

Shadow Lake Village Condominium Association BY-LAWS

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ARTICLE I

APPLICABILITY, MEMBERS, MEMBERSHIP, AND DEFINITIONS

SECTION 1. APPLICATION.

The By-laws shall be applicable to Shadow Lake Village Condominium Association, Inc., a non-profit corporation of the State of New Jersey, hereinafter referred to as the "Association", to all of the members thereof, as hereinafter defined, to the community and recreational facilities owned or leased by the Association and to the 22 Shadow Lake Village Condominiums (refer to attached map) all of which are administered, supervised and managed under the provisions of these By-laws as though they are one single condominium.

SECTION 2. RESPONSIBILITY.

All present owners, tenants, their guests, employees and any other person or persons that shall be permitted to use the facilities of the Association or of the dwelling units, shall be subject to the By-laws, as amended, and to the Rules and Regulations which are included in "Your Information Guide to Shadow Lake Village."

SECTION 3. DEFINITIONS.

Unless it is plainly evident from the context that a different meaning is intended, the following definitions are used throughout these By-laws:

- a) "Shadow Lake Village Condominium Association, Inc." (hereinafter referred to as the Association) is composed of 22 individual condominiums each with its own common grounds/areas, plus the Association property. The Association property comprises the Clubhouse, Security/Gatehouse, Maintenance Yard and all of the Recreation Facilities. The Association is responsible for the operation and maintenance of the entirety and is authorized to raise sufficient monies toward this end.
- b) "Gender references" in these By-laws include both male and female.
- c) "Dwelling Unit" - Any residential unit within Shadow Lake Village.
- d) "Members of the Association" - All of the owners or the co-owners of dwelling units.
- e) "Member" - The owner or co-owners of a dwelling unit, their heirs, executors and assigns who have title to the unit and have met the financial requirements as specified in ARTICLE XIII, Section 4.
- f) "Good Standing" - A member is deemed to be in good standing if he shall have paid all assessments and fees levied against him and his unit, together with all other expenses and charges properly chargeable to him or his unit, as of the end of the last calendar quarter.

- g) "Guest" - A person or persons who is staying with a resident or in their residence for a period of time not to exceed three (3) months. Guests may use the recreational facilities as defined by the Rules & Regulations in "Your Information Guide to Shadow Lake Village."
- h) "Common and Limited Use Element(s)" - All property external to the dwelling units within the boundaries of Shadow Lake Village.
- i) "Limited Use Common Elements" - Property that is basically for the exclusive use of a member, i.e., patios, garages, designated parking spots, and planting areas adjacent to a member's residence.
- j) "Shadow Lake Village Rules and Regulations" - Shadow Lake Village Rules and Regulations are incorporated in "Your Information Guide to Shadow Lake Village."
- k) "Tenant or Leasee" - A person or persons who are renting a residence from an owner for a period not less than one (1) year.
- l) "Unit Square Footage" - The square footage of the enclosed area of each unit.
- m) "Aggregate Square Footage of Dwelling Units" - The total square footage of all of the dwelling units being administered by the Association.

SECTION 4. LIMITATION ON RIGHTS AND USES.

Membership in the Association shall be limited to the owners or co-owners of dwelling units, provided that whenever title to a unit is vested in two or more persons, such co-owners shall be entitled jointly to one vote for their particular unit.

In the event that a member shall lease or permit another to occupy his dwelling unit, the tenant or occupant shall be permitted to enjoy the recreational and community facilities of the Association as provided in "Your Information Guide to Shadow Lake Village", but shall not vote in the affairs of the Association except as the member shall permit the tenant or occupant to exercise the member's vote. The member may assign voting rights by providing the Shadow Lake Village office with a properly executed proxy.

If the member shall be in default of any of the terms of his mortgage and such default shall result in foreclosure thereof, his membership in the Association shall automatically terminate. Therefore, all of the rights, privileges and obligations of membership thereof shall inure to the mortgagor and its assigns, excluding the right to vote.

Every lawful transfer of title to a member's unit shall include membership in the Association and upon making such transfer, the previous owner's membership shall automatically terminate. In this respect, it is to be noted that member and member in good standing are defined in Section 3, herein.

Except as provided above, membership in the Association may not be assigned or transferred.

SECTION 5. MEMBERSHIP CARD.

Membership in the Association shall be evidenced by a membership card issued to each member

of the Association.

SECTION 6. PROTECTIVE AGE COVENANT.

At least one resident in each unit must be at least 55 years of age. Other household members may be in residence regardless of age, except that a child must be over age 18. This restriction does not apply to a live-in domestic, companion, or nurse.

The foregoing occupancy restrictions shall not be construed to prohibit the occupants of any of the dwelling units from having guests of any age in their units, not to exceed three months in a year. Full-time occupancy in any event, however, shall be limited to three occupants.

Should the resident 55 years of age or older die or be required to live elsewhere, the remaining non-55 year old resident between 48 and 55 years of age who has been a resident for:

- a) The entire residency of the over-55 year old resident, or
- b) A minimum of 10 years may, with the approval of the Board of Trustees, continue as a resident. No additional persons under 55 years will be permitted to occupy the unit.

Any person or persons who may obtain legal or equitable title to a dwelling unit in this Association by way of purchase, gift, devise, testamentary disposition or by operation of law, or by any other means, and does not fall within the category of permissible occupants as set forth above shall not be permitted to occupy any such unit.

SECTION 7. IMMUNITY OF THE ASSOCIATION.

Members shall recognize that the Association shall not be liable in any civil action brought by or on behalf of a unit owner or spouse to respond in damages as a result of bodily injury or death to the unit owner and/or resident occurring on the premises of the Association. Nothing in this section shall be deemed to grant immunity to the Association causing bodily injury or death by its willful, wanton or grossly negligent act of commission or omission. This section shall apply to actions for injuries or death sustained on or after adoption of this section.

ARTICLE II

PRINCIPAL OFFICE

The principal office of the Association shall be located at the Clubhouse, 1 Loch Arbor Way, in the Township of Middletown, N.J. (the mailing address is Red Bank, N.J. 07701), unless some other location is specified by the Board of Trustees. In the event another place is selected, all members must be notified in accordance with ARTICLE III, Section 3.

ARTICLE III

MEETINGS AND VOTING

SECTION 1. MEETING PLACE.

The meeting place is the Clubhouse, 1 Loch Arbor Way, in the Township of Middletown, N.J.

SECTION 2. MEETINGS.

The following meetings shall be held by the Association. The dates, times, and places will be scheduled by the Board of Trustees and duly published as noted in Sections 2 and 3, herein.

A. Workshop Meetings

These meetings are for the Board of Trustees to discuss the official business of the Association. Residents are encouraged to attend but may not participate in the discussions.

B. Business Meetings

Such meetings shall be held no fewer than six (6) times a year. The dates, times, and places other than the Clubhouse shall be established by the Board. These meetings are open to the members and residents who may voice their opinions and concerns. At these meetings the Board votes on matters pertaining to the governance of the Association.

C. General Meetings

Such meetings shall be held three (3) times a year as indicated below unless the date is changed by the Board. These meetings are normally scheduled to be held on the third Tuesday of the month indicated.

- (1) Budget Meeting - The primary purpose of the Budget meeting, normally held in December, is for presentation and discussion of the budget. Copies of the budget and other necessary data shall be available to the residents prior to the meeting. Although discussion of the budget is solicited, a vote by the membership is not needed for its adoption.
- (2) Pre-Election Meeting - In addition to Trustee reports on the state of the Association, this meeting, usually held in May, is for the presentation of the slate of Trustees by the Nominating Committee and to recognize additional nominations from the floor, see Section 8, herein. At this time, the Condo Reps also present the slate of candidates for Condo Reps. The date of election is set by the Board, see Section 9, herein. Additionally, other matters to be voted upon must be approved by the members present if it is to appear on the ballot.
- (3) State of Association Meeting - The primary purpose of this meeting, usually held in September, is for the Board to report on the state of the Association. Progress reports from all of the Trustees will be submitted and the floor will be open for discussion. Wherever possible, written reports will be provided.

D. Special Meetings

It shall be the duty of the President to call a Special Meeting of the members of the Association whenever:

- (1) He is directed to do so by a petition signed by at least four other trustees, or
- (2) Upon presentation of a petition signed by at least one-third (1/3) of the members in good standing. No business shall be transacted at a Special Meeting except that which is stated in the notice and if voting is required, it may be done during the meeting or by a mail-in vote. In either case, a simple majority of those voting is needed for passage except for those items requiring an alternate method of voting as set forth in Section 10, herein.

SECTION 3. NOTICE OF MEETINGS.

For all of the meetings listed in Section 2, the meeting information shall be published in the Chatterbox and posted on the bulletin boards in the Village. To ensure adequate notice of such meetings, non-resident members shall be notified by first class mail. Notices shall be mailed not less than 5 days or more than 20 days before the date fixed for the meeting. The address of the non-resident shall be the last noted address on file with the Association office.

SECTION 4. ORDER OF BUSINESS.

The general order of business at all meetings of the Association shall be determined by the Board of Trustees.

SECTION 5. LIST OF MEMBERS.

The list of all members eligible to vote in any election shall be maintained by the Secretary of the Association. See Duties of the Secretary, ARTICLE VII, Section 5.

SECTION 6. VOTING RIGHTS.

Each dwelling unit shall have one vote in the Association. If a member owns more than one unit, he shall be entitled to one vote for each unit owned. The vote of each unit shall not be divisible. A non-resident owner may transfer the voting privilege to anyone including a resident non-owner (renter) by signing a proxy which will be maintained in the Association office and noted on the official list of eligible voters, see Section 9(c), herein.

SECTION 7. VOTING ELIGIBILITY.

A member shall be deemed to be in good standing and entitled to vote in any election. General or Special meeting of the Association if, and only if, he shall have fully paid all assessments levied against him and his unit, together with all other expenses properly chargeable to him against his unit as of the end of the last calendar quarter prior to the meeting.

SECTION 8. NOMINATIONS AND MOTIONS.

Nominations and motions shall occur in the following way:

- a) Nominations of candidates for the Board of Trustees must be filed by formal petitions with the Secretary at least ten (10) days in advance of the Pre-Election Meeting. The petition must be signed by at least ten (10) members eligible to vote, and an acceptance of the nomination signed by the candidate. However, nominations may be made from the floor of the Pro-Election meeting if the nominee accepts and ten (10) members eligible to vote stand for the nominee.
- b) Nominating petitions and motions shall be deemed filed with the Secretary when delivered to the Association office.
- c) Motions to present issues at a General or Special Meeting for action shall be submitted in a formal petition signed by at least ten (10) members eligible to vote and filed with the Secretary at least ten (10) days in advance of such meeting. Motions to be considered at a Special meeting must be relevant to the subject for which the Special Meeting is called. No new motions may be made from the floor in a General or Special meeting but motions duly submitted before said meeting may be amended from the floor by a majority of members present.
- d) The final decision on all motions duly considered at a meeting shall require a majority of the members present unless the matter is deferred to a mail-in ballot in which case a majority of the returned ballots is needed for approval.
- e) A majority of the Board of Trustees may refer any question to a vote by all members as provided in Section 4, herein at any scheduled Election Day or at an Election Day set for that purpose.

SECTION 9. METHOD OF VOTING.

All voting, unless otherwise stipulated, shall be by mail and the following steps shall occur for each election:

- a) At a General or Special Meeting of the Association, the Board of Trustees shall announce an Election Day for the return of ballots. The ballots are to be mailed to members no later than five (5) days after the meeting requiring a vote.
- b) The Board shall supply the Election Committee with an up-to-date list of all units indexed by street name and number, showing full name of person(s) registered as owner(s) of the individual unit.
- c) In the event that a member wishes to designate a proxy, the Board shall have a proxy form made available to the unit owner upon his written application to the Association office. Anyone designating a proxy must file the completed document with the Association office at least ten full business days prior to the date that ballots are mailed. The proxy is valid until revoked in writing by the member.
- d) The Board shall make available biographies of the candidates at the Association office. This material shall be distributed to all members in advance of the election. Resident owners shall be notified by publication in the Chatterbox or other official publication of

the Association. Non-resident members shall be provided with this material and the ballot by first class mail.

- e) The Board of Trustees shall make such other Election Day rules and regulations as it deems necessary.

SECTION 10. NECESSARY MAJORITIES.

The majority required to carry a vote shall be as noted in the following cases:

- a) The election of Trustees shall be decided by a simple majority vote of returned ballots from Association members who are eligible to vote.
- b) Approval of any changes to the By-laws shall require a minimum of 318 affirmative votes. Refer to ARTICLE XI for the formula upon which the number of 318 is based.
- c) No single capital expenditure in the annual budget in an amount greater than three-percent (3%) of the Association annual budget then in effect may be authorized or paid without the affirmative vote of two-thirds (2/3) of the returned ballots on Election Day or as the result of a Special meeting. This restriction does not apply to items in the Replacement Fund.
- d) The number of votes needed for approval of any other matter not herein specified shall be by simple majority of returned ballots from Association members.

ARTICLE IV

OBLIGATIONS OF MEMBERS

SECTION 1. PERSONAL RESPONSIBILITY.

Each member shall perform promptly at his own risk, cost and expense, all maintenance and repair work with respect to the portion of each dwelling unit owned by him which does not comprise a part of the common elements and which, if omitted, would adversely affect or jeopardize the safety of the building in which his dwelling unit is located. Each member shall be liable for any damages, liabilities, costs or expenses, including attorney's fees, caused by or arising out of his failure to promptly perform any such maintenance and repair work.

SECTION 2. REIMBURSEMENT TO THE ASSOCIATION.

Each member shall be obligated to reimburse the Association for any expenses incurred by it in repairing or replacing any part or parts of the common elements damaged solely by his negligence or by the negligence of his tenants or guests promptly upon the receipt of the Association's statement.

SECTION 3. FINANCIAL LIABILITY.

Each member is bound to contribute (as set forth in ARTICLE XIII) toward the expenses of administration and of maintenance and repair of the common elements of the Association. Such expenses shall include those related to all of its real and personal property in such amounts as fixed by the Trustees and any other expense that may be lawfully agreed upon. No member may exempt himself from contributing toward such expenses by waiver of the use or enjoyment of the common elements of the community or recreational facilities of the Association or by abandonment of the unit owned by him.

SECTION 4. PAYMENT OF ASSESSMENTS.

Payment by the member of his share of the aforesaid expenses shall be made in the amount fixed by the Trustees to the Treasurer of the Association at the principal office of the Association.

SECTION 5. LIABILITY.

All such charges and expenses chargeable to a member and his dwelling unit shall constitute a lien against the said unit in favor of the Association prior to all other liens except:

- a) Assessments, liens and charges for taxes past due and unpaid on the unit, and
- b) Payments due under mortgage instruments of encumbrance, if any, duly recorded.

The said lien may be recorded in accordance with the provisions of N.J.S.A. 46:8B-21 and be foreclosed in the manner provided for the foreclosure and sale of real estate mortgages and, in the event of foreclosure, the Association shall, in addition to the amount due, be entitled to recover reasonable expenses of the action including court costs and reasonable attorney's fees. The right of the Association to foreclose the lien aforesaid shall be in addition to any other remedy which may be available to it at law for the collection of the charges and expenses including the right to proceed personally against any delinquent member for the recovery of a personal judgment against him for the amount due, court costs and reasonable attorney's fees.

SECTION 6. DELINQUENT ACCOUNTS.

In the event a member shall fail to pay any assessment or fee levied against him or any reimbursement required under Section 2, herein or any other charges lawfully imposed, the same shall after a grace period set by the Board of Trustees become due and payable with interest not to exceed the maximum rate permitted by law. The Association shall be entitled to record and foreclose the lien referred to in Section 5. In the event of a default in common expense payments by the owner of a rented unit, the Association is expressly authorized to receive the assignments of rents.

SECTION 7. PRIOR CLAIM.

Upon the sale, conveyance or other lawful transfer of title to a unit, all unpaid assessments against a member shall first be paid out of the sale price or by the acquirer in preference over any

other assessments or charges of whatever nature except the following:

- a) Assessments and fees, liens and charges for taxes past due and unpaid on the dwelling unit, and
- b) Payments due under mortgage instruments of encumbrance, if any, duly recorded.

SECTION 8. BUYER'S LIABILITY.

The acquirer of a unit shall be jointly and severally liable with the seller for the amounts owing by the latter to the Association up to the time of the conveyance or transfer, without prejudice to the acquirer's right to recover from the seller the amount paid by him as such joint debtor. The Association shall provide a statement of such amounts due by the seller and the acquirer's liability under this section shall be limited to the amount as set forth in said statement. The buyer shall also be liable for special assessments and fees as described in ARTICLE XIII Section 3.

SECTION 9. STRUCTURAL MODIFICATIONS OR ALTERATIONS.

All units shall be utilized for residential purposes only. A member shall not make structural modifications or alterations in his unit or installations located therein without the written consent of the Trustees (Refer to Rules and Regulations in "Your Information Guide to Shadow Lake Village"). No unit may display any sign bearing other than the name and address of the occupant unless authorized by the Board of Trustees.

SECTION 10. ACCESS TO DWELLING UNIT.

The Association shall have the irrevocable right, to be exercised by the Trustees or manager of the Association, or any duly authorized agent, to have access to each dwelling unit and/or garages from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the common elements therein or accessible therefrom or from making emergency repairs therein necessary to prevent damage to the common elements or to another dwelling unit or units. Upon notice of intent to sell, the unit shall be subject to inspection by the Association for compliance with Section 9, herein.

SECTION 11. COMPLIANCE WITH BY-LAWS AND RULES AND REGULATIONS.

Each member shall comply strictly with these By-laws and with the administrative Rules and Regulations which are in "Your Information Guide to Shadow Lake Village". Either of the same may be lawfully amended, considering the covenants, conditions and restrictions set forth in the Master Deed and in the Deed to each member's unit.

The Board of Trustees may establish a schedule of special individual assessments for the violation of Rules and Regulations. These assessments shall be added to regular assessments and collected in the same manner.

Failure to comply with any of the rules shall be grounds for a civil action to recover sums due, for damages or injunctive relief, or both, plus court costs and reasonable attorney's fees. Such

litigation may be instituted by the Association on behalf of the members or in a proper case by an aggrieved member.

SECTION 12. NOTICE OF SALE OR RENTAL.

The owner of each unit shall inform the Association, in writing, of the proposed sale, or rental of his unit. The member shall notify the Association of the name, and ages of the new occupant(s). No unit shall be sold or rented except in accordance with the appropriate provisions of the Master Deed. Also see ARTICLE XIII, Section 4. Upon notice of intent to sell, the unit shall be subject to inspection by the Association for compliance with Section 9, herein.

ARTICLE V
BOARD OF TRUSTEES

SECTION 1. GOVERNING BOARD.

The affairs of the Association shall be governed by a Board of Trustees consisting of nine persons, each of whom shall be a member of the Association. The powers listed below are hereby delegated to the Board by the members of the Association.

SECTION 2. MAKE UP OF THE BOARD.

After the May meeting of the Association, three Trustees shall be elected from those nominated according to ARTICLE III, Section 9 to serve for a term of three years except as provided in Section 3, herein. Trustees shall serve without compensation.

SECTION 3. VACANCY.

If the office of any Trustee shall become vacant, by reason of his death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Trustees, at a special board meeting duly called for such purpose, shall choose a successor. The successor shall hold office until the next Board of Trustees election of the Association. The person so elected shall serve for the rest of the unexpired term.

SECTION 4. REMOVAL.

Trustees may be removed with cause, by the affirmative vote of two-thirds of the returned ballots of the members of the Association voting in an election held according to ARTICLE III. Such a vote shall have been authorized at an open or special meeting when a full discussion of the problem took place.

SECTION 5. MEETINGS.

The Board of Trustees shall hold the following meetings as indicated:

- a) Organizational - The first or organizational meeting of each newly constituted Board of Trustees shall be held within one week of the election.
- b) Business - Business meetings of the Board of Trustees may be held at such time and place permitted by law as determined by the Trustees. At least six such meetings shall be held in each fiscal year. Notice of business meetings of the Board shall be in accordance with ARTICLE III, Section 3.
- c) General - The Board shall also hold general meetings with the Association members three times a year as outlined in ARTICLE III. At each of such meetings, the Trustees shall render reports of the Association's business since the last general meeting. All general meetings shall be held on the third Tuesday of May, September and December, unless otherwise specified by the Board of Trustees in accordance with ARTICLE III.
- d) Special - Special meetings of the Board of Trustees may be called by the President of the Association on three days' written notice to each Trustee. In unusual circumstances, notice by phone is permissible if duly recorded. Special meetings of the Board shall be called by the President or the Secretary in like manner upon the written request of any four Trustees, see ARTICLE III, Section 2D.

SECTION 6. WAIVER OF NOTICE.

Before any meeting of the Board of Trustees, whether business, general or special, any Trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Trustee at any meeting of the Board shall likewise constitute a waiver by him of such notice. If all Trustees are present at any meeting of the Board, no notice of such meeting shall be required and any business may be transacted at such meeting except as prohibited by law or these By-laws.

SECTION 7. QUORUM.

At all duly convened meetings of the Board of Trustees, a majority of the Trustees shall constitute a quorum for the transaction of business except as otherwise expressly provided in these By-laws or by law and the acts of the majority of the Trustees present at such meeting at which a quorum is present, shall be the acts of the Board of Trustees. If at any meeting of the Board of Trustees there shall be less than a quorum present, the Trustee or Trustees present shall adjourn the meeting. The agenda from the adjourned meeting shall become the first order of business at the next business meeting of the Board at which a quorum is present.

SECTION 8. DUTIES AND POWERS OF THE BOARD.

The Board of Trustees shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association. In the performance of its duties, the Board of Trustees shall have powers and duties including, but not limited to, the

following:

A. Property Management

- (1) Physical - To oversee the operation, maintenance, renewal, replacement, protection and surveillance of the buildings and the common elements and services, as well as the community and recreational facilities and all other property, real or personal, of the Association.
- (2) General Access - To allow authorized personnel to enter any dwelling unit when necessary for or in connection with the operation, maintenance, repair, renewal or protection of any common elements, or to prevent damage to the common elements or any dwelling units, or in emergencies. Such entry and work shall be done with as little inconvenience as possible to the owner(s) and occupants of such dwelling units. Each owner shall be deemed to have expressly granted such rights of entry by accepting and recording the Deed to his dwelling unit and/or garage.

B. Financial Management

- (1) Budget - To prepare a budget or estimate for the annual expenses of the operation of the Association prior to the beginning of each fiscal year. This shall include the expenses of the operation of the community and recreational facilities, and reasonable reserves for depreciation, retirements and renewals. The total amount of such budget or estimate shall be assessed against all of the dwelling units and the respective owners thereof, as set forth in the Master Deed and in ARTICLE XIII. The amounts applicable to each dwelling unit shall be payable by the owner to the Shadow Lake Village Condominium Association in equal installments, at the billing dates determined by the Board of Trustees. Accounts shall be declared delinquent and subject to penalty if not paid within the grace period set by the Board of Trustees. See ARTICLE IV, Section 6.
- (2) Assessments and Fees - To adjust the amount of any annual assessment or special assessments and fees to meet increased operating or maintenance costs or capital expenses or because of emergencies. This action requires a 2/3rds approval vote of all members of the Board.
- (3) Use of Income - To use and expend any sums collected from such assessments or levies for the operation, maintenance, renewal, surveillance and protection of the common elements, community and recreational facilities of the Association and all of its real and personal property.
- (4) Bonding - To require all officers and employees of the Association or others handling, or being responsible for funds of the Association or funds in its possession or under its control to furnish adequate fidelity bonds, in form, penalties and with corporate surety satisfactory to the Board of Trustees. The premiums on such bonds shall be paid by the Association as part of the common expense.
- (5) Taxes - To pay all taxes and assessments levied or assessed against any property of the Association, exclusive of any taxes or assessments levied against any individual dwelling unit or otherwise properly chargeable to the owner(s) thereof.
- (6) Collection of Debts - To collect delinquent levies or assessments made by the Board of

Trustees against any dwelling units and the respective owner(s) thereof. Such costs and expenses incurred in connection therewith shall include but not be limited to court costs and attorney's fees, whether by suit or otherwise. These levies shall be used to abate nuisances and enforce observance of the Rules and Regulations relating to the Association, by injunction or such other legal action or means as the Board of Trustees may deem necessary or appropriate.

In the event of a default in common expense payments by the owner of a rental unit, the Association is expressly authorized to receive the assignments of rents.

- (7) Borrowing - To borrow money and sign any promissory notes and accompanying documents in connection therewith and authorized by vote of the Association in an election held under ARTICLE III.
- (8) Accounts - To establish operating accounts, escrow accounts, and other accounts, as the Board of Trustees deems appropriate. These accounts must be consistent with good accounting practices.
- (9) Records - To keep detailed books of account of receipts and expenditures affecting the Association.
- (10) Audits - To require a complete audit of the books and accounts of the Association to be made by an independent Certified Public Accountant at the end of each fiscal year, or at other times as may be necessary. Audits will also be performed by our own Audit Committee in accordance with F(2), herein. The Board of Trustees shall also prepare, at the end of each fiscal year, and make available to the owner of each dwelling unit, a report of the business and affairs of the Association, showing accurately its financial condition.

C. Personnel Management

- (1) Staff - To employ and dismiss such personnel as are needed together with the necessary tools, equipment, and materials for the proper operation and maintenance of the Shadow Lake Village Condominium Association, except the portions required to be maintained by owner(s) of dwelling units. The Board of Trustees may also employ a manager for the Association, at such compensation as may be established by the Board, to perform such duties and services as the Board may lawfully delegate.
- (2) Service Contracts - To enter into any necessary contracts or agreements for the operation and administration of the Association with private parties or any governmental agency or pursuant to applicable ordinances of Middletown Township, N.J.
- (3) Professional Services - To employ or retain professional services, i.e., legal counsel, engineers and accountants, outside agents and/or management firm(s) and to fix their compensation whenever such professional advice or services may be deemed necessary by the Board for any proper purposes of the Association.

D. Rules and Regulations

To make and enforce such Rules and Regulations relative to the operation and use of the dwelling units and Association facilities. The Rules and Regulations, when approved by appropriate resolutions, shall be binding on the owner(s) and occupant(s) of dwelling units,

their successors in title and assigns. A copy of "Your Information Guide to Shadow Lake Village" containing the Rules and Regulations and/or any amendments thereof shall be delivered or mailed to each owner of a dwelling unit promptly upon the adoption thereof and posted in a conspicuous place in the Clubhouse. Additional copies shall be available in the Association office.

E. Insurance

- (1) Required Coverage - The Board of Trustees shall be required to obtain and maintain, to the extent obtainable, at least the following insurance coverage (refer to ARTICLE VI, Section 3:
 - a) Property Insurance with Boiler & Machinery Coverage
 - b) Worker's Compensation & Employers Liability
 - c) Comprehensive Liability
 - d) Automobile Liability
 - e) Employee Dishonesty
 - f) Directors & Officers Liability
- (2) Required Sources of Coverage - All insurance coverages shall be issued by companies authorized to do business in New Jersey and acceptable to Board of Trustees.
- (3) Premium Payment - All insurance premiums shall be paid by the Association as common expenses.
- (4) Waivers - All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by unit owners or of invalidity arising from any acts of the insured or any unit owner(s), and shall provide that such policies may not be canceled or substantially modified without at least ten days prior written notice to all of the insureds, including all mortgagees of units.
- (5) Unit Owners Coverage - Unit owners should obtain insurance for their own account and for their own benefit. No owner shall, however, insure any part of the common elements whereby, in the event of loss thereto, the right of the Association to recover the insurance proceeds for such loss in full, shall be diminished in any way.

F. Committees

The Board of Trustees may appoint committees as deemed appropriate to carry out its purposes. They shall include but not be limited to the following Standing Committees.

- (1) A Finance Committee to:
 - a) Prepare an annual budget which shall be effective only after approval by the Board of Trustees,
 - b) Review receipts and expenditures of the Association to determine whether operations are within budgetary projections,
 - c) Make recommendations to the Board for expenditures and the allocation and reallocation of funds,
 - d) The control of bank deposits and other investments,

- e) Assist in the preparation of an annual fiscal report, and
- f) Report on its activities at the general meetings of the Association.

The Treasurer shall be an ex-officio member of this committee.

(2) An Audit Committee to:

- a) Supervise the annual audit and make a report to the Board of Trustees,
- b) Review at least once every four months the system of accounting control and internal checks to assure the accurate recording and summarization of authorized financial transactions and the safeguarding of the Association's assets,
- c) Make recommendations to the Board for improvements, and
- d) Report their findings to the Association at the general meetings.

The Treasurer shall be liaison between this committee and the Board but shall not participate in its deliberations.

(3) An Architectural Control Committee shall review and approve or disapprove, before it can be made, any alteration or modification to:

- a) The structure of any residential building,
- b) The appearance of any residential building, including the color of any part thereof, and
- c) The arrangement and appearance of the grounds immediately adjacent to the residential building.

All decisions of this committee shall be subject to the review of the Board of Trustees.

(4) A Maintenance Committee shall advise the Board of Trustees on all matters pertaining to the maintenance, repair or improvement of both buildings and grounds in the common areas and properties and shall perform such other functions as the Board may determine.

(5) A Safety/Security Committee shall develop, and recommend to the Board, the operation of a safety/security program appropriate to the size and needs of the Association, its members and property.

At least one member of the board, to be appointed by the President shall serve as liaison to each standing Committee.

The President shall appoint the chairpersons of all other committees with the advice and consent of a majority of the Board of Trustees, and may determine the size of committees and appoint certain or all members.

SECTION 9. CONDOMINIUM REPRESENTATIVES (CONDO REPS).

A. Purpose

Condo Reps individually and collectively as a committee shall function as liaison between the members of their respective condominiums and the Board of Trustees, to convey information and inquiries of mutual interest between them. They shall perform such added duties assigned to them by the Board of Trustees.

B. Nomination and Election

The members of each condominium shall elect one of its members to be its Condo Rep and another to be Assistant Condo Rep. Nominations for these offices shall be in writing signed by five members of the condominium and countersigned by the nominee and shall be deposited with the Secretary at least ten days in advance of the third Tuesday in May. The names of those nominated shall be included in the notice of election sent out per ARTICLE III. Appropriate ballots shall be made available to the members of the respective condos.

C. Term of Office

Condo Reps and Assistant Condo Reps shall serve for terms of two years. The Assistant Condo Rep shall act for the Condo Rep when the latter is absent or otherwise unable to act and shall assist the Condo Rep as needed. Terms of the Reps of odd-numbered condos will expire in May of odd-numbered years, and the terms of Reps from even-numbered condos will expire in May of even-numbered years. In the event of a vacancy, the chairperson shall appoint a replacement for the unexpired term.

D. Organization

At its first meeting after election, the Condo Reps shall select a chairperson and vice chairperson. Regular meetings shall be held on a schedule determined by the Condo Reps. Special meetings may be called by the chairperson when requested by the President of the Board of Trustees or by a majority of the Trustees, or by a petition by one-quarter of the Condo Reps.

E. Responsibilities

A sub-committee chosen by the chairperson, with the advice of the committee, shall meet with the Board of Trustees for a portion of each regular meeting of the Board to exchange inquiries and information on matters of mutual interest. In addition, the minutes of all meetings of the Board shall be made available to the Condo Reps.

ARTICLE VI

DAMAGE TO BUILDINGS:

RECONSTRUCTION, DEMOLITION, REPLACEMENT, AND INSURANCE

SECTION 1. DAMAGE PROCEDURES.

In the event that fire or other disaster or casualty results in damage to any of the buildings and/or common elements throughout Shadow Lake Village, said property shall be repaired and recovery through insurance of such property shall be as specified in Section 2 of this article.

The members of the Association (as defined in ARTICLE 1, Section 3) shall vote to decide if the provisions of Section 2, herein, shall be followed or if some other procedure shall be adopted. For this purpose, the term "common elements" is defined in the Master Deed, and includes both

general and limited elements. All the members are entitled to vote as each owns an undivided interest in the common elements of the entire Association. The vote to disregard Section 3 shall require a 3/4 majority of the members in the Association.

Estimates of the cost of repairs or reconstruction shall be obtained from the insurance adjusters and private contractors. If estimates of the current market value are required, they shall be obtained from real estate appraisers and shall show market value before damage was sustained.

All sums recovered from the Association's insurance shall be made available for the purpose of repair or replacement of the damaged building and commons elements.

This article does not apply to damage to or insurance payments involving the non-common elements of any dwelling unit or the personal property contained therein. Interior common elements of a building include basic walls, floors, ceilings, etc. See Section 5A, herein.

SECTION 2. RECONSTRUCTION.

A. Decision to Rebuild

If the estimated cost of repairs to common elements exceeds the amount recoverable from the Association's insurance or if the estimated cost of repairs exceeds 2/3 of the total market value of all the units in the damaged building, the members of the Association shall vote to decide the extent of the repairs to be made.

Such a vote shall be based upon written rates provided by professional advisers. If the actual cost of repairing or rebuilding exceeds the amount recovered through the Association's insurance, the excess shall be assessed by the Trustees against all the members in the percentage of ownership held. The Board of Trustees shall have the same legal rights to collect this assessment as maintenance fee assessments or any other duly levied charge.

B. Decision Not to Rebuild

If any unit is not rebuilt, the owner(s) and mortgagee(s) shall be reimbursed at the current market value of that unit(s). The percentage ownership in the common property shall be adjusted accordingly.

SECTION 3. SALE.

In the event the Board of Trustees shall determine that any existing building(s) under the jurisdiction of the Association are obsolete, the Board, at any regular or special meeting may call for a vote by the Association members to determine whether or not the buildings should be placed on the market and sold. In the event 90% of the members determine that the property should be sold, the applicable provisions of the preceding section pertaining to sale of property shall become effective.

SECTION 4. DEMOLITION AND/OR REPLACEMENT.

In the event that the Board of Trustees shall determine that any of the community and recreational facilities and any other real or personal property of the Association be obsolete, the

Board, at any regular or special meeting of the members of the Association, may call for a vote by the members to determine whether or not the said property should be demolished and replaced. In the event 90% of the members of the Association shall determine that the said property should be demolished and/or replaced, the costs thereof shall be assessed against all of the members of the Association in accordance with their proportionate share of ownership in the Association.

SECTION 5. INSURANCE.

The Board of Trustees is required to obtain and maintain insurance coverage to protect Association property as outlined in ARTICLE V.

A. PROPERTY INSURANCE

Property Insurance, including Boiler & Machinery, blanket coverage for buildings and their contents for an amount equal to the current replacement cost value. The Boiler & Machinery coverage is for any accidental or sudden breakdown of motors, pumps and any other type of machinery. This policy shall contain a replacement cost endorsement with an agreed amount clause. The insurance shall include Special Form perils of loss on all the buildings containing the units and common elements together with all central utility and other service machinery contained therein, and all buildings, fixtures, equipment, and personal property owned by the Association, in the amount determined by the Board and approved by all first mortgagees having mortgage liens upon the dwelling unit(s) contained in said buildings.

Within a dwelling unit, association coverage shall include kitchen cabinets, bathroom vanities, medicine cabinets, air conditioning units (both central and built-in wall units), plumbing and heating units, and electrical wiring only to the extent as installed by the original builder and to the extent damage is incidental to other major damage.

Association coverage shall not include incidental damage to interior finishing such as painting, wallpaper, paneling or mirrors.

Thus, unit owner(s) shall be solely responsible for damage or replacement of all appliances, carpeting and under-carpet padding, all electrical fixtures, mirrors, tile floors, linoleum, and for any other damage resulting from malfunction or misuse of any of these, as well as all furniture, furnishings and other personal property, their contents and their personal liabilities as unit owner(s). Association has no responsibility for replacement of glass doors and windows unless replacement is necessary due to damage by an incidental occurrence which is covered by the Association insurance.

Such insurance shall provide that in the event of loss or damage, the proceeds of said policy or policies shall be payable to the Board of Trustees or to its designee as an insurance trustee on behalf of all the owners, co-owners and mortgagees of units in said buildings. Said insurance trustee shall be obligated to apply said proceeds as set forth in Sections 1 thru 4, herein. Each of said policies shall contain a standard mortgagee clause in favor of each mortgagee of a unit and shall provide that the loss, if any thereunder, shall be payable to such mortgagee as its respective interest may appear, subject, however, to the right of the Board or its designee as insurance trustee, to receive said proceeds to be applied to repair or reconstruction as provided herein.

B. WORKERS' COMPENSATION & EMPLOYERS LIABILITY

Statutory coverage is in accordance with N.J. state laws.

C. COMPREHENSIVE LIABILITY

Comprehensive Liability Insurance covering all common areas for a limit of not less than one million dollars (\$1,000,000.00). Such liability insurance shall insure the Association, its members and all organizations officially sponsored by the Association against liability for any negligent act of commission or omission attributable to the Association or any of its members and which occurs on or in any of the common elements of the community or recreational facilities of the Association.

D. AUTOMOBILE LIABILITY

Automobile Liability including physical damage protection shall be carried on all vehicles owned by the Association.

E. EMPLOYEE DISHONESTY

Employee Dishonesty, including Forgery and any other insurance deemed necessary to protect the interest of the Association, its employees or members.

F. DIRECTORS & OFFICERS LIABILITY

Directors & Officers Liability for not less than \$1,000,000.00 to protect the unit owners from loss due to wrongful acts committed by the Trustees of the Association.

ARTICLE VII

OFFICERS

SECTION 1. OFFICERS.

The officers of the Association shall be a President, Vice-President, Secretary, and Treasurer. All officers of the Association shall also be members of the Board of Trustees, except the Treasurer who may be elected by a majority vote of the Board from among non-Trustee members of the Association. The Board may also appoint Assistant Secretaries and Assistant Treasurers as it may deem necessary; the term of office of the appointments is one year and may be renewed.

SECTION 2. ELECTION.

The officers of the Association shall be elected annually by the Board of Trustees at the organization meeting of each new Board. If a vacancy occurs, a replacement is appointed by the President with the affirmative vote of the majority of the Board. An officer may be removed from office for cause by the affirmative vote of a majority of the members of the Board.

SECTION 3. DUTIES OF THE PRESIDENT.

The President shall have the general powers and duties usually vested in the office of president of an association including, but not limited to:

- a) Being the chief executive officer of the Association
- b) Presiding at all meetings of the members and of the Board of Trustees
- c) The power to appoint committees from among the members as he may deem appropriate to assist in the conduct of the affairs of the Association
- d) Execute such deeds, contracts and other instruments, in the name and on behalf of the Association and under its corporate seal when a seal is required, except when such documents are required or permitted by law to be otherwise executed
- e) Delegate the signing and executing of contracts to another officer or agent of the Association when such is approved by the Board of Trustees

SECTION 4. DUTIES OF THE VICE PRESIDENT.

The Vice President shall:

- a) Perform all of the duties of the President in his absence
- b) Perform such other duties as may be required of him by the Board of Trustees

SECTION 5. DUTIES OF THE SECRETARY.

The Secretary shall have general powers and duties vested in the office of Secretary including, but not limited to:

- a) Recording all votes and the minutes of all meetings and proceedings in a minute book to be kept for that purpose
- b) Having charge of the minute book and such records and papers as the Board shall direct
- c) Notifying the members of meetings
- d) Such other duties as may be prescribed by the By-laws or by the Board of Trustees or the President
- e) Being responsible for the corporate seal, and when authorized by the Board, affix the same to any instrument requiring it and attest to the same when appropriate
- f) Recording amendments to the By-laws with the office of the County Clerk
- g) Maintaining a current copy of the By-laws
- h) Disseminating amendments to the members
- i) Have the power of delegating specific duties to other persons involved in the management of the Association

SECTION 6. DUTIES OF THE TREASURER.

The Treasurer shall:

- a) Be responsible for the Association's funds and securities
- b) Keep full and accurate accounts of receipts and disbursements in books belonging to the Association
- c) Deposit all monies, checks, and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Trustees
- d) Disburse the funds of the Association as may be ordered by the Board, making proper vouchers for such disbursements
- e) Render to the Trustees, at regular meetings of the Board or whenever required, an account of his transactions as Treasurer and of the financial condition of the Association
- f) Oversee the preparation of the annual budget
- g) Prepare and present the annual financial statement
- h) Establish written procedures on financial transactions
- i) Have the power of delegating specific duties to other persons involved in the management of the Association

SECTION 7. COMPENSATION.

The officers of the Association shall serve without compensation except that they shall be entitled to approved reimbursement for all expenses reasonably incurred in the discharge of their duties.

ARTICLE VIII

INDEMNIFICATION OF OFFICERS AND TRUSTEES

The Association shall indemnify every Trustee and officer, his heirs, executors and administrators, against all loss, cost and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceedings to which he may be made a party by reason of his being or having been a Trustee or officer of the Association except as to matters as to which he shall be finally adjudged in such action, suit or proceedings to be liable for gross negligence or willful misconduct.

In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlements as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Trustee or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Trustee or officer may be

entitled.

All liability, loss, damage, cost and expenses incurred or suffered by the Association by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Association as common expenses, provided, however, that nothing contained in this article shall be deemed to obligate the Association to indemnify any j member or owner of a dwelling unit who is or has been a 1 Trustee or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of his membership in the Association.

ARTICLE IX

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January in each year.

ARTICLE X

CORPORATE SEAL

The corporate seal of the Association shall consist of two concentric circles between the circumference of which shall be inscribed in the name of the Association and within the circumference of the inner circle the words "Incorporated, New Jersey" and the year of the incorporation.

ARTICLE XI

AMENDMENTS TO BY-LAWS

These By-laws and the form of administration set forth herein may be amended by the affirmative vote of at least 2/3 of over 50% of the membership, casting a ballot themselves or by proxy. The vote shall be held in accordance with the rules specified in ARTICLE III.

The text of the proposed amendment shall have been included in the notice of the election. No such amendment or modification shall be operative until it is recorded in the Office of the Clerk of Monmouth County in the same manner as the Master Deed.

An updated copy of the By-laws shall be available in the Administration office of Shadow Lake

Village.

ARTICLE XII

DISSOLUTION OF ASSOCIATION

SECTION 1. PROCEDURE.

In the event it shall be deemed advisable and for the benefit of the members of the Association that the Association should be dissolved, the procedures concerning dissolution set forth in Chapter 1, Section 20 of Title 45 of the Revised Statutes of the State of New Jersey, entitled Corporations and Association Not For Profit, shall be followed.

SECTION 2. DISTRIBUTION OF ASSETS.

In the event of dissolution, the assets of the Association after the payment of all its debts including mortgages and other encumbrances, shall be distributed to the members of the Association in accordance with their percentage of ownership. The percentage of ownership of each member shall be based upon 1/952nd of the Association's assets, i.e. Clubhouse, recreational facilities, maintenance area, and common elements.

ARTICLE XIII

MEMBERS' FEES, ASSESSMENTS, AND DEPOSIT

SECTION 1. OPERATING BUDGET.

The annual assessment raises monies to fund the Operating Budget and the Replacement Fund. The assessment for the Operating Budget comprises two components. One component is based upon the size of the members dwelling unit. The other component of the Operating Budget is computed upon the members share of the Association's property. The ratio of the two components is determined by the Board of Trustees with the advice of the Treasurer. The Replacement Fund is discussed in Section 2.

A. Members' Dwelling Unit Share

The members' share of the Operating Budget is based upon each dwelling unit and is assessed according to the square footage of the individual unit. This is multiplied by a factor that is computed by dividing the dwelling unit's square footage by the aggregate units' square footage of units in the Shadow Lake Village Association.

B. Members' Share for Association's Portion

The members' share for the Association property of the Operating Budget, are assessed to each unit owner on the basis of 1/952nd of the Association's Annual Operating Budget.

SECTION 2. REPLACEMENT FUND.

The monies raised by annual assessment and used for the Replacement Fund are required by the N.J. State Law pertaining to condominiums. The purpose of the Replacement Fund is to accumulate funds over the lives of certain capital assets which are part of the common elements so that at the time of their replacement sufficient amounts are available.

The method is based upon the actual costs needed over the life expectancy of the Association properties. These figures are revised annually to arrive at the budgetary figure. The fee to be paid by each member for the maintenance of Association-owned land and property shall be computed by dividing the unit square footage of the members dwelling unit by the aggregate unit square footage of all of the dwelling units being thus administered multiplied by the amount required.

SECTION 3. SPECIAL ASSESSMENTS AND FEES.

The Board of Trustees has the authority to levy special assessments and fees, including but not limited to, the following:

- a) Special assessments to meet the fiduciary requirements of the Village.
- b) New member non-refundable equity participation fee for Shadow Lake Village capital improvements.
- c) Non-refundable administration fee for new members upon initial ownership and upon each rental of a unit.
- d) Guest or resident fees for use of recreational facilities.

SECTION 4. REQUIRED DEPOSIT.

A. Member's Deposit

Upon conveyance of a dwelling unit by a member to a purchaser of said dwelling unit, the purchaser shall deposit with the Association an amount equal to three months' current assessments (one quarterly payment) on that unit. Upon failure to make such deposit within thirty (30) days of the date of closing of title to such dwelling unit, the monies on deposit from the seller shall be credited to the account of the new owner towards the new owner's obligation under this section.

B. Refund of Deposit

The aforesaid deposit shall be refunded to the unit owner (less any current assessments owed and any other monies due the Association) upon the resale of his dwelling unit and when the purchaser has made the deposit stipulated in Section 4A.

BY-LAWS HISTORY OF AMENDMENTS

The basic condominium documents for each dwelling unit in the Shadow Lake Village Condominium Association, Inc., are the Master Deed and Declaration of Restrictive and Protective Covenants with its Certificate of Incorporation dated November 8, 1971 and the By-Laws of the Association. The following amendments were recorded at the County Clerk's office on the dates indicated:

1971	Original Issue
July 1980	Revised and Reissued
Sept. 24, 1982	
1. ART. III, Sec. 2A	Use of Absentee & Proxy Ballots
2. ART. V, Sec. 10	Insurance Coverage
July 29, 1985	
1. ART. V, Sec. 6	Open meetings three times a year and their purpose
2. ART. V, Sec. 10	Appointment of Chairpersons and Committees
Nov. 3, 1986	
1. ART. I, Sec. 4	Defined Member in Good Standing
2. ART. III, Sec. 3	Notice of Meetings - in Chatterbox or mail to non-residents
3. ART. III, Sec. 3	Agenda and Special Meetings
4. ART. III, Sec. 11	Method of Voting
5. ART. IV, Sec. 12	First Refusal - deleted
6. ART. IV, Sec. 13	Renumbered
7. ART. V, Sec. 10h	Access to Dwelling Units
8. ART. XIV, Sec. 1,2	Replaced - Owners Deposit
Sept. 1, 1989	
1. ART. 1, Sec. 6	Protective Age Covenant Changed to Age 55
Feb. 8, 1990	Immunity of Association
Dec. 1, 1991	Reissued to include all previous amendments
July 23, 1996	
1. ART. III, Sec. 11	Method of voting for Trustees changed to a mail-in ballot
2. ART III, Sec. 10	Need for Quorum - deleted
July 16, 1997	
1. ART. I, Sec. 6	Changed age covenant under certain conditions
July 1999	Completely Revised and Reissued. Changes included:
	1. Edited to simplify language. Items pertaining to builder were deleted. Information was arranged in logical sequence.

2. Method of voting on all issues was changed to balloting by mail. Passage of all issues was fixed at a finite number of affirmative votes.
3. Certain details were deleted and transferred to the Board of Trustee's discretion, i.e., the grace period for delinquent accounts.
4. The term "Condominium" was changed to either "Dwelling Unit" or "Association" wherever applicable.
5. Voting power was removed from members of an individual condo (i.e., Condo 9) and placed with the entire Association membership.
6. The Board of Trustees power to raise money was broadened or more clearly defined.
7. Previous ARTICLE XIV was incorporated into ARTICLE XIII, Section 4.
8. Previous ARTICLE XV was incorporated into ARTICLE I, Section 7.