

lives and anticipated replacement or repair costs. Expenditures from the reserve accounts for a particular item will not be limited to the amount allocated to that item.

Section 14. Deficits in the Operating Account. Any deficit in the Operating Account at the end of an assessment period shall be recovered through appropriate adjustments to the annual budget in not more than three (3) years. Nothing herein is intended to prohibit the Board from recovering the deficit in a shorter period of time including, without limitation, adopting a special assessment payable over the remaining months of the annual assessment period following the fiscal year during which the deficit was created.

Section 15. Reserve Funds. The Board will not be obligated to expend all of the revenues collected in any accounting period, and must maintain reasonable reserves for, among other things, deferred maintenance repairs and capital replacements. Notwithstanding anything herein to the contrary, the Board in its determination of the annual assessment and the preparation of a budget shall specifically designate and identify that portion of the annual assessment that is to be assessed against the Unit Owners for capital replacement and deferred maintenance reserves. 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. Except as provided in Section 14 of this Article IX, funds so invested shall not be utilized for any purpose other than that which was contemplated at the time of the assessment. The foregoing shall not be construed to mean that the Board shall not be permitted to keep additional cash on hand, in a checking or petty cash account, for the necessary discharge of its functions.

Section 16. Membership Fees. Each purchaser, upon acquiring title to a Unit, shall, as a condition of membership in the Association, pay a membership fee equal to \$1,000.00 ("Membership Fee") to the Association. The amount of the Membership Fee may be increased or otherwise amended by resolution of the Board, at the Directors' sole discretion.

The Membership Fee is nonrefundable, nontransferable and shall not be credited to the purchaser by the Association upon sale by the purchaser of his, her, or their unit. Any unpaid Membership Fee, as set forth in this section, shall be a lien on the Unit and collectable in the same manner as any unpaid Common Expense assessment attributable to the Unit.

The Board may reduce the amount of the Membership Fee or eliminate the Fee if, in the Board's sole discretion, the Directors determine that the imposition of the Fee may have a negative impact upon the sale of units within Section 8. If, at any time, the Board reduces or eliminates the Membership Fee, it may reinstate it at any time thereafter if the Directors determine that such charges will not negatively impact the sale of Units. In no event will the Association be obligated to rebate the Membership Fees previously paid as a result of the Board having, on one or more occasions, reduced or otherwise eliminated the requirement that the Membership Fee be paid.

Section 17. Emergencies. In the event the Annual Assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board, provided that nothing herein shall serve to prohibit or prevent the Board from imposing a lump sum assessment in the case of any immediate need or emergency which cannot be met by reserve funds earmarked for such contingency.

Section 18. Power of Attorney to Institutional Lender. In the event the Board shall not cause the enforcement procedures provided in the Master Deed to be implemented within the time provided, any Eligible Mortgage Holder for any Unit as to which there shall be such unpaid Annual or Special Assessments is hereby irrevocably granted a power of attorney to commence such actions and to invoke such other remedies, all in the name of the Association. This power of attorney is expressly stipulated to be coupled with an interest in the subject matter.

Section 19. Annual Audit. An audited financial statement prepared by an independent public accountant consisting of at least the following shall, if practically feasible, be made available to all Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year.

Section 20. Access to Records. The audited books, as well as all records and papers of the Association, shall be made available for examination or for copying by any Member and his authorized agents, during reasonable business hours, in such place that is reasonably convenient to both the Association and the requesting Member, within ten (10) business days of written request by the Member, except any records: (1) the disclosure of which would constitute an unwarranted invasion of individual privacy; (2) concerning pending or anticipated litigation or contract negotiations; (3) falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his ethical duties as a lawyer; or (4) involving the employment, promotion, discipline or dismissal of a specific officer or employee of the Association; however, increases in the amounts of compensation awarded to an employee of or under contract with the Board shall not be deemed a matter of personal privacy. If a Member requests copies of any documents required to be made available under this Section, the Association shall make a copy for the Member at a reasonable cost to the Member, or may permit the Member to make copies, at the discretion of the Association. Notwithstanding the ten (10) business days' notice requirement of this section, the Association shall be entitled to respond within a reasonable time period for requests for records spanning more than one (1) year, or for requests which will require the copying of voluminous documents.

Section 21. Fidelity Bonds. The Treasurer, and all other officers who are authorized to sign checks, and all persons handling or responsible for Association funds, shall be bonded in such amounts as may be required by law or otherwise determined by the Board. The premiums on such bonds shall be paid by the Association.

Section 22. Delinquent Unit Owner.

- (a) "A Delinquent Unit Owner" means a Unit Owner who owes any annual or special assessment, fines, or any other charges to the Association that are thirty (30) or more days past due.
- (b) Late fees may be levied on a Unit when an assessment is not received within fifteen (15) days of the due date; the Unit Owner shall be so notified and billed by the Association. The late fee shall be in an amount to be determined by the Board by resolution and will be applied to each installment that is not paid by its due date. If an installment remains late for more than one (1) month, the Board may accelerate all remaining installments for the assessment period for the Unit; the Unit Owner(s) shall be notified by certified mail return receipt requested upon acceleration. All installments of the annual assessment that are more than thirty (30) days late shall bear interest until the installment is paid, at such rate as may be established by resolution of the Board (but not less than ten percent (10%) per annum). If any installment of the annual assessment is more than sixty (60) days past due, the Board may cause the recording of a notice of lien with the Middlesex County Clerk's Office. If any installment is not received within ninety (90) days after the date it was due, the Board may foreclose the lien in the manner prescribed for the foreclosure of mortgages, or commence an action against the Unit Owner(s) seeking payment of all outstanding amounts. All costs and legal fees incurred by the Association to recover any past due installment shall be paid by the Delinquent Unit Owner and will be assessed against the Unit and may be collected in the same manner as the collection of the Unit Owner's allocable share of the Annual Assessment.

Section 23. Assignment of Rent.

- (a) Subject to the rights of holders of first security interests, the Association may collect from the rent due from a tenant to a Delinquent Unit Owner, as defined in Section 22, an amount not more than the unpaid assessments, late fees, interest, and costs of collection, including reasonable attorneys' fees (collectively, "charges").
- (b) Prior to taking any action permitted by this Section 23, the Association will give written notice by certified mail, return receipt requested to the Delinquent Unit Owner at the Unit Owner's last known address of the Association's intent to collect the rent. The notice will set forth the exact amount the Association claims is due and will indicate the intent of the Association to collect the past due charges from rent, along with any other amounts that become due in the future and that remain unpaid for thirty (30) days after becoming due, including any Annual Assessment fees lawfully accelerated pursuant to these Amended By-Laws. A copy of the notice will also be sent to the Unit's First Mortgagee. Any

cost incurred by the Association to ascertain the identity of the First Mortgagee, including the cost of the preparation of a title search, will constitute additional charges with respect to the Unit.

- (c) A Delinquent Owner will have ten (10) days from receipt of the notice required to be sent pursuant to paragraph (b) above to provide proof of payment or a statement of the grounds upon which the assessment is disputed. Upon the failure of the Delinquent Owner to respond within ten (10) days after receipt of the notice, or within fifteen (15) days of mailing if no receipt is obtained, and provided that no notice is received from the First Mortgagee that it is exercising its right of assignment of rental proceeds, the Association will be entitled to notify and direct each tenant renting a Unit from the Delinquent Owner to pay all or a portion of the rent otherwise due from the Delinquent Owner to the Association. The amount to be applied from the rent will be limited to the lesser of: (i) the amount as stated in the notice to the Delinquent Owner or, (ii) an amount adjusted to reflect any calculation errors sought to be corrected by the Unit Owner, as stated in the response to the Association, if timely sent. No offset will be allowed for amounts that are unrelated to claims of calculation errors. The Association will have a continuing right to collect the rent from the tenant or tenants until the delinquent charges are paid in full.
- (d) Nothing in this Section will prevent a Unit Owner or the Association from seeking a judicial remedy in a court of competent jurisdiction.
- (e) This Section will not affect the right of a First Mortgagee that is entitled to an assignment of rents and which has exercised its rights by written notice recorded in the Middlesex County Clerk's Office and such First Mortgagee may collect such rents in accordance with an assignment of rents under which it is an assignee.

Section 24. Termination of Membership. No obligation or liability of a Unit Owner that accrued during ownership of a Unit shall expire, terminate or be waived upon termination of membership, nor shall termination of membership impair any rights or remedies that the Association may have against any former owner.

Section 25. Certificate of Unpaid Assessments. Each purchaser of a Unit shall request from the Association a certificate signed by an officer of the Association showing the amount of unpaid assessments pertaining to such Unit and the Association shall provide such certificate within ten (10) days. Any person other than the Unit Owner at the time of issuance of any such certificates who relies upon such certificates shall be entitled to rely thereon and his liability shall be limited to the amounts set forth in such certificate. If said certificate is not requested from the Association then such purchaser and the previous Unit Owner shall be jointly and severally liable for all unpaid assessments pertaining to such Unit duly made by the Association or accrued up to the date of conveyance of such Unit.

Section 26. No Avoidance of Liability. No Unit Owner may waive or otherwise avoid liability for Common Expenses by non-use of the Common Elements. Each assessment shall be a continuing lien upon the Unit against which it was made and shall also be the personal obligation of the Owner of the Unit at the time when the Common Expense assessment fell due, together with interest thereon and cost of collection thereof (including attorney's fees). Liens for unpaid Common Expense assessments may be foreclosed by suit brought in the name of the Condominium Association in the same manner as a foreclosure of a mortgage on real property. Suit to recover a money judgment for unpaid Common Expense assessments may be maintained without waiving the lien securing them.

Section 27. Additional Assessments to Units Uniquely Benefited. In addition to other assessments authorized in this section, the Board may levy an additional assessment applicable only to all Owners in a specific building or buildings in connection with annually recurring, non-routine, maintenance charges related to such building or buildings that are not common to all Units in the Condominium. The determination of the Board concerning the classification of expenses that may be specially assessed under this paragraph will be final and binding upon all Unit Owners.

ARTICLE X

Merger of Associations

The Association shall have the authority to participate in mergers and consolidations with other sections within the Clearbrook Community provided that any such merger or consolidation shall be subject to the terms, conditions, covenants and restrictions set forth in the Master Deed and these Amended By-Laws, as the same may be lawfully amended, and to the terms and conditions set forth under N.J.S. 15A:9-5 for the restatement and integration in a single certificate of incorporation the provisions of the associations' certificates of incorporation. No such merger or consolidation may take effect unless and until it is approved by a majority of all Eligible Votes at a special meeting duly called in accordance with Article IV, Section 3, of these By-Laws.

ARTICLE XI

Corporate Seal

The Association shall have a seal in circular form having within its circumference the words "Clearbrook Hampton Village Condominium Association No. 8."

ARTICLE XII

Compensation, Indemnification and Exculpability of Officers, Directors, and Committee Members

Section 1. Compensation. No compensation will be paid to any officer, Director, or committee member for acting as such officer, Director, or committee member. Nothing herein stated will prevent any officer or Director, or committee member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Association, provided however that any such expenses incurred or services rendered shall have been authorized in advance by the Board.

Section 2. Indemnification. Each Director, officer or committee member of the Association will be indemnified by the Association against the actual amount of net loss including counsel fees, reasonably incurred by or imposed upon him in connection with any action, suit or proceeding to which he may be a party by reason of his being or having been a Director, officer, or committee member of the Association, or delegee, except as to matters as to which he will be ultimately found in such action to be liable for gross negligence or willful misconduct. In the event of a settlement of any such case, indemnification will be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct.

Section 3. Exculpability. Unless acting in bad faith, neither the Board as a body nor any Director, officer, or any committee member of the Association, shall be personally liable to any Unit Owner in any respect for any action or lack of action arising out of the execution of his office. Each Unit Owner will be bound by the good faith actions of the Board, officers and committee members of the Association in the execution of the duties of said Directors, officers and committee members.

ARTICLE XIII

Standing Committees

Section 1. Grievance Committee.

(a) Membership. The Board shall act as the Grievance Committee, with all the powers and responsibilities associated therewith, unless and until it appoints non-Board members to serve on the committee. In that event, there shall be a Grievance Committee consisting of not less than three (3) members and may include two (2) alternates. The alternates may be invited to attend meetings and hearings and shall participate as a voting member of the committee upon direction of the committee chair. The members of, and alternates to, the Grievance Committee will be appointed by the Board and will serve for a term of one (1) year. The committee members may recommend a chair to the Board, and the Board will appoint a chair for a one (1) year term. The members of, and alternates to, the Grievance Committee may be removed by a

majority vote of the fully constituted Board for any reason deemed sufficient by the Board. If the Board appoints a separate Grievance Committee no member of the Board may serve on the Grievance Committee. The Association may delegate the functions of the Grievance Committee to the CCA as provided under Article VIII, Section 2, of these Amended By-Laws.

(b) Purpose. The purpose of the Committee will be to:

- (1) Hear complaints involving alleged violations of the Governing Documents; and
- (2) Provide interpretations of the Governing Documents upon request.

(c) Powers. The Grievance Committee will hear complaints brought by any member of the Association or one of its Committees as set forth in the Enforcement Procedures in Schedule "A" to the Amended By-Laws. The Grievance Committee may decline to schedule a hearing in connection with any matter with respect to which it determines that sufficient cause does not exist to prosecute an alleged violation or that the alleged violation, if proven, does not constitute a violation of the Governing Documents. The Grievance Committee will have the power to issue a cease and desist request to a Unit Owner in connection with the actions of the owner, his guests, tenants, licensees or invitees that are inconsistent with the provisions of the Condominium Act or the Governing Documents. The Grievance Committee will from time to time, as required, provide interpretations of the Governing Documents pursuant to the intents, provisions and qualifications thereof when requested to do so by an Association member or the Board.

Any action, ruling or decision of the Grievance Committee may be appealed to the Board by any party deemed by the Board to have standing as an aggrieved party or the Board may, on its own motion, review any action, ruling or decision of the Grievance Committee and a vote of a majority of the full authorized membership of the Board may modify or reverse any action, ruling or decision. Any appeal shall be filed with the Board within twenty-five (25) days of the Grievance Committees' written action, ruling or decision. Appeals shall be conducted as set forth in the Enforcement Procedures in Schedule "A" to the Amended By-Laws.

If the Board undertakes a review of any action, ruling or decision on its own motion it must notify the Grievance Committee and all members directly affected by the action, ruling or decision within twenty-five (25) days of the Grievance Committee's written action, ruling or decision. A final decision of the Board must be taken within sixty (60) days of such appeal. The Board must take action at its regularly scheduled meeting or at a special meeting for such purpose. The party appealing to the Board will be entitled to at least ten (10) days' prior written notice of the decision of the Board's action affording to such person the opportunity to be heard, with or without counsel.

(d) Authority. The Grievance Committee, in the case of a decision, shall have the additional duties, powers and authority as set forth in the Enforcement Procedures in Schedule "A" to the Amended By-Laws including the power (1) to impose an obligation for the Unit

Owner to pay damages or other expenses caused by the violation, (2) to impose non-monetary penalties and other sanctions, including suspension of the right to use the Association's facilities by the Unit Owner, his family, guests and lessees, and (3) to impose fines. A schedule of fines is included in Schedule "B." The enforcement procedures in Schedule "A" may, from time to time, be amended by the adoption of a Resolution by the Board.

If, having established a Grievance Committee, the Board determines there are insufficient members willing to serve, the Board will carry out the duties and responsibilities of the Grievance Committee as set forth in these Amended By-Laws.

(e) Delegation. The Association is not required to provide any of the foregoing powers, duties and responsibilities of the Grievance Committee to the extent that they have been previously delegated to the CCA.

Section 2. Architectural Review Committee.

(a) The Association. Each Owner, by accepting a deed or other instrument conveying any interest in a Unit acknowledges that the Association has a substantial interest in ensuring that the improvements within the Condominium enhance the Association's reputation as a first class residential community and do not impair the members' ability to market, sell, or lease their properties. Each Unit Owner agrees that no Work shall be commenced on such Owner's Unit, with "Work" being defined as any alteration, addition, repair or replacement, unless and until the Association has given its prior written approval for such Work, which approval may be granted or withheld in the Association's sole discretion. In reviewing and acting upon any request for approval, the Association shall be acting in its own interest and shall owe no duty to any other entity or person. The Board may adopt procedures to be utilized by Section 8's own architectural review committee to expedite review and approval wherever emergency repairs are required to be made. Each Unit Owner further agrees to obtain written approval from Section 8, the CCA and the ARC (as defined in paragraph "b" below) before undertaking any addition, alteration or improvement to a Unit.

(b) Architectural Review Committee. The Association may delegate its reserved rights under this Article or other recorded instruments to an architectural review committee appointed by the CCA Board of Directors (the "ARC"), subject to (i) the right of the Association to revoke such delegation and (ii) the condition that regardless of whether the Association delegates its right to review any application for additions, alterations or improvements to a unit, the Unit Owner must obtain written approval of his or her plans from the CCA before beginning the work; and (iii) the right of the Association to reject any decision of the ARC which the Association determines, in its sole discretion, to be inappropriate or inadvisable for any reason. Any revocation of a delegation shall not be effective until sixty (60) days after the CCA has received the notice of revocation. Until such time as the Association delegates all or a portion of its reserved rights, the ARC shall have no jurisdiction over architectural matters; upon any such delegation, the ARC shall accept and exercise the jurisdiction so delegated in accordance with this Article.

Guidelines and Procedures.

(c) Design Guidelines. The Association, or the ARC, if review functions have been delegated to it, (the entity having jurisdiction at any particular time is referred to in this Article as the "reviewing entity") may but shall not be required to establish design and construction guidelines and review procedures (the "Design Guidelines") to provide guidance to Unit Owners regarding matters of particular concern to the Association in considering applications for architectural approval. The Design Guidelines shall not be the exclusive basis for decisions hereunder and compliance with the Design Guidelines shall not guarantee approval of an application. If prepared by the ARC, the Design Guidelines may contain general provisions applicable to all of the Clearbrook condominium associations who have delegated review authority to the Board, as well as specific provisions which vary from one condominium association to another depending upon the location, type of construction or use, and unique characteristics of the property.

Any Design Guidelines adopted pursuant to this Section shall be subject to amendment from time to time in the sole discretion of the entity adopting them. Amendments to the Design Guidelines shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines; amendments may remove requirements previously imposed or otherwise to make the Design Guidelines more or less restrictive in whole or in part.

(d) Procedures. Prior to commencing any Work for which review and approval is required under this Article, an application for approval of such Work shall be submitted to the reviewing entity in such form as may be required by the reviewing entity or the Design Guidelines. The application shall include plans showing the site layout, exterior elevations, exterior materials and, where applicable, colors, landscaping, drainage, lighting, irrigation, and other features of the proposed construction, as required by the Design Guidelines and as applicable ("Plans"). The reviewing entity may require the submission of such additional information as it deems necessary to consider any application.

The reviewing entity may consider (but shall not be restricted to) the visual and environmental impact, ecological compatibility, finish grade elevation, harmony of external design with surrounding structures and environment, location in relation to surrounding structures and plant life, compliance with the general intent of the Design Guidelines, if any, and architectural merit. Decisions may be based on purely aesthetic considerations. Each Unit Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements.

The reviewing entity shall, within thirty (30) days after receipt of each submission of the Plans, advise the party submitting the same, in writing, at an address specified by such party at the time of submission, of (i) the approval of Plans, or (ii) the disapproval of such Plans, specifying the segments or features of the Plans which are objectionable and suggestions, if any, for the curing of such objections. In the event the reviewing entity fails to advise the submitting

party by written notice within the time set forth above of either the approval or disapproval of the Plans, the applicant may give the reviewing entity written notice of such failure to respond, stating that unless the reviewing entity responds within ten (10) days of receipt of such notice, approval shall be deemed granted. Upon such further failure, approval shall be deemed to have been given, subject to the right of the Association, if it has delegated its review authority, to veto approvals by the ARC as set forth in this Section. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Guidelines. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery.

Within five (5) business days after the ARC has approved any application relating to proposed Work within the scope of matters delegated to the ARC by the Association, the ARC shall give written notice to the Association of such action, together with such other information as the Association may require. The Association shall have ten (10) days after receipt of such notice to veto any such action, in its sole discretion, by written notice to the ARC and the applicant.

If construction does not commence on any Work for which approval has been granted within twelve (12) months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Unit Owner to re-submit the Plans for reconsideration in accordance with such Design Guidelines as are then in effect prior to commencing such Work. All Work shall be completed within sixty (60) days of commencement or such other period as may be specified in the notice of approval, unless completion is delayed due to causes beyond the reasonable control of the Unit Owner, as determined in the sole discretion of the reviewing entity.

(e) No Waiver of Future Approvals. Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that decisions regarding aesthetic matters and interpretation and application of the Design Guidelines, if any, may vary accordingly. In addition, each Unit Owner acknowledges that it may not always be possible to identify objectionable features of proposed Work until the Work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the reviewing entity may refuse to approve similar proposals in the future. Approval of proposals, plans and specifications, or drawings for any Work done or proposed, or in connection with any matter requiring approval, shall not be deemed a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings or other matters whatever subsequently or additionally submitted for approval.

(f) Variances. The reviewing entity may, but shall not be required to, authorize variances from compliance with any of the provisions of the Design Guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, or when architectural merit warrants such variance, as it may determine in its sole discretion. Such variances shall be granted only when, in the sole judgment of the

reviewing entity, unique circumstances exist, and no Unit Owner shall have any right to demand or obtain a variance. No variance shall (a) be effective unless in writing, (b) be contrary to the Master Deed or these Amended By-Laws, or (c) stop the reviewing entity from denying a variance in other circumstances.

(g) Limitation of Liability. The standards and procedures established by this Article are intended to provide a mechanism for maintaining and enhancing the overall aesthetics of Section 1 but shall not create any duty to any person. Neither the Association nor the ARC shall bear any responsibility for ensuring structural integrity or soundness, or compliance with building codes and other governmental requirements, or ensuring that modifications to Units are located so as to avoid impairing views from or other negative impact on neighboring Units. No representation is made that all structures and improvements constructed within the Clearbrook Community or Section 8 are or will be of comparable quality, value, size, or design. Neither the Association, the Board, the ARC, nor any member of any of the foregoing shall be held liable for soil conditions, drainage problems or other general site work, nor for defects in any plans or specifications submitted, nor for any structural or other defects in work done according to approved plans, nor for any injury, damages, or loss arising out of the manner, design or quality of approved construction on or modifications to any Unit.

(h) Enforcement. Any Work performed in violation of this Article or in a manner inconsistent with the approved Plans shall be deemed to be nonconforming. Upon written request from the Association, the Board, or the ARC, Unit Owners shall, at their own cost and expense, remove any non-conforming structure or improvement and restore the property to substantially the same condition as existed prior to the nonconforming Work. Should a Unit Owner fail to remove and restore as required, the Association, the Board or their designees shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass. Upon demand, the Unit Owner shall reimburse all costs incurred by any of the foregoing in exercising its rights under this Section. The Association may assess any costs incurred in taking enforcement action under this Section, together with interest at the maximum rate then allowed by law, against the benefited Unit as a Special Assessment.

The Association may preclude any contractor, subcontractor, agent, employee or other invitee of a Unit Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines from continuing or performing any further activities in Clearbrook Hampton Village Condominium Association No. 8, subject to the notice and hearing procedures contained in these By-Laws.

Neither the Association, nor its officers, directors or agents shall be held liable to any person for exercising the rights granted by this paragraph. In addition to the foregoing, the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the reviewing entities under this Article.

(i) Delegation. The Association is not required to provide any of the foregoing powers, duties and responsibilities of the Architectural Review Committee to the extent that they have been previously delegated to the CCA.

ARTICLE XIV

Alternative Dispute Resolution ("ADR")

Section 1. When ADR is to be Offered. Whenever the Board reasonably determines that a dispute exists between the Association and any member of the Association, or between members of the Association that relates to: (a) the use of a Unit; or (b) an interpretation of the use restrictions, rules or regulations contained in the Governing Documents with respect to the use of the Unit, the use of the Common Elements or the permitted behavior of a member or resident of Section 8, and the Board reasonably concludes, with or without the advice of its attorney, that the dispute may result in litigation, the Association will offer a method of dispute resolution as set forth below.

Section 2. Designation of Method of ADR. In the event any dispute arises between the Association and a Unit Owner or between Unit Owners with respect to a matter described in Section 1 of this Article, the Association, through the Board, will offer alternative dispute resolution prior to the commencement of litigation or, where litigation is commenced, as soon as the Board receives notice of any litigation involving a matter described above. The Board may satisfy the obligation described in this Article by offering any of the following methods of ADR and complying with the procedures set forth in the attached Schedule "A":

- (a) Mediation by a qualified third-party mediator designated by the Board;
- (b) Non-binding arbitration by a qualified third-party arbitrator designated by the Board;
- (c) Binding arbitration by a qualified third-party arbitrator designated by the Board;
- (d) Mediation by a person or persons who are not specifically trained in mediation, but who have expertise in community association matters and who have no personal interest in the matter in dispute and who are not Unit Owners. Persons who would qualify under this provision include persons who are members of the Board or Directors for a community association other than Clearbrook Hampton Village Condominium Association No. 8; and
- (e) Mediation by such other person as the Board may designate, including a person who is a Unit Owner, provided that all parties to the dispute consent to the designation of such a person.

Section 3. Notice of Acceptance. No member of the Board may act as a mediator or arbitrator. Following the Board's determination to offer ADR under this Article, the Board will provide notice to all parties to the dispute by personal delivery or certified U.S. mail, return

receipt requested. The notice shall advise the parties to the dispute of the method of dispute resolution selected by the Board and shall provide a response form indicating whether the person involved in the dispute accepts or rejects the method of dispute resolution from sub-paragraphs (a) through (e) above. If the Board selects a method of dispute resolution utilizing subparagraph (a) through (d) above, and one or more persons involved in the dispute reject the offer of alternative dispute resolution, the Board will have satisfied its obligation under this Article and will have no further obligation. If the Board selects a method of dispute resolution utilizing subparagraph (e) above, and one or more persons involved in this dispute rejects the offer of dispute resolution, the Board shall offer an additional method of dispute resolution in the same manner as provided above. The notice advising a Unit Owner of the designation of a method of ADR will provide that the Unit Owner must accept the Board designation method within a specific time period, but in no event less than ten (10) days following the date of the letter offering ADR. Whenever the expiration date falls on a Saturday or Sunday or legal holiday, the expiration date will be the following business day. If a Unit Owner does not agree to participate in the ADR method offered by the Board on or before the expiration date, the Unit Owner will be deemed to have rejected the offer.

Section 4. Scheduling of ADR. Upon receipt of acceptance of a designated method of ADR from all necessary and indispensable parties to a dispute, the Association will offer a minimum of two alternative dates and times for the ADR procedure. At least one (1) of the alternate dates and times will be during non-business hours to accommodate the working schedules of the participants. The location of the ADR procedure will be on the grounds of the Association or at a location reasonably convenient to the participants. The notice of the alternate dates and times for ADR will provide that if a recipient does not respond within five (5) days of the date of the notice, the nonresponding participant will be deemed to have rejected ADR. If the response from the participants does not indicate a mutually acceptable date and time for ADR, the Association will make one attempt to obtain a date and time reasonably acceptable to the participants, but if unsuccessful in that attempt, will have no further obligation under this Article.

Section 5. Participation by the Board. If any dispute that is subject to ADR pursuant to this Article includes the Association as a participant in the dispute, at least one (1) member of the Board will be present at the ADR hearing, and the Board will make available such employees or agents of the Association that are necessary in order that the Association fully participate in the ADR process. If the method of ADR selected is a form of mediation and the dispute involves the Association as a party, the Board will authorize the attending members of the Board to have the power and authority to act on behalf of the Board, but may impose reasonable limitations on the authority and power granted.

Section 6. Procedures. The ADR hearing is intended to be an informal process, despite the form of ADR mechanism chosen. As a result, technical rules of evidence will not apply, provided however, that the person presiding over the ADR proceedings may require the administration of oaths and may exclude irrelevant, immaterial or unduly repetitious testimony or evidence. Any party to an ADR proceeding may, but is not required to, be represented by an attorney. The person presiding over the ADR process will determine all other procedures

applicable to the hearing, including the length of the hearing, the order of presentation and, where appropriate, whether additional hearing dates are required or desirable in order to resolve the dispute. The person presiding over the ADR procedure may also, prior to the ADR hearing, request the parties to produce documentary evidence that the presiding person believes to be helpful or relevant to resolving the dispute.

Section 7. Fees and Costs. When the Board designates a form of ADR that requires a fee to be paid to the presiding person, the Association will bear the expense of the presiding person. All other costs, such as, but not limited to, the fees of any attorneys representing the individual parties, will both be borne by the respective parties.

Section 8. Non-Applicability of ADR. Despite anything to the contrary contained in this Article, no ADR need be offered in a matter solely concerning the collection of maintenance fees nor prior to the commencement of any litigation that seeks emergent relief in order to maintain the *status quo ante*.

Section 9. Delegation of ADR Procedures. The Association is not obligated to provide any of the foregoing ADR powers and procedures to the extent that they have been previously delegated to the CCA.

ARTICLE XV

Enforcement Procedures

Section 1. Fines; Suspension of Privileges. In addition to such other rights as are specifically granted under the Master Deed and these Amended By-Laws, the Association shall have the right to impose monetary fines in an amount not to exceed \$50.00 for each violation of the Governing Documents, which fines shall be a lien upon the Unit of the violator. Each day that a violation continues shall be deemed a separate violation, for which additional penalties of \$50.00 per day may be assessed, provided, however, that the total fine for any continuing violation may not exceed \$500.00. The Association shall also have the right to suspend an Owner's right to vote or any person's right to use the Common Elements if such person has been found to be in violation of any duty imposed under the Master Deed, these Amended By-Laws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Board to limit ingress and egress to or from a Unit. In addition, the Board may suspend any services provided by the Association to a Unit Owner or the Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any assessment or other charges owed to the Association. No fines or other penalties will be imposed for violations of the Governing Documents before the Owner has been provided notice of the right to participate in Alternate Dispute Resolution pursuant to Article XIV of these Amended By-Laws and the attached Schedule "A."

Section 2. Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Master Deed, these Amended By-Laws, or the rules of the Association by self-help or, following compliance with the

procedures set forth in Article XIV of these Amended By-Laws, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedures set forth above. In any such action, to the maximum extent permissible, the Unit Owner responsible for the violation of which abatement is sought shall pay all costs of the Association, including reasonable attorneys' fees actually incurred.

Section 3. Obligation to Enforce. The Association will have an obligation to enforce the Governing Documents if the failure to do so would have a material detrimental impact upon the value of any of the Units or would materially affect the common welfare of the Unit Owners. In all other instances, the Association will not be obligated to enforce every violation of the terms, conditions, covenants, restrictions, rules or regulations contained in any of the Governing Documents if the Board determines, in the reasonable exercise of its discretion, that it is imprudent, impractical or infeasible to enforce any particular rule or regulation; it having been determined that it is in the best interest of the Unit Owners to vest the Board's discretion in the Board with respect to the enforcement of the Governing Documents. Nothing in the Governing Documents is intended to prevent any Unit Owner from undertaking an appropriate action at law or in equity to enforce the terms of any of the Governing Documents.

Section 4. Delegation. The Association is not obligated to provide any of the foregoing enforcement process or procedures to the extent that they have been previously delegated to the CCA.

ARTICLE XVI

Amendments

(1) General. The provisions of these Amended By-Laws, other than this Article, may be amended or repealed by an instrument in writing, signed and acknowledged by the President and Secretary of the Association, certifying that such amendment has been approved by either of the following methods:

- (a) By the affirmative vote of all members of the fully constituted Board of Directors, provided the Board notifies the Unit Owners of the proposed amendment and includes a written ballot with the notice. The amendment will be deemed rejected, and of no force or effect, if ten (10%) percent or more of the Eligible Votes reject the proposed amendment and the Association receives, at the address stipulated in the notice, the ballots rejecting the proposed amendment within thirty (30) days following the mailing of the notice. Otherwise, the amendment will be effective on the 31st day following the mailing of the notice to the Unit Owners and its subsequent recording in the office of the Middlesex County Clerk.
- (b) By the vote of two-thirds (2/3) of the Eligible Votes present in person or by proxy at a duly held annual or special meeting of the Members upon which proper notification of the intent to amend has been given to the Owners and at which a quorum is present. For the purpose of amending the Governing Documents a

quorum shall mean fifty (50%) percent of all Eligible Votes in person or by proxy. Notice of the meeting shall include the exact language of the amendment or proposed repeal. Amended text may be proposed by the Board or by written petition of twenty (20%) percent of Units in good standing. A duly approved amendment shall be effective upon its recordation in the Middlesex County Clerk's Office.

- (c) By the Board upon approval by a vote of all members of the fully constituted Board, solely when necessary to render these Amended By-Laws in compliance with any applicable law as set forth in a written opinion issued by the Association's attorney, but only to the extent necessary to render the Amended By-Laws compliant.
- (d) An amendment will be effective upon its recordation in the Middlesex County Clerk's Office. Notice of any amendment adopted under this provision shall be distributed to the Unit Owners within thirty (30) days of receipt of the recorded amendment, provided, however, that the failure to distribute the recorded amendment will not render the amendment ineffective and void.
- (e) The quorum requirement for a membership meeting where a vote regarding an amendment to these Amended By-laws will be taken is fifty (50%) percent of the Eligible Votes present in person or by proxy.

(2) No amendment that affects the relationship between the Association and the CCA or the rights or privileges of the CCA may be adopted unless the approval of the CCA is endorsed thereon.

ARTICLE XVII

Conflict; Invalidity

Section 1. Conflict. Anything to the contrary herein notwithstanding, if any provision of these Amended By-Laws is in conflict with or in contradiction of the Master Deed, the Articles of Incorporation or with the requirements of any applicable law, then the requirements of these Amended By-Laws, the Articles of Incorporation or law shall be deemed controlling.

Section 2. Invalidity. The invalidity of any part of these Amended By-Laws shall not impair or affect in any manner the enforceability or affect the remaining provisions of the Amended By-Laws.

ARTICLE XVIII

Dissolution

Section 1. Procedure. In the event it is 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 the New Jersey Nonprofit Corporation Act, N.J.S.A. 15A:1-1 et seq., shall be followed.

Section 2. Distribution of Assets. In the event of dissolution, the assets of the Association, after the payment of all debts including mortgages and other encumbrances, shall be distributed to the Unit Owners in proportion to the fair market value of their respective Units.

ARTICLE XIX

Notice

Any notice required to be sent to any Unit Owner under the provisions of the Master Deed, the Articles of Incorporation or these Amended By-Laws shall be deemed to have been properly sent and notice thereby given, when sent by U.S. mail, regular post with postage prepaid, addressed to the Unit Owner at the address on the records of the Association at the time of such mailing, unless otherwise set forth in the Master Deed or in these Amended By-Laws. Notice to one (1) of two (2) or more owners of a Unit shall constitute notice to all owners. Notice shall be deemed to have been received five (5) days after mailing in a regular depository of the United States mail. It shall be the obligation of every Unit Owner to immediately notify the Board in writing of any change of address. Valid notice, which shall be effective upon delivery, may also be given to a member by (i) personal delivery to any occupant of a Unit over fourteen (14) years of age or (ii) by affixing the notice to or sliding same under the front door of any Unit.

ARTICLE XX

Gender and Number

The use of the masculine gender in these Amended By-Laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

ARTICLE XXI

Immunity

In accordance with N.J.S.A. 2A:62A-13, the Association will not be liable in any civil action brought by or on behalf of a Unit Owner to respond to damages as a result of bodily injury to the Unit Owner occurring on the Property, the Common Elements or within a Unit. This grant

of immunity from liability will not be effective if the Association causes bodily injury to a Unit Owner by its willful, wanton or grossly negligent act of commission or omission.

ARTICLE XXII

Rules and Regulations

RULES AND REGULATIONS. The Unit Owners have adopted the following Rules and Regulations for their common benefit and the benefit of Clearbrook Hampton Village Condominium Association No. 8:

- (a) Any person using and occupying a Unit must comply with one of the following standards:

Age Restriction. Any person using and occupying a Unit must comply with one of the following standards: (a) be 55 years of age or older; (b) be 48 years of age or older provided at least one other person residing in the Unit is 55 years of age or older; (c) person, regardless of age, residing with and providing physical or medical assistance to an occupant who satisfies the standard contained in either subpart (a) or (b) of this sentence ("Permissible Occupant"), provided (i) such person is necessary in accordance with a medical doctor's certification to allow the Permissible Occupant to have full use and enjoyment of the Unit; and (ii) where the Permissible Occupant suffers from a handicap, as defined under the federal Fair Housing Act and the regulations promulgated thereunder.

Visitor occupants of any age shall be permitted to visit a Unit for up to three months in any calendar year.

In order to qualify as a valid age-restricted community under the federal Fair Housing Amendments Act each Owner shall complete a survey or census concerning the age of the residents occupying each Unit. Each Owner shall promptly respond to any survey or census provided by the Condominium Association in compliance with law and any other requirements as may hereafter be imposed by the state or federal government to maintain its qualified age-restricted status.

- (b) Units shall be used primarily as private single-family residences and such other uses as may be permitted under the zoning ordinances of the Township of Monroe provided that no business, trade, or similar activity, may be conducted in any Unit, except that an Owner or occupant residing in a Unit may conduct "discrete business activities" within the Unit so long as the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; the business activity does not involve regular visitation of the Unit or door-to-door solicitation of residents of the Properties; and the business activity is consistent with the residential character of the Properties and does not