

Section 3. Election and Term of Office. Directors shall be elected at annual meetings of the Association. Each Director that is elected shall serve for a term of three (3) years. At least thirty (30) days prior to the annual meeting, the Board shall notify each Member by mail addressed at his last known address of the name of the individuals who desire to be candidates for Director at the meeting. Service of the notice may also be accomplished by delivery of the notice to the Member at his dwelling Unit of last known address. A resume of each candidate shall accompany the notice, unless there is only one (1) candidate and he or she is an incumbent Director. If there is an unexpired term to be filled at the annual meeting, the notice shall also contain the name and resume of the individual(s) who is a candidate for the unexpired term. A Director shall hold office until his successor has been elected.

Section 4. Alternate Directors. If there are candidates desirous to serve as alternate Directors who satisfy the qualifications set forth in this Article to serve as a Director, the ballot may provide for an election of not more than three (3) alternate Directors at the Annual Meeting. If there are more candidates than alternate Director positions, the candidate(s) receiving the greatest number of votes will be elected. All alternate Directors so elected shall serve a term of one (1) year and have the right to attend all Board meetings and meetings of the membership. Notwithstanding any statement to the contrary contained herein, there shall not be more than three (3) alternate Directors serving at any one time. Alternate Directors shall have the right to vote in the same manner as a regular Director only when a regular Director is absent from a meeting. If two (2) or more alternate Directors are present at a meeting, and only one (1) regular Director is absent, the alternate Directors shall decide between themselves as to who shall vote in the regular Director's absence, or where they cannot agree among themselves, the remaining regular Director or Directors shall select the alternate who shall serve. The meeting minutes shall clearly state, by name, which alternate is voting in place of the absentee regular Director.

Section 5. Removal of Directors.

- (a) At any duly held regular or special meeting of the Members, any one (1) or more Directors (including alternate Directors) may be removed with or without cause by the Members, Resident Spouses or Resident Relatives present (no proxies), provided that (i) the notice of the meeting expressly includes the removal of one or more Directors, and (ii) the Director(s) whose removal is proposed will receive not less than seven (7) days prior notice of the intention to vote upon his removal, (iii) the Director(s) will be given an opportunity to be heard at the meeting, and (iv) the total votes cast in favor of removal constitute not less than thirty-three (33%) percent of all Eligible Votes. If the removal of one (1) or more Directors is proposed to be placed on the annual meeting agenda, a petition containing fifteen (15%) percent of the Eligible Votes must be submitted to an officer of the Association at least thirty (30) days prior to the annual meeting. If one (1) or more Director's removal is to be considered at any special meeting of the Association, the procedure established in Article IV, Section 3 will be followed. If a vote to remove a Director(s) is approved, a successor(s) 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 until the next annual

meeting when an election will be held to fill the vacancy pursuant to Article V, Section 6, below.

- (b) Any Director or alternate Director who is not himself or herself a Member in good standing or who is a Resident Spouse or a Resident Relative of a Member who is not in good standing for a period of more than thirty (30) days after receiving notice that the Member is not in good standing will automatically be removed as a Director.
- (c) Any Director whose removal has been proposed by the Board shall be given an opportunity to be heard at a Board meeting prior to the vote for removal.
- (d) In the event that all of the Directors are removed, successors shall be elected by the Members in the manner set forth in Article V, Section 3 of these By-Laws to fill the vacancies thus created. 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 is duly elected and qualified.

Section 6. Vacancies. Vacancies in the Board caused by any reason other than the removal of all Directors by a vote of the Unit Owners shall be filled by a vote of a majority of the remaining Board Members at any regular meeting of the Board or at any special meeting of the Board called for that purpose, promptly after the occurrence of any such vacancy. The Directors shall fill Board member vacancies by selecting by vote of the majority, a qualified Member to serve as a regular Director until the next annual membership meeting, when an election will be held to fill that directorship pursuant to Article V, Section 3, above. If the annual meeting constitutes the expiration of the term of the directorship filled by appointment by the Board, a successor Director may be elected for a full term by election in the manner set forth under Article V, Section 3, above. If the annual meeting does not constitute the expiration of the term of the directorship filled by appointment by the Board, the successor Director elected to the directorship will serve only for the unexpired term.

ARTICLE VI

Officers

Section 1. Designation. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer all of whom shall be members of the Board. The Board may also appoint such other Assistant Treasurers and Assistant Secretaries as may be necessary in its judgment, provided that such assistants need not be members of the Board. Any person may hold more than one officer position provided that no person may be designated both the President and Vice President.

Section 2. Election of Officers. The officers of the 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.

Section 3. 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. The Director's successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 4. Duties and Responsibilities of Officers.

- (a) The President will be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties that are usually vested in the office of President of a condominium association, including but not limited to, the power to appoint committees from among the members of the Condominium Association from time to time as he/she may in his/her discretion deem appropriate to assist in the conduct of the affairs of the Condominium Association.
- (b) The Vice-President will take the place of the President and perform the 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 will appoint some other Director to so do on an interim basis. The Vice-President will also perform such other duties as shall from time to time be imposed by the Board.
- (c) The Secretary will keep the minutes of all meetings of the Board and the minutes of all meetings of the members of the Association; will have charge of such books and papers as the Board may direct; and will, in general, perform all those duties incident to the office of the Secretary.
- (d) The Treasurer will have the responsibility for the custody of Association funds and securities and will be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer will be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be authorized by the Board.
- (e) The Assistant Treasurer, if any, will perform the duties of the Treasurer whenever the Treasurer shall be absent or unable to act or at such other times and in such capacity as may be specifically delegated by the Board.
- (f) The Assistant Secretary, if any, will perform the duties of the Secretary whenever the Secretary shall be absent or unable to act or at such other times and in such capacity as may be specifically delegated by the Board.

Section 5. Other Duties and Powers. The officers will have such other duties, powers and responsibilities as shall, from time to time, be authorized by the Board.

Section 6. Eligibility of Directors. Nothing herein contained will prohibit a Director from being an officer.

ARTICLE VII

Meetings of the Board of Directors

Section 1. Notices; Waiver of Notice. Regular meetings of the Board may be held at such time and place as must be determined from time to time by a majority of the Board, but at least four (4) meetings may be held each year. Notice of regular meetings of the Board will be given to each Director by telephone, mail, telegram or, if accepted in writing by a Director as an authorized form of notice, by email, (any of the foregoing being "Valid Notice") at least ten (10) 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 Director by Valid Notice, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board may 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.

Section 2. Meetings Open to Unit Owners; Notice. No less than four (4) meetings of the Board each year shall be open to attendance by the Unit Owners. All other meetings of the Board except conference or working sessions at which no binding votes are taken, will also be open to attendance by all members, except that the Board may, at its discretion, exclude or restrict attendance at those meetings, or portions of meetings, dealing with:

- a. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy, including, without limitation, records, data, reports or information relating to an individual's personal or family circumstances, unless the individual concerned or the individual's representative consents, in writing, to public disclosure;
- b. Any pending or anticipated litigation or contract negotiations;
- c. Any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise the ethical duties of a lawyer; or
- d. Any matter involving the employment, promotion, discipline or dismissal of any employee or officer of the Association.

Written notice of the date, time, place and the agenda, to the extent known, of all open meetings of the Board of Directors shall be given by the Board to all Unit Owners at least seven (7) days prior to a regular meeting and three (3) days prior to a special meeting. Notice shall also be posted in at least one (1) place on the Condominium property that is accessible at all times to all Unit Owners and be published in one (1) or more newspapers of general circulation if required by law. Moreover, the Board shall also, within thirty (30) days following the annual meeting of the Association, post in at least one (1) place on the Condominium property, a schedule of the regular Board meetings to be held in the succeeding year, and make appropriate revisions thereto, as required. The date, time and location of each meeting shall be contained in the notice.

The foregoing notice will not be required in the event of an emergency, provided that only emergent matters may be voted upon at such meeting. Further, to the extent that any of the foregoing means of providing notice prove impracticable, the Board shall undertake alternative measures to carry out the intent of these terms in good faith.

Section 3. Organization. The presiding officer of the Board of Directors meetings shall be the President, or in his absence, the Vice President, or in the absence of both of them a Director selected by the majority of the remaining Directors, including alternate Directors. The presiding officer will act as the chair of the meeting. The Secretary, or in his or her absence, the Assistant Secretary or such other Director or alternate Director appointed by the chair, shall act as Secretary of the meeting.

Section 4. Minutes. Minutes of the Board meetings will be taken, and copies of minutes will be made available to Members at the meeting following their approval by the Board, within seven (7) days following receipt of a written request by a Member. Minutes of closed meetings will be taken separately, and will not be available to Unit Owners, until the need for confidentiality no longer applies. Thereafter such minutes will be available on the same basis as other minutes of the Board.

Section 5. Agenda. An agenda shall be followed for each meeting and copies of the agenda shall be made available to the Unit Owners at the beginning of each meeting. The agenda shall include, in order:

- a. Calling of the roll; Certification of quorum;
- b. Proof of notice of meeting or waiver;
- c. Approval of minutes of previous meeting;
- d. Membership comments;
- e. Specific topics of business;
- f. Approval of Treasurer's report;
- g. Acceptance of reports of officers;
- h. Acceptance of reports of committees;
- i. Manager's report;
- j. Old Business;
- k. New Business;

1. Adjournment.

Upon motion and approval by a majority of the Board, the order of the agenda may be amended in the discretion of the Board. Each open meeting of the Board will provide for a period of Unit Owner comment following the calling of the roll, which period of Unit Owner comment may not exceed forty-five (45) minutes in its entirety, or such longer time as the Board may determine, and the President or acting chair of the meeting may place reasonable limitations upon the time given to each Unit Owner seeking to comment to allow sufficient time for all Unit Owners seeking to comment. The Board will also provide a Unit Owner comment period prior to any vote of the Board concerning: (i) the adoption of rules or regulations; or (ii) the adoption of a budget, provided that the presiding officer may, at the officer's discretion, limit the total comment period to not less than forty-five (45) minutes and may reasonably limit comments in such a manner so as to provide each Unit Owner seeking to comment with an opportunity to do so. The failure to provide an adequate comment period or opportunity for each Unit Owner wishing to comment to do so will not be a basis upon which any action otherwise properly taken by the Board may be voided.

Section 6. Quorum, Voting and Adjourned Meetings. A majority of the Directors, including alternate Directors, serving on the Board who are present in person at a Board meeting will constitute a quorum for the transaction of business. 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, unless otherwise set forth in these Amended By-Laws. After a quorum of the Board of Directors has been established, the quorum will remain in effect, despite the subsequent departure or absence of one or more Directors thereafter, provided that any action taken is approved by at least a majority of the required quorum. If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting to a new date. At any such adjourned meeting at which a quorum is present, any business that may have been transacted at the original meeting may be transacted without further notice.

Section 7. Joinder in Meetings by Approval of Minutes. The transaction of any business at any meeting of the Board, however called and noticed or whenever held, will be valid as though a meeting duly held after regular call and notice, if a quorum is present; and if either before or after the meeting, each Director 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 approval, shall be in writing and filed with the Secretary and made a part of the minutes of the meeting even though filed subsequent thereto.

Section 8. Non-Waiver. All the rights, duties and privileges of the Board will 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.

Section 9. Consent in Lieu of Meeting and Vote. Despite anything to the contrary in these Amended By-Laws, the Articles of Incorporation or the Master Deed, the entire Board of Directors 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 Directors empowered to act, whichever the case may be, shall consent in writing to such action.

Section 10. Procedures. All Board meetings will be conducted according to the 21st Century Robert's Rules of Order (current edition), by the Princeton Language Institute (Robert's Rules). In the event of any dispute concerning the application of Robert's Rules, the Chair's interpretation will be final and binding. The Board may, by resolution, adopt a different set of procedures for conducting Board meetings than that specified in this section.

ARTICLE VIII

Powers, Duties of Board of Directors

Section 1. Powers, Duties and Responsibilities. Except to the extent that such powers have been previously delegated to the CCA Board, it shall be the affirmative and perpetual obligation and duty of the Section 8 Board to perform the following:

- (a) Cause the Common Elements to be maintained according to accepted standards as set forth in the Master Deed and including, but not limited to, such maintenance, painting, replacement and repair work as may be necessary, lawn maintenance and clearing of snow from roadways and walkways as the Board may deem appropriate. All repairs and replacements shall be substantially similar to the original application and installation and shall be of first-class quality; and
- (b) Investigate, hire, pay, supervise and discharge the personnel necessary to be employed, including professionals, property managers and all other persons, and provide the equipment and materials necessary, in order to properly maintain and operate the Common Elements and administer the affairs of the Association. Compensation for the services of such employees (as evidenced by certified payroll) shall be considered an operating expense of the Association; and
- (c) 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 representing at least fifteen (15%) percent of the Eligible Votes of the Association; and
- (d) Allocate common surplus or make repairs, additions, improvements to, or restoration of the Common Elements in accordance with the provisions of these Amended By-Laws, the Master Deed and the after damage or destruction by fire or other casualty, or as a result of the condemnation or eminent domain proceedings; and
- (e) Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises maintained by the Association placed

thereon by any federal, state, county or municipal authority having jurisdiction thereover, and order the Board of Fire Underwriters or other similar bodies; and

(f) Place and keep in force all insurance coverages required to be maintained by the Association, applicable to its property and members including, but not limited to:

(i) *Property 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 risk of loss extended coverage, including vandalism and malicious mischief, insuring all Common Elements and Unit betterments existing at the time of initial conveyance, together with all service machinery appurtenant thereto, as well as common personalty belonging to the Association, and covering the interest of the Association, the Board, and all Unit Owners and any Mortgage Holder who has requested the 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), and Unit betterments existing at the time of the initial conveyance, 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, its successors and assigns, as its interest may appear. The aforesaid mortgage 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 the mortgagee, its name must be followed by the phrase "its successors and assigns." Prior to obtaining any renewal of a policy of fire insurance, the Board shall obtain an 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 Unit betterments existing at the time of the initial conveyance of the Unit without deduction for depreciation, for the purposes of determining the amount of fire insurance to be obtained pursuant to this subparagraph. The amount of any deductible and the responsibility for payment of same shall be determined by the Board, in its sole discretion. The property damage coverage shall, 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.

(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 an insured against another. Such public liability insurance shall be in a single limit of not less than \$5,000,000 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 ' Officers ' and Committee Member Liability Insurance.* To the extent obtainable in the normal commercial marketplace, liability insurance indemnifying the Directors, Officers and committee members of the Association against liability for errors and omissions occurring in connection with the performance of their duties in an amount of at least \$5,000,000 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) *Water Damage.* Water damage legal liability insurance.
- (vi) *Flood Insurance.* Flood hazard insurance in the event any of the insurable Common elements are located within a federally designated zone of the greater than minimal flood hazard.
- (vii) *Other Insurance.* Such other insurance as the Board may determine to be appropriate.

All policies shall: (i) provide, if possible, for recognition of any insurance trust agreement of the Association and that adjustment of loss shall be made by the Board of Directors with the approval of the Insurance Trustee, if any, and that the net proceeds thereof, if \$50,000 or less shall be payable to the Board, and if more than \$50,000 shall be payable to the Insurance Trustee, if any; (ii) require that the proceeds of property damage insurance be applied to the restoration of such Common Elements and structural portions and service machinery as is required by the Master Deed and these Amended By-Laws; (iii) provide that the insurance will not be prejudiced by any act or omission of individual members that are not under the control of the Association; (iv) provide that the policy will be primary, even if insurance covering the same loss is held by any member(s); (v) to the extent obtainable, contain waivers of subrogation and waivers of any defense based on coinsurance or of invalidity arising from any acts of the insured; and (vi) provide that such policies may not be canceled without at least thirty (30) days' prior

written notice to all the named insureds, including all Unit Owners and Eligible Mortgage Holders.

All policies shall show the named insured as: "Clearbrook Hampton Village Condominium Association No. 8, for the use and benefit of the individual owners" or the Association's Insurance Trustee, if any. The "loss payable" clause must show the 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 Association, its Insurance Trustee, if any, and each Eligible Mortgage Holder or other entity named in the mortgage clause at least thirty (30) days before it substantially changes the 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 subparagraph, the 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 Association shall be a Common Expense of the Association.

Unit Owners shall not be prohibited from carrying 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 shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owners.

- (g) Manage the fiscal affairs of the Association as hereinafter provided in Article IX.
- (h) Appoint Grievance Committee members, as hereinafter provided in Article XIII, Section 1.
- (i) Adopt, amend, repeal and publish rules and regulations necessary for the administration of the affairs of the Association, including, but not limited to, securing full performance of the Unit Owners' obligations regarding their Units and the Owners' use of the Common Elements.
- (j) Maintain businesslike relations with Unit Owners or occupants whose service requests shall be received, considered and recorded in systematic fashion, in order to show the action taken with respect to each. As part of a continuing program, secure full performance of such Unit Owners or occupants of all such items and maintenance for which they are responsible.
- (k) Arrange for maintenance of roads, walkways and parking areas.
- (l) Arrange for the removal of refuse from all buildings and common areas.

- (m) Arrange for security protection as necessary.
- (n) Borrow and repay monies giving notes, mortgages or other security upon such term or terms as the Board deems necessary. The powers granted to the Board herein to borrow money on a real estate mortgage, pass title to real estate, or purchase real estate shall only be exercised by the Board with the assent of no less than two-thirds of the Eligible Votes present in person or by proxy at a meeting of the Association's members, with the quorum requirement for the membership meeting being fifty (50%) percent of the Eligible Votes present in person or by proxy.
- (o) Invest and reinvest monies, sue and be sued; collect interest, dividends, capital gains, exercise rights, pay taxes; make and enter into contracts (including agreements with utility companies like cable television and satellite service providers and other service providers); insure, enter into leases or concessions, and to pass good and marketable title without the necessity of any third party seeing to the application of the funds; make and execute any and all proper affidavits for various purposes, including, but not limited to, title to real estate, compromise any action without leave of court; insure its own liability for claims against it or for damage to the Condominium Association, including moral claims; and all other powers contained herein, and those necessary and incidental thereto.
- (p) Coordinate the plans of Unit Owners and occupants of a Unit for moving their personal belongings into or out of a Unit, with the intent of scheduling the transition so that there is minimal inconvenience for other Unit Owners or occupants.
- (q) Cause each Member to promptly perform at his own risk, cost and expense all maintenance and repair work with respect to the portions of each Unit owned by him which does not comprise a part of the Common Elements and which, if omitted, would adversely affect the safety or general welfare of the Condominium in which his Unit is located or any part or parts thereof belonging in whole or in part to other members; and each member shall be liable for any damages, liabilities, costs or expenses, including attorney fees, caused by or arising out of his failure to promptly perform any such maintenance and repair work. In addition, if any Unit Owner fails to perform such work, the Association may do so on the owner's behalf and charge the reasonable expenses thereof to the Unit Owner.

Section 2. Revocable Delegation of Powers, Duties and Responsibilities. The Board may, by resolution, delegate any of the powers, duties or responsibilities of the Board set forth in this Article VIII to the CCA, provided the delegation procedures set forth in the CCA By-Laws have been complied with, and the CCA Board has accepted, by resolution, any such delegation. Any of the powers, duties and responsibilities set forth in Section 1 of this Article VIII may be delegated to the CCA Board. The delegation of such powers, duties and responsibilities may be

revoked in its entirety by the Board without consent of the CCA Board, with the assent of no less than two-thirds of the Eligible Votes present in person or by proxy at a meeting of the Association's members, with the quorum requirement for the membership meeting being fifty (50%) percent of the Eligible Votes present in person or by proxy. The delegation provided for hereunder may be partially revoked by a vote of a majority of the Eligible Votes at a duly held membership meeting provided the CCA has, through its Board of Directors, consented to the partial revocation. No revocation shall be effective until January 1 of the year following the year in which the revocation vote is approved, provided that no revocation vote shall be effective unless taken on or before September 30. Any revocation approved between October 1 and December 31 shall not become effective until January 1 of the next following year. Notwithstanding any revocation, if the CCA has entered into any binding contracts for providing maintenance or service to Section 8, the Unit Owners shall continue to be responsible for their pro rata share of the costs of such contract until the contract is terminated or expires. In addition, provided the CCA Board has appointed a Grievance committee, the functions of the Association's Grievance Committee may be delegated to the CCA Grievance committee so long as any right of appeal of a decision by the CCA Grievance committee shall be heard by the Board. Architectural review functions may be delegated to the CCA pursuant to the terms of Article XIII, Section 2(b) of these Amended By-Laws. The following powers, duties and responsibilities have previously been delegated to the CCA:

- (a) The maintenance of the grounds of the Condominium;
- (b) Maintenance services for Condominium Unit Owners and for Condominium common property under an agreed maintenance schedule on file in the CCA Administration office;
- (c) Maintenance of roads and parking areas, including street lighting, traffic regulation, signs and markings, but excluding repair of sidewalks and driveways in the Condominium;
- (d) Garbage and recycling collection, security protection, sanitary sewer usage (charges), pest and termite control throughout the Condominium (excluding responsibility for resulting damage to Unit) and snow removal of accumulations over two (2) inches from all walkways, driveways, streets and parking areas;
- (e) All forms of insurance coverage except homeowners insurance including, but not limited to, property and liability, business automobile, fire, crime, Directors and Officers and umbrella liability;
- (f) Water (based on metered usage);
- (g) Animal treatment (excluding responsibility for resulting damage to Unit);
- (h) Health care services;

- (i) Lifeguard services (where provided); and
- (j) Storm systems (maintenance, repair and replacement).

Section 8 is not obligated to administer or manage those functions, duties or responsibilities that are required by the Condominium Act to the extent that they have been previously delegated to the CCA unless the delegation is revoked. The cost of providing such services and administering these functions is charged to the Association by the CCA, which is, in turn, charged to the Owners as a Common Expense.

ARTICLE IX

Fiscal Management

Section 1. Annual Assessments/Fiscal Year. It shall be an affirmative and perpetual obligation of the Association to fix Common Expense assessments in an amount at least sufficient to maintain the exterior of the Units and maintain and operate the other Common Elements. The amount of monies for Common Expenses of the Association deemed necessary by the Board and the manner of its expenditure shall be a matter for its sole discretion. Annual assessments shall be made for the fiscal year of the Association, and shall be due at the commencement of the fiscal year, with the privilege of paying in monthly installments, due on the first day of the month, if payments are made on a current basis. Each Unit will pay an annual assessment that is based on the total Common Expenses for the year divided equally among the 136 Units in Section 8. The Board shall cause to be prepared, at least thirty (30) days in advance of the commencement of the fiscal year, the amount of the Common Expense assessment for each Unit, which shall be kept in the administrative offices of the CCA and shall be open to inspection, upon request, by any Unit Owner. Written notice of the Common Expense assessments shall be sent to every Unit Owner. The fiscal year of the Association shall be determined by the Board of Directors.

Section 2. Default Assessment. 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 due until changed by the Board by an amended assessment.

Section 3. Budget; Notice of Budget. The budget for each fiscal year shall be approved by the Board of Directors no later than seventy-five (75) days before the beginning of the fiscal year, to permit each Unit Owner to be advised of the Annual Assessment allocable to each unit in a timely manner. A copy of any proposed budget shall be available at a Board meeting at least one month prior to the meeting at which the Board is scheduled to vote on the budget, and the Unit Owners shall be given the opportunity to comment on the budget or its component parts. If any budget is amended after the opportunity for Unit Owner comment, the budget need not be presented to the Unit Owners for additional comment before the Board votes on the budget. Members shall be allowed a comment period of not less than forty-five (45) minutes, and reasonable limitations may be placed upon the comment time given each Unit

Owner seeking to comment, to allow sufficient time for all Unit Owners seeking to comment. The Board shall give written notice to each Unit Owner and to any Eligible Mortgage Holder who requests same, of the budget adopted by the Board for the management and operation of the Association for the next ensuing budget period. The notice setting forth the amount of the Annual Assessment shall include a copy of the budget, directed to the Unit Owner in accordance with the notice provision contained in Article XIX of these Amended By-Laws. The notice shall be conclusively presumed to have been delivered five (5) days after deposit in United States mails, postage pre-paid.

Section 4. Amendment of Budget and Assessments. In the event that 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 in these Amended By-Laws shall serve to prohibit or prevent the Board from imposing a lump sum assessment in the case of any immediate need or emergency that cannot be met by reserve funds earmarked for the matter requiring maintenance.

Section 5. Common Receipts. The Board shall have the duty to collect from each Unit Owner, his, her, or their heirs, administrators, successors and assigns, as "Common Receipts," the Owner's equal share of the Annual and Special Assessments assessed against the Unit as provided in the Master Deed, the Articles of Incorporation, these Amended By-Laws, and in accordance with applicable law, in that the Master Deed states the proportional liability of the Unit Owner for all Common Expenses is an equal amount of the total divided by the 136 Units within Section 8.

Section 6. Determination of Annual Assessments. The amount of monies for the Annual Assessments deemed necessary by the Board and the manner of expenditure thereof, including but not limited to, the allocation thereof, will be a matter for the sole discretion of the Board. If an Annual 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 the Board by an amended assessment pursuant to Article IX, Section 4, of the Amended By-Laws.

Section 7. Assessment Period. The Annual Assessment period shall be consistent with the Association's fiscal year.

Section 8. Special Assessments. The Board may levy, in any assessment year, a special Common Expense assessment, for the purpose of defraying in whole or in part, the cost of Capital Improvements and any reconstruction, upgrade, repair or replacement of an existing Common Element, including the necessary furniture, fixtures, equipment, and other personal property of the Condominium Association, or for any other lawful purpose. Nothing in this Article will be deemed to require approval by the membership in connection with the maintenance, repair or replacement of an existing Common Element, including Special Assessments for Capital Improvements, as defined in Article I, Section 4 of these Amended By-Laws. However, in the case of replacement, the item or component to be replaced must be substantially similar to the existing Common Element, subject to such modifications as are

required as a result of modifications in any building code or other law or regulation applicable to the replacement or the unavailability of materials of the type.

Section 9. Common Expenses. Unit Owners shall pay to the Association an equal monthly sum which is the total common expenses for Section 8 divided by the number of units, or one hundred thirty-six (136).

Section 10. Assessment Collection; Notice of Assessment. Annual Assessments shall be payable by Unit Owners upon the commencement of the fiscal year, with the privilege of paying in monthly installments, due on the first day of each month, provided that all payments are made on a current basis. The Board shall notify each Unit Owner, as specified in Article XIX of these Amended By-Laws, within the thirty (30) days preceding the commencement of the fiscal year, of the Owner's proportionate share of the Annual Assessment for the assessment period. Notices of Special Assessments will be made in the same fashion when imposed, but not less than thirty (30) days in advance of the first specified payment date.

Section 11. Disbursements. The Board will collect 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 Articles of Incorporation, and applicable law.

Section 12. Depositories. The depository of the Association will be a bank or banks, or other financial institutions providing a reasonably secure depository for the funds of the Association as will be designated from time to time by the Board and in which the monies of the Association will be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such parties as are authorized by the Board.

Section 13. Accounts. The receipts and expenditures of the Association shall be Common Expense assessments and Common Expenses. Common Expense funds of the Association shall be budgeted and maintained in the following separate accounts:

- (a) Operating Account. The Operating Account shall be utilized for, without limitation, expenditures for the year in which the budget is adopted and will include general common element maintenance (e.g. landscaping, irrigation, snow clearing, etc.), utility charges, annual insurance premiums, professional fees, and the like, and including reasonable allowances for contingencies and working funds. The Operating Account will not include expenditures chargeable to reserves. At the end of each fiscal year, the unexpended amount remaining in the annual expense fund shall be applied to reduce the assessments for current expenses for the succeeding year, or may be distributed to the membership, as the Board may determine by resolution, or as otherwise may be required to be determined in accordance with the regulations promulgated by the Internal Revenue Service.
- (b) Replacement Fund. The Replacement Fund may include money accumulated over more than one fiscal year and will be used for repairs to, or replacements of,

capital assets of the Association. The capital assets are those that the Association is obligated to maintain or repair, and those that the Association is required to replace as a result of damage, depreciation or obsolescence (e.g. roofs, sidewalks, and the like). The amounts to be deposited in the Replacement Fund shall include the Membership Fees collected from new Owners as established in Article IX, Section 16, of these Amended By-Laws.

- (c) Capital Improvement Fund. At the election of the Board, a Capital Improvement Fund may be established, which may include money accumulated over more than one fiscal year and which shall be used for the construction of new Capital Improvements, as defined in Article I, Section 4(h) of these Amended By-Laws. Repair and/or maintenance, or replacement of the buildings, Common Elements, recreation facilities and all other property, real or personal, of the CCA shall not be subject to provisions of this paragraph.
- (d) Deferred Maintenance Reserve Fund. The Association may, but shall not be obligated to, maintain a Deferred Maintenance Reserve Fund that may include money accumulated over more than one fiscal year, and will be used for preservation efforts and maintenance which would occur less frequently than annually (e.g. exterior painting, staining, and caulking; waterproofing all exterior wood surfaces). 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.
- (e) The four funds shall be maintained separately on the books of the Association, and shall be prudently invested. The amounts assessed and collected for the reserves shall be invested in one or more interest-bearing savings accounts, certificates of deposit, treasury bills, or other instruments where the principal is guaranteed by the full faith and credit of the United States or one of its individual states. Any funds so invested shall not be utilized for any purpose other than that which was contemplated at the time of the assessment. The Board may expend monies out of the Deferred Maintenance Reserve Fund only for deferred maintenance expenses; may expend monies out of the Replacement Fund only for repair, replacement and maintenance expenses related to capital items; and may expend monies out of the Capital Improvement Fund only for construction of new capital improvements, provided, however, that in the case of an emergency, or other urgent circumstance, the Board, acting in accordance with its fiduciary responsibilities, may use the monies in the Deferred Maintenance Reserve Fund, Replacement Fund or Capital Improvement Fund to meet unexpected operating expenses.
- (f) The amount to be set aside for the Replacement Fund and the Deferred Maintenance Reserve Fund will be determined by periodic reserve analysis to be conducted every three to five years, but in no event more than seven years, which shall identify items for which reserve funds are to be accumulated, their useful