated assessment as permitted by law if the delinquent assessment has not been heretofore paid. In the latter event, the Board of Trustees may also notify any Eligible Mortgage Holder holding a mortgage that encumbers the Home affected by such default or publish appropriate notice of such delinquency to the membership of the Community Association. If any default continues for a period of ninety (90) days, the Board of Trustees shall foreclose the foregoing lien pursuant to law or commence a suit against the appropriate parties to collect the assessment or both.

7.09. Interest and Counsel Fees. The Board of Trustees at its option shall have the right in connection with the collection of any assessment, or other charge to impose a late charge of any reasonable amount or interest at the legal maximum rate permitted by law for the payment of delinquent real estate taxes or both, if payment is made after a date certain stated in such notice. In the event that the Board of Trustees shall effectuate collection of assessments or charges by resort to counsel or the filing of a lien or both, the Board of Trustees may add to those assessments or charges as counsel fees, plus the reasonable costs for preparation, filing and discharge of the lien, in addition to such other costs as may be allowable by law.



7.10. Assessment of Expenses in Actions by or against Community Association:

Allocation of Awards.

(a) Common Expenses.

In the case of any action or proceeding brought or defended by the Community Association or the Board of Trustees pursuant to the provisions of the Declaration, Certificate of Incorporation, these By-Laws, or any Rule or Regulation, the reasonable costs and expenses of preparation and litigation, including attorneys' fees, shall be a Common Expense allocated among all Owners, other than Developer. All Common Expense assessments received and to be received by the Board of Trustees for the purpose of paying any judgment obtained against the Community Association or the Board of Trustees, and the right to receive such funds, shall constitute trust funds and shall be expended first for such purpose before being expended in whole or in part for any other purpose.

(b) Allocation of Awards.

Money judgments recovered by the Community Association in any action or proceeding brought hereunder, including costs, penalties or damages shall be deemed a special fund to be applied to (1) the payment of unpaid litigation expenses; (2) refunding to the Owners the cost and expenses of litigation advanced by them; (3) Common Expenses, if the recovery thereof was the purpose of the litigation; (4) repair or reconstruction of the Property if recovery of damages to same was the motivation for the litigation; and (5) any amount not applied to (1), (2), (3) and (4) above shall be at the discretion of the Board of Trustees treated either as (i) a

common surplus which shall be allocated and distributed pursuant to the provisions of Section 4.15 of the Declaration or (ii) a set off against the Common Expense Assessments. Despite the foregoing, if a Owner(s), the Board of Trustees or any other person or legal entity affected by any such distribution shall assert that the damages sustained or the diminution in value suffered by a Owner(s) was disproportionate to his or their percentage of common interest, the matter shall be decided in accordance with the procedures set forth in Article XI hereof.

(c) Recovery by Owner

In the event that an Owner(s) obtains a judgment or order against the Community Association or the Board of Trustees, he shall also be entitled to the restitution or recovery of any sums paid to the Board of Trustees as Common Expense Assessments for litigation expenses in relation to said action or proceeding in addition to any other sums to which said Owner(s) would otherwise be entitled by such judgment or order.

7.11. Power of Attorney to Holder of a Permitted Mortgage. In the event the Board of Trustees shall not cause the enforcement procedures provided in Sections 7.08 and 7.09 above to be implemented within the time provided, any holder of a Permitted Mortgage for any Home as to which there shall be such unpaid Common Expense Assessments is hereby irrevocably granted a power of attorney to commence such actions and to invoke such other remedies, all in the name of the Community Association. This power of attorney is expressly stipulated to be coupled with an interest in the subject matter.

7.12. Annual Audit. The Board of Trustees shall submit the books, records, and memoranda of the Community Association to an annual audit by an independent, certified public

accountant who shall audit same and render a report thereon in writing to the Board of Trustees and in summary form to the Owners and such Eligible Mortgage Holders or other persons, firms or corporations as may be entitled to same. While the Developer maintains a majority of the Board of Trustees, it shall have an annual audit of Community Association funds prepared by an independent public accountant, at the Community Association's expense, a copy of which shall be delivered to each Owner and Eligible Mortgage Holder upon the submission of a written request for same by said Eligible Mortgage Holder within ninety (90) days of the expiration of the fiscal year of the Community Association. The audit shall cover the operating budget and reserve accounts.

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

7.14. Fidelity Bonds. The Board of Trustees shall require fidelity bonds from all persons handling or responsible for Community Association funds. The amount of such bonds shall be in the amount of the maximum funds that will be in the custody of the Community Association at any one time, but in no event less than the sum of three (3) months assessments of all Homes. This amount shall be determined by the Board of Trustees.

While the Developer maintains a majority of representation on the Board of Trustees, it shall post, at the Community Association's expense, a fidelity bond or other guaranty acceptable to the New Jersey Department of Community Affairs, in an amount equal to the annual budget. For the second and succeeding years in which the Developer maintains a majority of representation on the Community Association's Board of Trustees, the amount of the

bond or other guaranty shall also include accumulated reserves. The premiums on such bonds shall be paid by the Community Association.

## ARTICLE VIII

### OFFICERS

8.01. Designation. The principal officers of the Community Association shall be a President, a Vice-President, both of whom shall be members of the Board of Trustees, a Secretary and a Treasurer. The Board of Trustees may also appoint such other Assistant Treasurers and Assistant Secretaries as in its judgment may be necessary. Any two (2) offices, except that of President and Vice-President, may be held by one person.

8.02. Election of Officers. The officers of the Community Association shall be elected annually by the Board of Trustees at its first meeting following each annual meeting and such officers shall hold office at the pleasure of the Board of Trustees.

8.03. Removal of Officers. Upon an affirmative vote of a majority of the full number of Trustees, any officer may be removed, either with or without cause, after opportunity for a hearing, and his successor elected at any regular meeting of the Board of Trustees, or at any special meeting of the Board of Trustees called for such purpose.

8.04. Duties and Responsibilities of Officers.

(a) The President shall be the chief executive officer of the Community Association. He shall preside at all meetings of the Community Association and of the Board of Trustees. He shall have all of the general powers and duties which are usually vested in the office of President of an association.

(b) The Vice-President shall take the place of the President and perform his 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 Trustee to so do on

an interim basis. The Vice-President also performs such other duties as shall from time to time be imposed upon him by the Board of Trustees.

(c) The Secretary shall keep the minutes of all meetings of the Board of Trustees and the minutes of all meetings of the Members of the Community Association. He shall have charge of such books and papers as the Board of Trustees may direct. The Secretary shall, in general, perform all the duties incident to the office of the Secretary.

(d) The Treasurer shall have the responsibility for the custody of Community Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Community Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of, the Community Association in such depositories as may from time to time be authorized by the Board of Trustees.

8.05. Other Duties and Powers. The officers shall have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Trustees.

8.06. Eligibility of Trustees. Nothing herein contained shall prohibit a Trustee from being an officer.

#### ARTICLE IX

#### COMPENSATION, INDEMNIFICATION AND EXCULPABILITY OF OFFICERS, TRUSTEES, AND COMMITTEE MEMBERS

9.01. Compensation. No compensation shall be paid to the President or the Vice-President or any Trustee, or committee member for acting as such. The Secretary or Treasurer or both may be compensated for their services if the Board of Trustees determines that such compensation is appropriate. Nothing herein stated shall prevent any Officer, Trustee, or Committee Member from being reimbursed for out-of-pocket expenses or compensated for

services rendered in any other capacity to or for the Community Association, provided that any such expenses incurred or services rendered shall have been authorized in advance by the Board of Trustees.

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

9.03. Exculpability. Unless acting in bad faith, neither the Board of Trustees as a body nor any Officer, Trustee, or Committee Member shall be personally liable to any Owner in any respect for any action or lack of action arising out of the execution of his office. Each Owner shall be bound by the good faith actions of the Board of Trustees, its Officers and Committee Members, in the execution of the duties of said Trustees, Officers and Committee Members. Nothing contained herein shall be construed to exculpate members of the Board of Trustees appointed by the Developer from discharging their fiduciary responsibilities.

## ARTICLE X

### ALTERNATIVE DISPUTE RESOLUTION COMMITTEE

10.01. Designation. The Board of Trustees shall establish an Alternative Dispute Resolution Committee ("ADR Committee"), consisting of a chairperson and two or more

members, none of whom may be a member of the Board of Trustees or an employee of the Community Association. The ADR Committee shall serve indefinitely at the pleasure of the Board.

10.02. Subcommittees. The ADR Committee shall have power to appoint a subcommittee from among its members and may delegate to any such subcommittee any of its powers, duties and functions.

10.03. Authority. It shall be the duty of the ADR Committee to attempt to resolve complaints from Members on any matter involving alleged violations of any restrictions, rules or resolutions set forth in the Community Association Documents pursuant to Section 11.05 hereof. Its Authority does not extend to collection matters or governance of the Community Association, except to the extent that the Board may delegate said Authority.

## ARTICLE XI

### ENFORCEMENT

11.01. Enforcement. The Board of Trustees shall have the power, at its sole option, to enforce the terms of this instrument or any rule or regulation promulgated pursuant thereto, by any or all of the following: self-help in the case of an emergency; sending notice to the offending party to cause certain things to be done or undone; restoring the Community Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the duly constituted authorities; or by taking any other action before any court, summary or otherwise, as may be provided by law.

11.02. Fines. To the extent now or hereafter permitted by the law of the State of New Jersey, the Board of Trustees shall have the power to levy fines against any Owner(s) for violation(s) of any Rule or Regulation of the Community Association or for any covenants or restrictions contained in the Declaration or By-Laws. No fine may be levied for more than

\$50.00 for any one violation. Each day a violation continues after notice shall be considered a separate violation. Collection of fines may be enforced against any Owner(s) involved as if the fine were a Common Expense Assessment owed by the particular Owner(s). Despite the foregoing, before the Board of Trustees imposes any fine, the Owner involved shall be given at least ten (10) days prior written notice and afforded an opportunity to be heard with respect to the violation(s) asserted.

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

11.04. Cause of Action Against Community Association. Owners shall have a cause of action, to the extent permitted by the laws of this State, against the Community Association for its failure to act in accordance with the Declaration, Certificate of Incorporation, these By-Laws, any Rules or Regulations governing the Community or any formal decisions of the Community Association.

11.05. Alternative Dispute Resolution Procedure.

a. Authority. In addition to the mediation authority granted to it herein, the ADR Committee shall have such additional duties, power and authority as the Board of Trustees may from time to time provide by resolution. This shall include the right to resolve disputes arising under and to enforce the provisions of the Community Association Documents, including the right to (i) impose temporary cease and desist orders and (ii) levy fines pursuant to Section 11.02 hereof to the extent permitted by law. The ADR Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by Resolution of the Board of Trustees. Despite the foregoing, no action may be taken by the ADR Committee without giving the Owner(s) involved at least ten (10) days prior written notice and



affording the Owner an opportunity to be heard, with or without counsel, with respect to the violation(s) asserted.

Further, any Owner who is aggrieved by any decision of the ADR Committee shall have the right to appeal such decision to a court of competent jurisdiction. Any dispute between or among Owners or with the Community Association, other than collection matters or governance of the Community Association, must first be submitted to the ADR Committee for mediation or non-binding arbitration before any litigation is commenced with respect to the dispute in question, all as contemplated by N.J.S.A. 45:22A-44(c) and Section 11.05(b) hereof. If there is not an appeal to a court of competent jurisdiction within forty-five (45) days of the decision by the ADR Committee, the decision of the ADR Committee shall be binding on all parties and shall have full force and effect under the laws of the State of New Jersey.

The expenses for mediation or non-binding arbitration are Common Expenses of the Community Association. However, if the Owner requests binding arbitration, then the expenses will be shared equally by the Owner and the Community Association unless the arbitrator determines otherwise. Moreover, nothing herein shall prevent the Community Association from charging a reasonable application fee to any party who requests mediation or arbitration.

b. Mediation Alternative. Prior to the commencement of any non-binding arbitration hearing by the ADR Committee pursuant to Section 11.05(a), any party to the dispute, or the Committee on its own motion, may request mediation of the dispute by an impartial mediator appointed by the Committee in order to attempt to settle the dispute in good faith. Such mediator may be a member of the ADR Committee, its counsel or any other qualified mediator. Any such mediation shall be concluded within fifteen (15) days after such request, unless extended by the mediator for good cause. In the event that no settlement is reached within said

fifteen (15) day period, all relevant time periods in the hearing process shall be extended for fifteen (15) days plus any extension period.

11.06. Compliance by Members. Each Member shall comply with and shall assume ownership or occupancy subject to the laws, rules and regulations of governmental authorities having jurisdiction over the Community, and the provisions of the Declaration, the Certificate of Incorporation and By-Laws of the Community Association, Rules and Regulations or any other documents, amendments or supplements to the foregoing. Failure to comply with any of the foregoing shall be grounds for commencement of action for the recovery of damages, or for injunctive relief, or both, by the Developer, the Community Association, or any Member, in any court or administrative tribunal having jurisdiction, against any person or persons, firm or corporation violating or attempting to violate or circumvent any of the aforesaid, and against any Member, to enforce any lien created by the Declaration or any covenant contained therein. Failure by the Developer, the Community Association, or any Member to enforce any covenant therein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce same.

11.07. Civil Action for Damages. The Community Association shall not be liable in any civil action brought by or on behalf of a Owner to respond in damages as a result of bodily injury to the Owner occurring on the premises of the Community Association except as a result of its willful, wanton or grossly negligent act of commission or omission.

ARTICLE XII  
AMENDMENTS

Subject to the restrictions in Article XIII of the Declaration, these By-Laws, or any of them, may be altered or repealed, or new By-Laws may be made, at any meeting of the Community Association duly held for such purpose, and previous to which written notice to Owners of the exact language of the amendment or of the repeal shall have been sent, a quorum being present, by an affirmative vote of fifty-one (51%) percent in number and in interest of the votes entitled to be cast in person or by proxy, except that (i) the first annual meeting may not be advanced, (ii) the first Board of Trustees (including replacements in case of vacancies) may not be enlarged or removed, (iii) the obligation or the proportionate responsibility for the payment of Common Expenses with respect to the Homes or the Community Common Property may not be changed by reason of any such new By-Law, amendment or repeal, or (iv) no such new By-Law, amendment or repeal shall in any way adversely affect the Developer, including any successor of the Developer, unless the Developer, or its successor, has given its prior written consent thereto.

ARTICLE XIII  
CONFLICT; INVALIDITY

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

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

## ARTICLE XIV

### NOTICE

Any notice required to be sent to any Owner under the provisions of the Declaration, the Certificate of Incorporation or these By-Laws shall be deemed to have been properly sent and notice thereby given, when mailed by regular post with postage prepaid, addressed to the Owner at his last known post office address on the records of the Community Association at the time of such mailing. Notice to one of two or more Co-Owners of a Home shall constitute notice to all Co-Owners. It shall be the obligation of every Owner to immediately notify the Secretary of the Community Association in writing of any change of address. Valid notice may also be given to Owners by (i) personal delivery to any occupant of said Home over the age of fourteen (14) years of age or (ii) by affixing the notice to or sliding same under the front door of any Home.

## ARTICLE XV

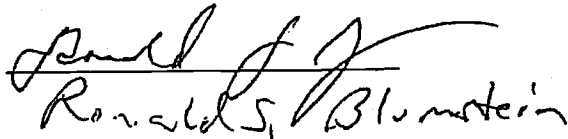
### CORPORATE SEAL

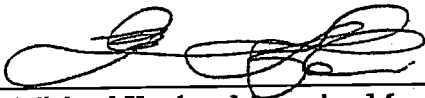
The Community Association shall have a seal in circular form having within its circumference the words "The Villages at Cinnaminson Harbour Community Association, Inc."

IN WITNESS WHEREOF, the Developer and co-Developer have caused this Declaration to be executed on the date first mentioned above.

**THE VILLAGES AT CINNAMINSON HARBOUR, L.L.C.,**  
a New Jersey Limited Liability Company,  
Developer

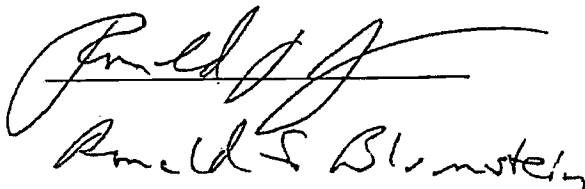
WITNESS:


  
Ronald S. Blumstein

By:   
Michael Kaplan, Managing Member

WITNESS:

**K-LAND NO. 57, L.L.C.,**  
A New Jersey Limited Liability Company,  
Co-Developer

  
Ronald S. Blumstein

By:   
Michael Kaplan, Managing Member

ACKNOWLEDGMENT

STATE OF NEW JERSEY )  
MIDDLESEX ) ss.:  
COUNTY OF BURLINGTON )

BE IT REMEMBERED, that on this 24th day of May, 2005, before me the subscriber, the undersigned authority, personally appeared Michael Kaplan who, being by me duly sworn on his oath, deposes and makes proof to my satisfaction that he is the managing member of **THE VILLAGES AT CINNAMINSON HARBOUR, L.L.C.**, the limited liability company named in the within Instrument; that the execution, as well as the making of this Instrument, has been duly authorized; and that said Instrument signed and delivered by him as said Manager as and for the voluntary act and deed of said limited liability company; and that the full and actual consideration paid or to be paid for the transfer of title or realty evidenced by the within deed, as such consideration is defined in P.L. 1968, c. 49, Sec. 1(c), is \$ 10,00.

*Patricia Ann DiSeno*

Patricia Ann DiSeno  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 9/23/2009

STATE OF NEW JERSEY )  
MIDDLESEX ) ss.:  
COUNTY OF BURLINGTON )

BE IT REMEMBERED, that on this 24th day of May, 2005, before me the subscriber, the undersigned authority, personally appeared Michael Kaplan who, being by me duly sworn on his oath, deposes and makes proof to my satisfaction that he is the managing member of **K-LAND NO. 57, L.L.C.**, the limited liability company named in the within Instrument; that the execution, as well as the making of this Instrument, has been duly authorized; and that said Instrument signed and delivered by him as said Manager as and for the voluntary act and deed of said limited liability company; and that the full and actual consideration paid or to be paid for the transfer of title or realty evidenced by the within deed, as such consideration is defined in P.L. 1968, c. 49, Sec. 1(c), is \$ 10,00.

*Patricia Ann DiSeno*

Patricia Ann DiSeno  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 9/23/2009

# RECORDING DATA PAGE

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Consideration                      Code:  
Transfer Fee :  
Recording Date: 06/23/2005    Login id:  
Document No : 4175015        ccolivo

CASTLE TITLE AGENCY  
141 MAIN STREET, SUITE 1B  
SOUTH RIVER, NJ 08882

Receipt No : 566356  
Document No : 4175015    Type : DECR  
Recording Date : 06/23/2005  
Login id : ccolivo

Recorded  
Jun 23 2005 11:09am  
Burlington County Clerk

Clerk of Burlington County • 49 Rancocas Rd. • Mt. Holly, NJ 08060  
609-265-5180

DB 06289PG356

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**EXHIBIT 9**

**Proposed Operating Budget Based on 213 Units  
in Phases 1 and 2 and Full Occupancy of 506 Units,  
Letter of Budget Adequacy and  
Letter of Insurance Adequacy for  
The Villages at Cinnaminson Harbour  
Community Association, Inc.**

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**THE VILLAGE AT CINNAMINSON HARBOUR**  
**COMMUNITY ASSOCIATION, INC.**  
**FORECASTED STATEMENT OF REVENUES**  
**AND EXPENSES AND ALLOCATIONS TO**  
**FUNDS FOR ITS INITIAL FULL FISCAL YEAR**  
**AT 213 UNITS AND AT FULL OCCUPANCY**  
**(506 UNITS) BASED ON 2006 DOLLARS**

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**THE VILLAGE AT CINNAMINSON HARBOUR**  
**COMMUNITY ASSOCIATION, INC.**  
**FORECASTED STATEMENT OF REVENUES AND**  
**EXPENSES AND ALLOCATIONS TO FUNDS FOR**  
**ITS INITIAL FULL FISCAL YEAR AT 213 UNITS AND AT**  
**FULL OCCUPANCY (506 UNITS) BASED ON 2006 DOLLARS**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
INDEPENDENT ACCOUNTANTS' REPORT .....	1-2
FORECASTED STATEMENT OF REVENUES AND EXPENSES AND ALLOCATIONS TO FUNDS.....	3-4
SCHEDULE OF DEFERRED MAINTENANCE FUNDING AND REPLACEMENT FUNDING .....	5-6
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES .....	7-14

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# Wilkin & Guttenplan, P.C.

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MELISSA MARSICANO, CPA

JANINE ZIRRITH, ADMINISTRATOR

## INDEPENDENT ACCOUNTANTS' REPORT

TO THE SPONSOR OF

**THE VILLAGE AT CINNAMINSON HARBOUR  
COMMUNITY ASSOCIATION, INC.**

We have examined the accompanying forecasted statement of revenues and expenses and allocations to funds of The Village at Cinnaminson Harbour Community Association, Inc. for its initial full fiscal year at 213 units and at full occupancy (506 units) based on 2006 dollars. The accompanying forecasted statement of revenues and expenses and allocations to funds presents, to the best of the Sponsor of The Village at Cinnaminson Harbour Community Association, Inc.'s knowledge and belief, the Association's expected revenues, expenditures, deferred maintenance funding and replacement funding for its initial full fiscal year at 213 units and at full occupancy (506 units) based on 2006 dollars. It is not intended to be a forecast of financial position or cash flows. The accompanying forecasted statement of revenues and expenses and allocations to funds, was prepared by the Sponsor for inclusion in the Public Offering Statement of The Village at Cinnaminson Harbour Community Association, Inc. and should not be used for any other purpose. Our responsibility is to express an opinion on the forecasted statement based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by the Sponsor and the preparation and presentation of the forecasted statement. We believe that our examination provides a reasonable basis for our opinion.

(CONTINUED)

In our opinion, the accompanying forecasted statement of revenues and expenses and allocations to funds The Village at Cinnaminson Harbour Community Association, Inc. is presented in conformity with guidelines for presentation of forecasted information established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for the Sponsor's forecasted statement, and that the forecasted statement of revenues and expenses and allocations to funds including deferred maintenance funding and replacement funding appears adequate based upon those assumptions. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

---

WILKIN & GUTTENPLAN, P.C.  
Certified Public Accountants



THE VILLAGE AT CINNAMINSON HARBOUR COMMUNITY ASSOCIATION, INC.

FORECASTED STATEMENT OF REVENUES AND EXPENSES AND ALLOCATIONS

TO FUNDS FOR ITS INITIAL FULL FISCAL YEAR AT 213 UNITS AND AT FULL

OCCUPANCY (506) UNITS BASED ON 2006 DOLLARS

	<u>PHASE I 213 UNITS</u>	<u>FULL OCCUPANCY 506 UNITS</u>
<b>I. REVENUES (NOTES 1, 2 AND 3):</b>		
1) Maintenance Assessments	<u>\$ 107,352</u>	<u>\$ 370,392</u>
<b>II. OPERATING EXPENSES AND OTHER FUNDING (NOTES 4, 5 AND 6)</b>		
<b>GENERAL AND ADMINISTRATIVE EXPENSES:</b>		
1) Management fees	\$ 26,838	\$ 72,864
2) Insurance	9,700	17,765
3) Audit fees	3,500	5,500
4) Legal fees	3,000	6,000
5) Office expenses	1,600	6,000
6) Miscellaneous	1,000	1,500
7) Engineering	-	2,000
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u>45,638</u>	<u>111,629</u>
<b>GROUNDS AND BUILDING MAINTENANCE EXPENSES:</b>		
1) Snow clearing	17,000	42,000
2) Lawn and grounds maintenance	15,500	31,000
3) Detention basin maintenance	4,000	12,000
4) Irrigation system water	3,500	12,000
5) Electric	3,500	21,000
6) General repairs and maintenance	3,000	20,000
7) Property enhancements	3,000	5,000
8) Irrigation system maintenance	1,500	3,000
9) Exterminating	-	1,000
<b>TOTAL GROUNDS AND BUILDING MAINTENANCE EXPENSES</b>	<u>51,000</u>	<u>147,000</u>

(CONTINUED)

THE VILLAGE AT CINNAMINSON HARBOUR COMMUNITY ASSOCIATION, INC.

FORECASTED STATEMENT OF REVENUES AND EXPENSES AND ALLOCATIONS

TO FUNDS FOR ITS INITIAL FULL FISCAL YEAR AT 213 UNITS AND AT FULL

OCCUPANCY (506) UNITS BASED ON 2006 DOLLARS

(CONTINUED)

	<u>PHASE I 213 UNITS</u>	<u>FULL OCCUPANCY 506 UNITS</u>
<b>II. OPERATING EXPENSES AND OTHER FUNDING</b>		
<b>(NOTES 4, 5 AND 6) (CONTINUED):</b>		
<b>RECREATION AREA EXPENSES:</b>		
1) Pool contract	-	30,900
2) Other recreation/activities expenses	1,000	5,000
3) Pool registrations	-	5,000
4) Telephone	-	2,500
5) Pool supplies, parts and repairs	-	8,000
6) Recreation building maintenance	-	2,500
7) Trash removal and recycling	-	12,400
<b>TOTAL RECREATION AREA EXPENSES</b>	<u>1,000</u>	<u>66,300</u>
<b>OPERATING CONTINGENCY AND OTHER FUNDING:</b>		
1) Replacement funding	5,498	19,218
2) Operating contingency	4,216	15,745
3) Deferred maintenance funding	-	10,500
<b>TOTAL OPERATING CONTINGENCY AND OTHER FUNDING</b>	<u>9,714</u>	<u>45,463</u>
<b>TOTAL OPERATING EXPENSES AND OPERATING CONTINGENCY AND OTHER FUNDING</b>	<u>\$ 107,352</u>	<u>\$ 370,392</u>

THE VILLAGE AT CINNAMINSON HARBOUR

COMMUNITY ASSOCIATION, INC.

REPLACEMENT FUNDING FOR ITS INITIAL

FULL FISCAL YEAR AT 213 UNITS

BASED ON 2006 DOLLARS

	<u>APPROXIMATE AREA OR QUANTITY</u>	<u>ESTIMATED UNIT COST</u>	<u>REPLACEMENT COST (CURRENT)</u>	<u>ESTIMATED LIFE (YEARS)</u>	<u>ANNUAL PROVISION</u>
<b>REPLACEMENT FUNDING:</b>					
Concrete sidewalks	4,716 sq.ft.	\$ 7.40	\$ 34,898	30	\$ 1,163
Walking path	4,080 sq.ft.	10.77	43,942	20	2,197
Irrigation system	78,226 sq.ft.	0.08	6,258	25	250
Benches	8 ea.	427.28	3,418	15	228
Sign	1 ea.	500.00	500	10	50
Basketball court	525 sq.yds.	7.16	3,759	20	188
Basketball pole	2 ea.	685.66	1,371	25	55
Basketball backboard and net	2 ea.	423.89	848	25	34
Miscellaneous common property	Lump Sum	20,000.00	20,000	15	1,333
<b>TOTAL ANNUAL PROVISION FOR REPLACEMENT FUNDING</b>					<u>\$ 5,498</u>

**THE VILLAGE AT CINNAMINSON HARBOUR COMMUNITY ASSOCIATION, INC.**

**SCHEDULE OF DEFERRED MAINTENANCE AND REPLACEMENT FUNDING**

**FOR ITS INITIAL FULL FISCAL YEAR AND AT**

**FULL OCCUPANCY (506) UNITS BASED ON 2006 DOLLARS**

	APPROXIMATE AREA OR QUANTITY	ESTIMATED UNIT COST	DEFERRED MAINTENANCE COST (CURRENT)	ESTIMATED LIFE (YEARS)	ANNUAL PROVISION
<b>DEFERRED MAINTENANCE FUNDING:</b>					
Painting-interior	Lump Sum	\$ 12,000.00	\$ 12,000	4	\$ 3,000
Painting-exterior	Lump Sum	10,000.00	10,000	4	2,500
Mulching	Lump Sum	10,000.00	10,000	2	5,000

**TOTAL ANNUAL PROVISION FOR DEFERRED MAINTENANCE FUNDING**

**\$ 10,500**

	APPROXIMATE AREA OR QUANTITY	ESTIMATED UNIT COST	REPLACEMENT COST (CURRENT)	ESTIMATED LIFE (YEARS)	ANNUAL PROVISION
<b>REPLACEMENT FUNDING:</b>					
Concrete sidewalks	15,720 sq. ft.	\$ 7.40	\$ 116,328	30	\$ 3,878
Walking path	4,080 sq. ft.	10.77	43,942	20	2,197
Irrigation system	129,124 sq. ft.	0.08	10,330	25	413
Benches	16 ea.	427.28	6,836	15	456
Sign	1 ea.	500.00	500	10	50
Recreation building roof	75 squares	103.55	7,766	20	388
Recreation building leaders and gutters	350 lin. ft.	3.67	1,285	20	64
Recreation building HVAC and furnishing	Lump Sum	30,000.00	30,000	20	1,500
Pool deck	10,009 sq. ft.	7.40	74,067	30	2,469
Fencing	880 lin. ft.	32.83	28,890	15	1,926
Tennis court - recoat	800 sq. yds.	6.83	5,464	10	546
Tennis court - overlay	800 sq. yds.	26.36	21,088	20	1,054
Basketball court	525 sq. yds.	7.16	3,759	20	188
Basketball pole	2 ea.	685.66	1,371	25	55
Basketball backboard and net	2 ea.	423.89	848	25	34
Miscellaneous common property	Lump Sum	60,000.00	60,000	15	4,000

**TOTAL ANNUAL PROVISION FOR REPLACEMENT FUNDING**

**\$ 19,218**

**THE VILLAGE AT CINNAMINSON HARBOUR**

**COMMUNITY ASSOCIATION, INC.**

**SUMMARY OF SIGNIFICANT FORECAST**

**ASSUMPTIONS AND ACCOUNTING POLICIES**

**NOTE 1 - INTRODUCTION:**

The Village at Cinnaminson Harbour Community Association, Inc. is planned to be built in Cinnaminson, New Jersey. The purposes of the Association are to provide for the preservation of the values in the community and for the maintenance of the common facilities. The Association is planned to consist of 506 units.

The accompanying forecasted statement of revenues and expenses and allocations to funds presents, to the best of the Sponsor's knowledge and belief, the Association's expected revenues, expenses, deferred maintenance funding and replacement funding for its initial full fiscal year at 213 units and at full occupancy (506 units) based on 2006 dollars assuming the following conditions:

- No construction or material defects will exist after completion of the common areas and structures;
- The quantities of common areas and structures reflected on the schedule of deferred maintenance funding and replacement funding are accurate;
- Proper maintenance of the common areas and structures will take place in the future;
- The schedule of deferred maintenance funding and replacement funding will be reviewed periodically and maintenance assessments will be updated for changes in projected lives and replacement costs.

The forecast is designed to present the revenues, expenses, deferred maintenance funding and replacement funding for the initial full fiscal year of operations at 213 units and at full occupancy (506 units) based on 2006 dollars. The forecasted statement of revenues and expenses and allocations to funds reflect those amounts expected to be incurred in the normal operations of common areas and elements. It does not include expenses which might be incurred by the individual unit owners.

The assumptions disclosed herein are those that the Sponsor believes are significant to the forecast. Further, even if full occupancy levels were attained and expenses remained at 2006 dollars, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. In addition, field changes may occur during construction. Thus, actual expenses may vary as a result of such changes.

**THE VILLAGE AT CINNAMINSON HARBOUR**

**COMMUNITY ASSOCIATION, INC.**

**SUMMARY OF SIGNIFICANT FORECAST**

**ASSUMPTIONS AND ACCOUNTING POLICIES**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Accounting** - The forecast has been prepared using generally accepted accounting principles that the Association expects to use when preparing its historical financial statements.

**Fund Accounting** - The Association's legal documents (i.e., Public Offering Statement, Declaration of Covenants and By-laws) provide certain guidelines to govern the Association's financial activities. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association by such documents, the accounts of the Association will be maintained in accordance with the principles of fund accounting.

The assets, liabilities and fund balances of the Association will be reported in the following fund groups:

**Operating Fund** - This fund represents the portion of expendable funds that is available for the general operations of the Association.

**Deferred Maintenance Fund** - The purpose of this fund is to accumulate sufficient amounts which will allow the Association to have the necessary resources to perform painting, panel washing and mulching which occur less frequently than annually.

**Replacement Fund** - The purpose of the replacement fund is to accumulate funds over the lives of capital assets which are part of the common elements so that sufficient amounts are available to pay for their eventual replacement.

**Income Taxes** - Under the Internal Revenue Code, associations may be taxed as a condominium management association at their election, or as a regular corporation. An association may select either method in any year and will generally select the method that results in the lowest tax due. A method selected in one year affects only that year and an association is free to select either method in future years.

Generally, associations are subject to tax on either their non-membership income or exempt function income. For most associations such income is primarily comprised of interest and/or dividend income. As no interest and/or dividend income is anticipated in the forecast, no provision for Federal income taxes is reflected. The Association is incorporated pursuant to Title 15A of the New Jersey Statutes and, therefore, is not liable for New Jersey corporation business income tax.

**THE VILLAGE AT CINNAMINSON HARBOUR**

**COMMUNITY ASSOCIATION, INC.**

**SUMMARY OF SIGNIFICANT FORECAST**

**ASSUMPTIONS AND ACCOUNTING POLICIES**

**NOTE 3 - REVENUES:**

**Maintenance Assessments** - The Association will receive revenue from its members in the form of annual assessments, which will be collected on a monthly basis. The residential assessments will be as follows:

	<u>ANNUAL</u>	<u>MONTHLY</u>
Initial full fiscal year at 213 units	\$ 504	\$ 42
Full occupancy (506 units)	\$ 732	\$ 61

The Association will collect, at the time of closing, capital contributions, escrow deposits and/or other fees, which will be used for working capital or other purposes. These amounts have not been reflected in the accompanying forecast.

**NOTE 4 - OPERATING EXPENSES:**

The Association will incur various expenses in connection with maintaining the common properties and facilities. The expense categories are as follows:

**I. GENERAL AND ADMINISTRATIVE EXPENSES:**

1. **Management Fees** - The operation of an Association requires various administrative and supervisory services. This category covers the cost of employing a management company to perform those duties. The cost of management is estimated at \$10.50 per unit per month at 213 units and \$12 per unit per month at full occupancy based upon a management agreement with Executive Property Management.
2. **Insurance** - The Association documents detail the coverage required by the Association. The estimates were based upon a quote for insurance from Brown & Brown.

Because of the occurrence of natural disasters and other changes in the insurance market, future insurance costs could vary significantly from estimates provided herein. Therefore, this line item should be evaluated accordingly.

(CONTINUED)

**THE VILLAGE AT CINNAMINSON HARBOUR**

**COMMUNITY ASSOCIATION, INC.**

**SUMMARY OF SIGNIFICANT FORECAST**

**ASSUMPTIONS AND ACCOUNTING POLICIES**

**NOTE 4 - OPERATING EXPENSES (CONTINUED):**

**I. GENERAL AND ADMINISTRATIVE EXPENSES (CONTINUED):**

3. **Audit Fees** - This expense, based upon a proposal from Wilkin & Guttenplan, P.C., will cover the costs for an annual certified audit of the financial statements and preparation of the annual corporate income tax return.
4. **Legal Fees** - The Association will require the services of an attorney for various purposes including collection matters, adopting resolutions, etc. This is an estimate of the cost of such services.
5. **Office Expenses** - This category covers the cost of postage, photocopies, mailings and other office expenses relating to the Association's business.
6. **Miscellaneous** - This category covers other administrative expenses that may be incurred by the Association which are not identified above.
7. **Engineering** - This line item contemplates the updating of the Association replacement and deferred maintenance schedules. This line item does not include any costs that may be incurred by the Association in connection with "Transition" from the Sponsor to unit owner control.

**II. BUILDING AND GROUNDS MAINTENANCE EXPENSES:**

Roadways and related street lights in the Community will be dedicated to the Township and accordingly all costs of maintenance and operating, such as snow clearing, street lighting and major repair and replacement of lighting and roadways will be the responsibility of the Township and are not included herein.

(CONTINUED)



THE VILLAGE AT CINNAMINSON HARBOUR

COMMUNITY ASSOCIATION, INC.

SUMMARY OF SIGNIFICANT FORECAST

ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 4 - OPERATING EXPENSES (CONTINUED):

II. BUILDING AND GROUNDS MAINTENANCE EXPENSES  
(CONTINUED):

1. **Snow Clearing** - The Association will be responsible for clearing snow from the common sidewalks and parking areas. This estimate assumes an annual average of 6 snowfalls during the season. It also includes treatments of sanding and salting roadways and calcium chloride for walkways.

Actual snow clearing costs are dependent upon weather conditions during the winter months. Should weather conditions be more severe than usual, the cost of snow removal could exceed the forecasted amount. The impact of such conditions, and the possibility for additional assessments or increases in maintenance fees should be considered accordingly.

2. **Lawn and Grounds Maintenance** - The Association is required to maintain the common grounds. This category includes the cost of lawn and plant care, chemical treatments, fertilization of turf areas. It is assumed that any tree, shrub or grass replacements occurring within the first year will be covered by the landscape contractor's warranty. The cost is based upon experience with similar Associations.
3. **Detention Basin Maintenance** - This line item covers the annual costs of lawn maintenance for the detention basins, based upon experience with similar Associations.
4. **Irrigation System Water** - This line item represents the estimated cost of water for irrigation of common areas for an average season. In addition, it includes water usage for the pool and recreation building. The cost is based upon experience with similar Associations.

Actual water usage is dependent upon weather conditions during the summer and fall months. Therefore, above average heat and lack of rainfall could result in higher water usage and thus result in higher costs than forecasted. The impact of such conditions and the possibility for additional assessments or increases in maintenance fees should be considered accordingly.

(CONTINUED)

THE VILLAGE AT CINNAMINSON HARBOUR

COMMUNITY ASSOCIATION, INC.

SUMMARY OF SIGNIFICANT FORECAST

ASSUMPTIONS AND ACCOUNTING POLICIES

NOTE 4 - OPERATING EXPENSES (CONTINUED):

II. BUILDING AND GROUNDS MAINTENANCE EXPENSES  
(CONTINUED):

5. Electric - This line item is an estimate of the cost for electricity in the clubhouse, the cost to run the pool pump, illuminate the entrance sign, as well as, for the irrigation system. The cost is based upon experience with similar associations.
6. General Repairs and Maintenance - This forecast item covers the cost of periodic maintenance, gutter cleaning and other minor repairs to the common elements. The cost is based upon experience with similar associations.
7. Property Enhancements - This line item includes costs associated with enhancing the property with flowers, plantings, and other items to enhance the esthetic qualities of the community.
8. Irrigation System Maintenance - The Association will utilize in-ground sprinklers to water certain areas. This line item covers the cost of opening and closing the irrigation system and miscellaneous repairs and maintenance.
9. Exterminating - The Association anticipates requiring the services of an exterminator. The estimate of such services is based upon experience with similar associations.

III. RECREATION AREA EXPENSES:

The pool and recreation building are not contemplated to be built and operational in connection with Phase I.

1. Pool Contract - This line item provides for lifeguard and pool maintenance services for the pool during the summer.
2. Other Recreation/Activities Expense - This category represents an estimate of miscellaneous maintenance expenses relating to the upkeep of the recreation area and facilities not identified elsewhere.

(CONTINUED)

**THE VILLAGE AT CINNAMINSON HARBOUR**

**COMMUNITY ASSOCIATION, INC.**

**SUMMARY OF SIGNIFICANT FORECAST**

**ASSUMPTIONS AND ACCOUNTING POLICIES**

**NOTE 4 - OPERATING EXPENSES (CONTINUED):**

**III. RECREATION AREA EXPENSES  
(CONTINUED):**

3. **Pool Registrations** - This category of expense includes the cost of providing photo identification cards for all residents in the community for pool usage.
4. **Telephone** - A public telephone will be maintained in the recreation area and, accordingly, an estimate of the annual cost is included herein.
5. **Pool Supplies, Parts and Repairs** - This category covers miscellaneous minor repairs, pool furniture and other miscellaneous repairs and supplies.
6. **Recreation Building Maintenance** - This forecast item covers the cost of periodic maintenance and other minor repairs to the recreation areas. The cost is based upon experience with similar associations.
7. **Trash Removal and Recycling** - This line item covers the cost of maintaining a dumpster at the recreation building. The estimate of such services is based upon experience with similar associations.

**NOTE 5 - OPERATING CONTINGENCY AND OTHER FUNDING:**

1. **Replacement Funding** - An inventory of commonly owned assets and common and limited common elements for which the Association has the responsibility for replacement was developed through a review of construction plans and/or discussions with the Sponsor. The quantities were supplied by the Sponsor. Asset costs and useful lives were derived from professional engineering sources.

Only items with useful lives of thirty years or less have been included in the Schedule of Replacement Funding. Items with longer useful lives are excluded and will be included in the Schedule of Replacement Funding at the time their useful life is thirty years or less. The Schedule of Replacement Funding is detailed on page 5 - 6.

2. **Deferred Maintenance Funding** - Maintenance requirements occurring less frequently than annually are included in the deferred maintenance fund. The items comprising this forecast line item appear on page 6.
3. **Operating Contingency** - This line item is intended to cover needs not anticipated at this time, as well as, any unexpected variations from estimated amounts in this forecast.

**THE VILLAGE AT CINNAMINSON HARBOUR**

**COMMUNITY ASSOCIATION, INC.**

**SUMMARY OF SIGNIFICANT FORECAST**

**ASSUMPTIONS AND ACCOUNTING POLICIES**

**NOTE 6 - MUNICIPAL SERVICES:**

The Municipal Services Law, N.J.S.A. 40:67-23.2 et, seq., as amended by Chapter 6 of the Public Laws of 1993, requires municipalities to reimburse "qualified private communities" for the costs of certain municipal services not provided thereto or to provide those services. It is anticipated that the roadways will be dedicated to the Township and therefore the Township will be providing snow clearing and street lighting costs for the Association. In light of the uncertainties as of the date of this forecast as to how else the Municipal Services Act might benefit the Association, this forecast has taken the more cautious and conservative approach of assuming that the Association will receive no other economic benefits under the Act. Any additional economic benefit under the Act will be paid directly to the Association.

**NOTE 7 - OTHER COMMON PROPERTY:**

As part of the approval for this project, the Association must provide for maintenance of a walkway adjacent to the Delaware River on the Association's property. It is uncertain as to whether the Associations existing walkways will satisfy the requirements or if a separate walkway will be constructed. If the additional walkway is required, the resulting annual maintenance and replacement costs would result in the monthly fee at full occupancy to be higher by approximately \$1.



Brown & Brown of Lehigh Valley, Inc.  
268 Brodhead Road. Bethlehem. PA 18017-8937  
Phone (610) 974-9490 Fax (610) 974-9791  
Toll Free (800) 634-8237

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March 20, 2006

Mr. Larry Falcon  
c/o Kaplan Organization  
433 River Road  
Highland Park, NJ 08904

Re: ~~Letter~~ of Insurance Adequacy  
The Village at Cinnaminson Harbour Community Association – 213 units

Dear Ladies/Gentlemen:

In accordance with your request, Brown & Brown will provide insurance coverage for The Village at Cinnaminson Harbour Community Association as follows:

Property: \$50,000 blanket building and contents, Special Causes of Loss policy form with Replacement Cost coverage.

Liability: \$1,000,000 combined single limit for bodily injury and property damage.

Automobile: Hired and non-owned auto liability

Workers Compensation: NJ Statutory Limits

Directors & Officers Liability: \$1,000,000 each claim  
\$1,000,000 annual aggregate

Umbrella Liability: \$15,000,000 limit

Fidelity Bond: \$50,000 (to be increased as community income increases)

*Total Cost: \$9,700.00*

The aforesaid policies will represent necessary and adequate coverage for The Village at Cinnaminson Harbour Community Association. Price is based on current market conditions.

Sincerely,

*Robin Barlow*

Robin Barlow  
Vice President



**Brown & Brown of Lehigh Valley, Inc.**  
268 Brodhead Road, Bethlehem, PA 18017-8937  
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Toll Free (800) 634-8237

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March 20, 2006

Mr. Larry Falcon  
c/o Kaplan Organization  
433 River Road  
Highland Park, NJ 08904

Re: Letter of Insurance Adequacy  
The Village at Cinnaminson Harbour Community Association – 506 units

Dear Ladies/Gentlemen:

In accordance with your request, Brown & Brown will provide insurance coverage for The Village at Cinnaminson Harbour Community Association as follows:

Property: \$650,000 blanket building and contents, Special Causes of Loss policy form with Replacement Cost coverage.

Liability: \$1,000,000 combined single limit for bodily injury and property damage.

Automobile: Hired and non-owned auto liability

Workers Compensation: NJ Statutory Limits

Directors & Officers Liability: \$1,000,000 each claim  
\$1,000,000 annual aggregate

Umbrella Liability: \$15,000,000 limit

Fidelity Bond: \$50,000 (to be increased as community income increases)

*Total Cost: \$17,765.00*

The aforesaid policies will represent necessary and adequate coverage for The Village at Cinnaminson Harbour Community Association. Price is based on current market conditions.

Sincerely,

*Robin Barlow*

Robin Barlow  
Vice President